



## Sphere 3D Reports Third Quarter Fiscal Year 2020 Financial Results

November 16, 2020

Toronto, Ontario--(Newsfile Corp. - November 16, 2020) - Sphere 3D Corp. (NASDAQ: ANY) (the "Company" or "Sphere 3D"), a company delivering containerization, virtualization, and data management solutions, today reported financial results for its third quarter ended September 30, 2020.

### Third Quarter 2020 Financial Results:

Our results for third quarter 2020 were as follows:

- Revenue for the third quarter of 2020 was \$0.9 million, compared to \$1.4 million for the third quarter of 2019.
- Gross margin for third quarter of 2020 was 60.0%, compared to 35.5% for the third quarter of 2019.
- Operating expenses for third quarter of 2020 were \$2.2 million, compared to \$1.8 million for the third quarter of 2019.
- Depreciation and amortization was \$0.3 million for both the third quarter of 2020 and 2019.
- Net loss from operations for third quarter of 2020 was \$1.2 million, or a net loss of \$0.17 per share, compared to a net income from operations of \$0.9 million, or a net income of \$0.33 per share, for the third quarter of 2019.

### Nine Months Ended September 30, 2020 Financial Results:

- Revenue for the first nine months of 2020 was \$2.8 million, compared to \$4.5 million for the first nine months of 2019.
- Gross margin for the first nine months of 2020 was 51.6%, compared to 31.9% for the first nine months of 2019.
- Operating expenses for the first nine months of 2020 were \$6.2 million, compared to \$6.0 million for the first nine months of 2019.
- Depreciation and amortization for the first nine months of 2020 was \$0.7 million, compared to \$0.8 for the first nine months of 2019.
- Net loss from operations for the first nine months of 2020 was \$4.2 million, or a net loss of \$0.81 per share, compared to a net loss from operations of \$2.6 million, or a net loss of \$1.09 per share, in the first nine months of 2019.

### Investor Conference Call:

Sphere 3D will not be hosting a third quarter fiscal year 2020 earnings conference call.

### About Sphere 3D:

Sphere 3D Corp. (NASDAQ: ANY) delivers containerization, virtualization, and data management solutions via hybrid cloud, cloud and on-premise implementations through its global reseller network and professional services organization. Sphere 3D has a portfolio of brands, including HVE ConneXions, UCX ConneXions, and SnapServer® dedicated to helping customers achieve their IT goals. For more information, visit [www.sphere3d.com](http://www.sphere3d.com). Follow us on Twitter [@Sphere3Dand](https://twitter.com/Sphere3Dand) [@HVEconneXions](https://twitter.com/HVEconneXions)

### Safe Harbor Statement:

This press release contains forward-looking statements that involve risks, uncertainties, and assumptions that are difficult to predict. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of risks and uncertainties including, without limitation, our inability to obtain additional debt or equity financing; any increase in our cash needs; the Company's ability to maintain listing with the NASDAQ Capital Market; market adoption and performance of our products; the level of success of our collaborations and business partnerships; possible actions by customers, partners, suppliers, competitors or regulatory authorities; and other risks detailed from time to time in our periodic reports and other filings with the United States Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)) and with Canadian securities regulators ([www.sedar.com](http://www.sedar.com)). Sphere 3D undertakes no obligation to update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.

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**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(In thousands, except share and per share data)*

**Three Months Ended**

**Nine Months Ended**

	<u>September 30,</u>		<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Unaudited)		(Unaudited)	
Revenue	\$ 890	\$ 1,368	\$ 2,791	\$ 4,461
Cost of revenue	<u>356</u>	<u>883</u>	<u>1,352</u>	<u>3,036</u>
Gross profit	<u>534</u>	<u>485</u>	<u>1,439</u>	<u>1,425</u>
Operating expenses:				
Sales and marketing	336	550	872	1,494
Research and development	264	460	947	1,673
General and administrative	<u>1,590</u>	<u>801</u>	<u>4,406</u>	<u>2,814</u>
	<u>2,190</u>	<u>1,811</u>	<u>6,225</u>	<u>5,981</u>
Loss from operations	(1,656)	(1,326)	(4,786)	(4,556)
Interest expense - related party	(191)	(41)	(309)	(327)
Interest expense	(57)	(9)	(142)	(24)
Other income, net	<u>715</u>	<u>2,261</u>	<u>1,002</u>	<u>2,283</u>
Loss (income) before income taxes	(1,189)	885	(4,235)	(2,624)
Provision for income taxes	<u>1</u>	<u>-</u>	<u>4</u>	<u>-</u>
Net (loss) income	<u>\$ (1,190)</u>	<u>\$ 885</u>	<u>\$ (4,239)</u>	<u>\$ (2,624)</u>
Net (loss) income per share:				
Basic	<u>\$ (0.17)</u>	<u>\$ 0.33</u>	<u>\$ (0.81)</u>	<u>\$ (1.09)</u>
Diluted	<u>\$ (0.17)</u>	<u>\$ 0.10</u>	<u>\$ (0.81)</u>	<u>\$ (1.09)</u>
Shares used in computing net (loss) income per share:				
Basic	<u>6,949,010</u>	<u>2,668,311</u>	<u>5,240,003</u>	<u>2,403,373</u>
Diluted	<u>6,949,010</u>	<u>8,909,761</u>	<u>5,240,003</u>	<u>2,403,373</u>

**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(In thousands)*

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
	(Unaudited)	(Unaudited)
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,896	\$ 149
Accounts receivable, net	259	369
Inventories	659	753
Other current assets	<u>998</u>	<u>670</u>
Total current assets	4,812	1,941
Investment in affiliate	2,100	2,100
Intangible assets, net	3,091	2,301
Goodwill	1,385	1,385
Other assets	<u>3,636</u>	<u>679</u>
Total assets	<u>\$ 15,024</u>	<u>\$ 8,406</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		

Current liabilities	\$	7,997	\$	6,646
Long-term debt		667		-
Other long-term liabilities		328		520
Total shareholders' equity		<u>6,032</u>		<u>1,240</u>
Total liabilities and shareholders' equity	\$	<u>15,024</u>	\$	<u>8,406</u>



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