Versant Software LLC
(A Limited Liability Company)

Financial Statements (Unaudited)

For the Year Ended
December 31, 2019

Certified by Actian Management on March 30, 2020

VERSANT SOFTWARE LLC
Balance Sheet
As of December 31, 2019

ASSETS

Current assets:	
Cash and cash equivalents	$ 500
Intercompany receivable	32,947,208
Total current assets	32,947,708
Other assets:	
Investments	12,784,929
Total other assets	12,784,929
Total assets	$ 45,732,637

LIABILITIES AND MEMBER'S EQUITY

Current liabilities:	
Intercompany payable	$ 16,328,575
Total liabilities	16,328,575
Member's equity:	
Units	36,572,746
Accumulated deficit	(7,169,031)
Accumulated other comprehensive income	346
Total member's equity	29,404,061
Total liabilities and member's equity	$ 45,732,637

See accompanying notes to financial statements

VERSANT SOFTWARE LLC
Income Statement
For Year Ended December 31, 2019

Revenue:	
Intercompany revenue	$ 2,754,787
Total revenue, net	2,754,787
Intercompany cost of sales	373,502
Gross profit	2,381,285
Selling, general and administrative expenses	3,493,057
Profit (loss) from operations	(1,111,771)
Other income and (expense):	
Intercompany interest expense	(177,573)
Total other income and (expense)	(177,573)
Profit (loss) before provision for income taxes	(1,289,345)
Provision (benefit) for income taxes	-
Net income (loss)	(1,289,345)
Other comprehensive income (loss):	
Foreign translation gain (loss)	-
Total other comprehensive income (loss)	-
Comprehensive income (loss)	$ (1,289,345)

See accompanying notes to financial statements.

VERSANT SOFTWARE LLC
Statement of Member's Equity
For Year Ended December 31, 2019

	Units								
	Units		**Amount**		**Accumulated Equity (Deficit)**		**Other Comprehensive Income (Loss)**		**Total**
Beginning Balance, January 1, 2019	100	$	36,572,746	$	(5,879,686)	$	346	$	30,693,406
Net income (loss)	-		-		(1,289,345)		-		(1,289,345)
Ending Balance, December 31, 2019	**100**	**$**	**36,572,746**	**$**	**(7,169,031)**	**$**	**346**	**$**	**29,404,061**

See accompanying notes to financial statements.

VERSANT SOFTWARE LLC
Statement of Cash Flows
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$ (1,289,345)
(Increase) decrease in operating assets:	
Intercompany receivable	(10,720,058)
Increase (decrease) in operating liabilities:	
Intercompany payable	12,009,402
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(0)
NET DECREASE IN CASH	(0)
CASH AT BEGINNING OF YEAR	500
CASH AT END OF YEAR	$ 500

See accompanying notes to financial statements.

Versant Software LLC
Notes to Financial Statements
December 31, 2019

1. Nature of operations:

Versant Software LLC (the Company) was incorporated in Delaware and is a subsidiary of Actian Corporation. The Company is a holding entity with investments in related subsidiaries and acts as a pass-through entity with intercompany revenue and expenses.

2. Significant accounting policies:

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

<u>Use of Estimates</u> - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

<u>Fair Value of Financial Instruments</u> - The Company has evaluated the estimated fair value of its financial instruments as of December 31, 2019. The amounts reported for cash approximate fair value due to their short maturities.

<u>Foreign Currency</u> - The Company uses the U.S. dollar as its functional currency while the Company's subsidiaries use their respective countries' currency. Foreign currency monetary assets and liabilities are remeasured into U.S. dollars at current exchange rates and nonmonetary assets are remeasured at historical rates.

<u>Revenue recognition</u> - The Company derives its revenue from: (1) subscription licenses, (2) perpetual licenses, (3) maintenance and support, and (4) professional services. The Company recognizes revenue when all of the following conditions have been met: persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee is fixed or determinable, and collectability is probable.

2. Significant accounting policies (continued):

Revenue recognition (continued)

Revenues related to licensed arrangements include software licenses, support and maintenance services over the license term, access to software updates, and training services. In accordance with GAAP, the license, support, and software update revenue from these arrangements is recognized ratably over the subscription term and the training service revenues are recognized at the time the services are provided when the criteria in the preceding paragraph are met.

Royalty income - The Company has entered into agreements where the customer pays a 50% royalty based on the usage of the licensed software.

Royalty expense - The Company has entered into agreements where the Company pays a royalty 50% to vendors based on an agreed rate.

Research and development - Costs incurred in research and development are expensed as incurred which is included in intercompany accounts. These costs include salaries and other personnel related expenses, contractor fees, facility costs, supplies, depreciation of equipment, etc., associated with the design and development of new products prior to the establishment of their technological feasibility.

Risks and Uncertainties - The Company's products are concentrated in an industry which is characterized by significant competition, rapid technological advances, changes in customer requirements, and evolving regulatory requirements and industry standards. The success of the Company depends on management's ability to anticipate and to respond quickly and adequately to technological developments in the industry, and changes in customer requirements or industry standards. Any significant delays in the development or introduction of products could have a material adverse effect on the Company's business and operating results.

2. Significant accounting policies (continued):

Risks and Uncertainties (continued)

The Company’s international operations are subject to the risks of operating in an international environment, including the potential imposition of trade or foreign exchange restriction, tariff and other tax increases, fluctuations in exchange rates, inflation and unstable political situations. An increase in the value of the U.S. dollar relative to foreign currencies could make the Company’s products less competitive in international markets or require the Company to assume the risk of denominating certain sales in foreign currencies. The Company anticipates that these factors will impact the business to a greater degree as international business activities are expanded.

Cash and Cash Equivalents - The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. Cash equivalents are maintained with high quality financial institutions, the composition and maturities of which are regularly monitored by management.

Intercompany Receivable- The Company’s intercompany receivable balance is derived from transactions in which the Company is treated as a pass-through entity between subsidiaries. Management expects the receivable to be paid down in the near future and has not recorded a credit allowance as of December 31, 2019.

Intercompany Payable - The Company’s intercompany payable balance is derived from transactions in which the Company is treated as a pass-through entity between subsidiaries. Management expects the payable to be repaid within one year. Interest rates on the intercompany payable is 4.00%. Interest expense for the year ended December 31, 2019 was $177,573.

Investments in Subsidiaries – Investment in subsidiaries are stated at cost in the Company’s balance sheet.

Income Taxes - The Company is considered a disregarded entity for tax purposes. All tax assets and liabilities are reported at the consolidated level.

Changing Standards - In May 2014, the Financial Accounting Standards Board (FASB) issued an accounting standard update that provides a single model for revenue arising from contracts with customers. This accounting standard update, which will supersede current revenue recognition guidance, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services. In July 2015, the FASB approved a one-year deferral of the effective date of this accounting standard update. This accounting

2. Significant accounting policies (continued):

Changing Standards (continued)

standard update is now effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. The Company adopted this accounting standard as of January 1, 2019, taking a modified retrospective approach. The impact of this standard is immaterial to the Company's financial statements.

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), Leases (Topic 842), which supersedes existing guidance on accounting for leases in "Leases (Topic 840)" and generally requires all leases to be recognized in the statement of financial position. The provisions of ASU 2016-02 are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of this ASU are to be applied using a modified retrospective approach. This ASU will not have any impact on the Company's financial statements.

3. Related parties:

The Company is the sole shareholder in Poet Holdings, Inc. and Versant India Pvt Ltd. The Company acts as a pass-through entity and presents amounts due and from related parties in a separate account in the balance sheet. The amounts largely consist of consulting and various expenses between entities.

4. Units:

As of December 31, 2019, there is one class of authorized ownership interest in the Company, i.e., Units.

As of December 31, 2019, the Company had 100 Units outstanding.

4. Units (continued):

The Company’s Units have the following rights and privileges:

- Dividends - The holders of Units are entitled to receive dividends, if and when declared by the Member Manager, subject to the rights of holders of all Units outstanding having priority rights as to dividends. As of December 31, 2019, no dividends have been declared.

5. Commitments and contingencies:

During 2019, management determined that the Company will be dissolved in the near future.

6. Subsequent events:

Subsequent events are events or transactions that occur after the Balance Sheet date but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Balance Sheet, including the estimates inherent in the process of preparing the financial statements. The Company’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the Balance Sheet but arose after the Balance Sheet date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to December 31, 2019 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 30, 2020, which is the date the financial statements were available to be issued.