

Pervasive Software, Inc.

Financial Statements
And
Independent Auditors' Report

For the Year Ended
December 31, 2018

Pervasive Software, Inc.

For the Year Ended December 31, 2018

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Independent Auditors' Report

Board of Directors
Actian Corporation
Palo Alto, California

We have audited the accompanying financial statements of Pervasive Software, Inc. (a California corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of income, shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pervasive Software, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Wheeler". The signature is written in a cursive style with a large, stylized 'W'.

May 28, 2019
San Jose, CA

PERVASIVE SOFTWARE, INC.

Balance Sheet

As of December 31, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 500
Intercompany receivable	203,654,189
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Total current assets	203,654,689
	<hr/>
Total assets	\$ 203,654,689
	<hr/> <hr/>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities:	
Intercompany payable	\$ -
	<hr/>
Total liabilities	-
	<hr/>
Shareholder's equity:	
Common stock, par value \$0.01 1,000 shares authorized, and 100 issued and outstanding	1
Additional paid in capital	161,930,585
Accumulated earnings	41,694,728
Accumulated other comprehensive income	29,375
	<hr/>
Total shareholder's equity	203,654,689
	<hr/>
Total liabilities and shareholder's equity	\$ 203,654,689
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See accompanying notes to financial statements

PERVASIVE SOFTWARE, INC.
Income Statement
For Year Ended December 31, 2018

Revenue:		
Intercompany revenue	\$	-
		-
Total revenue, net		-
Intercompany cost of sales		-
		-
Gross profit		-
Selling, general and administrative expenses		-
		-
Profit (loss) from operations		-
Other income and (expense):		
Intercompany interest expense		-
		-
Total other income and (expense)		-
Profit (loss) before provision for income taxes		-
Provision (benefit) for income taxes		-
		-
Net income (loss)		-
Other comprehensive income (loss):		
Foreign translation gain (loss)		-
		-
Total other comprehensive income (loss)		-
Comprehensive income (loss)	\$	-

See accompanying notes to financial statements.

PERVASIVE SOFTWARE, INC.
Statement of Shareholder's Equity
For Year Ended December 31, 2018

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Equity (Deficit)</u>	<u>Other Comprehensive Income (Loss)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Beginning Balance, January 1, 2017	100	\$ 1	\$ 161,930,585	\$ 41,694,728	\$ 29,375	\$ 203,654,689
Net income (loss)	-	-	-	-	-	-
Ending Balance, December 31, 2018	100	\$ 1	\$ 161,930,585	\$ 41,694,728	\$ 29,375	\$ 203,654,689

See accompanying notes to financial statements.

PERVASIVE SOFTWARE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ -
(Increase) decrease in operating assets:	
Intercompany receivable	<u>(9,500)</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(9,500)</u>
NET DECREASE IN CASH	(9,500)
CASH AT BEGINNING OF YEAR	<u>10,000</u>
CASH AT END OF YEAR	<u><u>\$ 500</u></u>

See accompanying notes to financial statements.

Pervasive Software, Inc.
Notes to Financial Statements
December 31, 2018

1. Nature of operations:

Pervasive Software, Inc. (the Company) was incorporated in Delaware and is a subsidiary of Actian Corporation. The Company acts as a pass through entity and does not generate revenue.

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.

Use of Estimates - 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.

Fair Value of Financial Instruments - The Company has evaluated the estimated fair value of its financial instruments as of December 31, 2018. The amounts reported for cash approximate fair value due to their short maturities.

Foreign Currency - 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.

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.

Pervasive Software, Inc.
Notes to Financial Statements
December 31, 2018

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, 2018.

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

3. Related parties:

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 consists of various expenses, such as taxes, legal, and salaries, between entities that occurred in prior years.

Pervasive Software, Inc.
Notes to Financial Statements
December 31, 2018

4. Common stock:

As of December 31, 2018, the authorized capital stock of the Company was 1,000 shares of Class A Common Stock, \$0.01 par value per share (Common Stock).

As of December 31, 2018, the Company had 100 shares of Common Stock outstanding.

The Company's shares of Common Stock have the following rights and privileges:

- Voting – The holder of each share of Class A Common Stock is entitled to one (1) vote per share held.
- Dividends - The holders of Common Stock are entitled to receive dividends, if and when declared by the Board of Directors, subject to the rights of holders of all classes of stock outstanding having priority rights as to dividends. As of December 31, 2018, no dividends have been declared.

5. Commitments and contingencies:

During 2018, management determined that the Company will be dissolved in the near future.

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no matters that required an accrual as of December 31, 2018, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

Pervasive Software, Inc.
Notes to Financial Statements
December 31, 2018

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, 2018 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 28, 2019, which is the date the financial statements were available to be issued.