

THUNDER PARENT INC.
Consolidated Balance Sheets
December 31, 2018 and 2017
(In thousands, except share and per share data)

	<u>2018</u>	<u>2017</u>
Current assets		
Cash	\$ 6,048	\$ 4,960
Accounts receivable, net of allowance of \$294 and \$283, respectively	24,645	26,531
Inventories	4,506	4,446
Prepaid and other current assets	4,441	4,574
Income taxes receivable	<u>745</u>	<u>107</u>
Total current assets	40,385	40,618
Property and equipment, net	5,757	3,865
Goodwill	235,257	235,257
Intangible assets, net	67,680	85,016
Other long-term assets	<u>99</u>	<u>169</u>
Total assets	<u>\$ 349,178</u>	<u>\$ 364,925</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable	\$ 2,618	\$ 5,057
Accrued compensation	5,346	4,787
Other accrued liabilities	946	1,299
Accrued interest	12	139
Line of credit	2,000	-
Debt, current portion, net of debt discount	2,818	4,495
Deferred revenue, current portion	33,808	35,634
Income taxes payable	<u>743</u>	<u>991</u>
Total current liabilities	48,291	52,402
Deferred revenue, net of current	4,618	3,124
Deferred tax liabilities	7,720	8,077
Debt, net of current portion and debt discount	175,859	177,012
Other long-term liabilities	<u>1,234</u>	<u>-</u>
Total liabilities	237,722	240,615
Stockholders' equity		
Common stock, \$0.001 par value, 190,000,000 shares authorized; 159,555,902 and 159,274,069 shares issued and outstanding as of December 31, 2018 and 2017, respectively	160	159
Additional paid-in capital	143,409	141,868
Accumulated other comprehensive loss	(48)	175
Accumulated deficit	<u>(32,065)</u>	<u>(17,892)</u>
Total stockholders' equity	111,456	124,310
Total liabilities and stockholders' equity	<u>\$ 349,178</u>	<u>\$ 364,925</u>

The accompanying notes are an integral part of these consolidated financial statements.

THUNDER PARENT INC.
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2018 and 2017
(In thousands)

	2018	2017
Revenues		
Software	\$ 27,051	\$ 31,467
Appliance	33,999	19,402
Maintenance	43,912	33,016
Services and other	4,366	3,365
Total revenues	<u>109,328</u>	<u>87,250</u>
Cost of revenues		
Software	2,885	3,215
Appliance	11,826	8,697
Maintenance	5,488	4,734
Services and other	2,235	2,336
Amortization of acquired developed and in-process technology	10,078	10,403
Total cost of revenues	<u>32,512</u>	<u>29,385</u>
Gross profit	76,816	57,865
Operating expenses		
Research and development	18,901	17,691
Sales and marketing	31,496	30,208
General and administrative	15,255	15,436
Amortization of intangible assets	7,203	6,884
Total operating expenses	<u>72,855</u>	<u>70,219</u>
Income (loss) from operations	3,961	(12,354)
Other expenses		
Interest expense, net	(17,207)	(14,876)
Other expenses, net	(453)	(103)
Total other expenses	<u>(17,660)</u>	<u>(14,979)</u>
Loss before income tax benefit	(13,699)	(27,333)
Income tax (expense) benefit	<u>(474)</u>	<u>16,273</u>
Net loss	(14,173)	(11,060)
Other comprehensive loss		
Foreign currency translation adjustment, net	<u>(223)</u>	<u>222</u>
Comprehensive loss	<u>\$ (14,396)</u>	<u>\$ (10,838)</u>

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THUNDER PARENT INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net loss	\$ (14,173)	\$ (11,060)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	1,721	1,493
Amortization of intangible assets	17,281	17,286
Amortization of debt discount	1,045	945
Stock-based compensation expense	1,299	903
Provision for doubtful accounts	11	156
Loss on disposal of property and equipment	-	5
Deferred income taxes, net	(1,091)	(17,204)
Income tax receivable	113	259
Changes in operating assets and liabilities		
Accounts receivable	1,875	(3,109)
Inventories	(60)	257
Prepaid and other current assets	205	(1,710)
Other long-term assets	70	-
Accounts payable	(2,439)	(200)
Accrued compensation	559	223
Other accrued liabilities	(237)	(1,330)
Accrued interest	(127)	111
Deferred revenue	(332)	18,277
Income taxes payable	(265)	(1,556)
Lease incentives	1,118	-
Net cash provided by operating activities	<u>6,573</u>	<u>3,746</u>
Cash flows from investing activities		
Purchase of property and equipment	(3,474)	(1,306)
Acquisition of Ineoquest, net of acquired cash	-	(63,106)
Net cash used in investing activities	<u>(3,474)</u>	<u>(64,412)</u>
Cash flows from financing activities		
Payments on long-term debt	(3,875)	(1,407)
Payments on line of credit	(2,000)	(4,500)
Proceeds from line of credit	4,000	3,500
Proceeds from long-term debt, net of debt discount	-	57,663
Proceeds from issuance of common stock	243	8,002
Common stock repurchased	-	(100)
Net cash provided by (used in) financing activities	<u>(1,632)</u>	<u>63,158</u>
Effect of exchange rate changes on cash	<u>(379)</u>	<u>23</u>
Net change in cash	1,088	2,515
Cash at beginning of period	<u>4,960</u>	<u>2,445</u>
Cash at end of period	<u>\$ 6,048</u>	<u>\$ 4,960</u>
<u>Supplemental cash flow information</u>		
Cash paid for interest	\$ 16,289	\$ 13,820
Cash paid for income taxes	\$ 1,675	\$ 2,092

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