

THUNDER GRANDPARENT INC.
Consolidated Balance Sheets
December 31, 2019 and 2018
(In thousands, except share and per share data)

ASSETS

	2019	2018
Current assets		
Cash	\$ 6,741	\$ 6,048
Accounts receivable, net of allowance of \$375 and \$294, respectively	36,009	24,645
Inventories	6,577	4,506
Prepaid and other current assets (1)	4,961	3,322
Income taxes receivable	1,377	745
Total current assets	<u>55,665</u>	<u>39,266</u>
Property and equipment, net	6,383	5,757
Goodwill (1)	266,289	232,726
Intangible assets, net	102,397	67,680
Other long-term assets	<u>360</u>	<u>99</u>
Total assets	<u>\$ 431,094</u>	<u>\$ 345,528</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 5,659	\$ 2,618
Accrued compensation	5,940	5,346
Other accrued liabilities	2,003	946
Accrued interest	1,406	12
Line of credit	-	2,000
Debt, current portion, net of debt discount	678	2,818
Deferred revenue, current portion (1)	34,048	23,773
Income taxes payable	971	2,128
Total current liabilities	<u>50,705</u>	<u>39,641</u>
Deferred revenue, net of current (1)	528	4,618
Deferred tax liabilities (1)	11,979	9,983
Debt, net of current portion and debt discount	185,252	175,859
Other long-term liabilities	<u>1,947</u>	<u>1,234</u>
Total liabilities	<u>250,411</u>	<u>231,335</u>
Stockholders' equity		
Common stock, \$0.001 par value, 326,500,000 shares authorized; 239,372,284 and 159,555,902 shares issued and outstanding as of December 31, 2019 and 2018, respectively	167	160
Additional paid-in capital	230,946	143,409
Accumulated other comprehensive loss	121	(48)
Accumulated deficit	(50,551)	(29,328)
Total stockholders' equity	<u>180,683</u>	<u>114,193</u>
Total liabilities and stockholders' equity	<u>\$ 431,094</u>	<u>\$ 345,528</u>

(1) Adjusted to reflect the retrospective adoption of ASC 606

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, 2019 and 2018
(In thousands)

	2019	2018	(1)
Revenues			
Software	\$ 20,623	\$ 27,051	
Appliance (1)	48,397	31,250	
Maintenance (1)	47,008	42,656	
Services and other (1)	<u>3,877</u>	<u>3,816</u>	
Total revenues	<u>119,905</u>	<u>104,773</u>	
Cost of revenues			
Software	2,325	2,885	
Appliance (1)	16,509	11,513	
Maintenance (1)	6,880	5,488	
Services and other (1)	4,360	2,235	
Amortization of acquired developed and in-process technology	<u>15,190</u>	<u>10,078</u>	
Total cost of revenues	<u>45,264</u>	<u>32,199</u>	
Gross profit	74,641	72,574	
Operating expenses			
Research and development	23,190	18,901	
Sales and marketing	35,717	31,496	
General and administrative	22,086	15,255	
Amortization of intangible assets	<u>8,758</u>	<u>7,203</u>	
Total operating expenses	<u>89,751</u>	<u>72,855</u>	
Income (loss) from operations	(15,110)	(281)	
Other expenses			
Interest expense, net	(17,938)	(17,207)	
Other expenses, net	<u>(1)</u>	<u>(453)</u>	
Total other expenses	(17,939)	(17,660)	
Loss before income tax benefit	(33,049)	(17,941)	
Income tax (expense) benefit (1)	<u>11,826</u>	<u>(1,859)</u>	
Net loss	(21,223)	(19,800)	
Other comprehensive loss			
Foreign currency translation adjustment, net	<u>169</u>	<u>(223)</u>	
Comprehensive loss	<u>\$ (21,054)</u>	<u>\$ (20,023)</u>	

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THUNDER GRANDPARENT INC.
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2019 and 2018
(In thousands, except share and per share data)

	Common Stock		Additional	Accumulated		
	Shares	Par Value	Paid-in	Other	Accumulated	Stockholders'
			Capital	Comprehensive	Deficit	Equity
				Loss		
Balance at December 31, 2017	159,274,069	\$ 159	\$ 141,868	\$ 175	\$ (17,892)	\$ 124,310
Prior period adjustment, net of income taxes					8,364	8,364
Options exercised	281,833	1	242	-	-	243
Stock redemption	-	-	-	-	-	-
Stock-based compensation expense	-	-	1,299	-	-	1,299
Net loss (1)	-	-	-	-	(19,800)	(19,800)
Foreign currency translation adjustment, net	-	-	-	(223)	-	(223)
Balance at December 31, 2018 (1)	159,555,902	160	143,409	(48)	(29,328)	114,193
Issuance of common stock in connection with acquis	79,790,761	7	86,392	-	-	86,399
Options exercised	25,621	-	22	-	-	22
Stock-based compensation expense	-	-	1,123	-	-	1,123
Net loss	-	-	-	-	(21,223)	(21,223)
Foreign currency translation adjustment, net	-	-	-	169	-	169
Balance at December 31, 2019	<u>239,372,284</u>	<u>\$ 167</u>	<u>\$ 230,946</u>	<u>\$ 121</u>	<u>\$ (50,551)</u>	<u>\$ 180,683</u>

(1) Adjusted to reflect the retrospective adoption of ASC 606

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THUNDER GRANDPARENT INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net loss	\$ (21,223)	\$ (19,800)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	2,047	1,721
Amortization of intangible assets	23,990	17,281
Amortization of debt discount	1,139	1,045
Stock-based compensation expense	1,123	1,299
Provision for doubtful accounts	-	11
Loss on disposal of property and equipment	-	-
Deferred income taxes, net	(12,371)	(1,091)
Income tax receivable	(416)	113
Changes in operating assets and liabilities		
Accounts receivable	(7,041)	1,875
Inventories	3,178	182
Prepaid and other current assets	170	205
Other long-term assets	3,191	70
Accounts payable	2,162	(2,439)
Accrued compensation	89	559
Other accrued liabilities	(2,986)	(237)
Accrued interest	1,394	(127)
Deferred revenue	3,156	3,668
Income taxes payable	27	1,120
Lease incentives	-	1,118
Net cash provided by (used in) operating activities	<u>(2,371)</u>	<u>6,573</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,924)	(3,474)
Acquisition of Tek Video, net of acquired cash	<u>699</u>	<u>-</u>
Net cash used in investing activities	(1,225)	(3,474)
Cash flows from financing activities		
Payments on long-term debt	(3,355)	(3,875)
Payments on line of credit	(9,430)	(2,000)
Proceeds from line of credit	7,430	4,000
Proceeds from long-term debt, net of debt discount	9,469	-
Proceeds from issuance of common stock	22	243
Common stock repurchased	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>4,136</u>	<u>(1,632)</u>
Effect of exchange rate changes on cash	<u>153</u>	<u>(379)</u>
Net change in cash	693	1,088
Cash at beginning of period	<u>6,048</u>	<u>4,960</u>
Cash at end of period	<u>\$ 6,741</u>	<u>\$ 6,048</u>
<u>Supplemental cash flow information</u>		
Cash paid for interest	\$ 16,838	\$ 16,289
Cash paid for income taxes	\$ 1,397	\$ 1,675

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