

Radisys Poland Sp. z o.o.
Financial Statements
for the year ended 31st December, 2019

Independent Auditor's Report

To the Zgromadzenia Wspólników of Radisys Poland Sp. z o.o, w likwidacji

Opinion

We have audited the accompanying special purpose financial information of Radisys Poland Sp. z o.o, w likwidacji (the "Entity"), which comprise:

- the introduction to the special purpose financial information;
- the balance sheet as at 31 December 2019;
and, for the period from 20 November to 31 December 2019:
- the profit and loss account;
and
- notes to the special purpose financial information, including a summary of significant accounting policies (the "special purpose financial information"). In our opinion, the accompanying special purpose financial information of the Entity as of 31 December 2019 and for the period then ended has been prepared, in all material respects, in accordance with the basis of accounting described in the notes to the special purpose financial information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Auditing (the "NSA") by the resolution no. 3430/52a/2019 dated 21 March 2019.

Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of the special purpose financial information section of our report.

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

Independence and Ethics

We are independent of the Entity in accordance with the Code of Ethics for Professional Accountants ("IFAC Code") issued by the International Ethics Standards Board for Accountants as adopted by the resolutions of the National Council of Certified

Auditors, as well as other independence and ethical requirements, applicable to audit engagement in Poland. We have fulfilled all ethical responsibilities resulting from those requirements and IFAC Code.

Emphasis of matter – Basis of Accounting and Restriction on Use and Distribution

We draw attention to Chapter II to the special purpose financial information which describes the basis for accounting.

This special purpose financial information has been prepared for purposes of Radisys Corporation Group accounting. As a result, the special purpose financial information may not be suitable for another purpose. This report is intended solely for the Entity's Shareholders Meeting and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

Responsibility of the Management Board of the Entity and those charged with governance for the special purpose financial information

The Management Board of the Entity is responsible for the preparation of special purpose financial information in accordance with the basis of accounting and for such internal control as the Management Board of the Entity determines is necessary to enable the preparation of special purpose financial information that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information, the Management Board of the Entity is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Entity either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the audit of the special purpose financial information

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial information.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the special purpose financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Entity;
- conclude on the appropriateness of the Management Board of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report on the audit of the special purpose financial information to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report on the audit of the special purpose financial information. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

Signed on the Polish original

Natalia Markowska

Key Certified Auditor

Registration No. 10853

Limited Partner, Proxy

Gdańsk, 6 May 2020

Financial statements for the financial period ended December 31, 2019

I. LIQUIDATOR'S DECLARATION

In accordance with Article 52 of the Accounting Act of September 29, 1994, as amended, the Management Board of RadiSys Poland Sp. z o.o. w likwidacji hereby presents the financial statements for the financial period ended 31 December 2019 including 41 days:

- balance sheet with closing assets and equity and liabilities totalling PLN 6,85,280.23
- profit & loss account reflecting a net profit of PLN 389.39
- additional information including an introduction to the financial statements and supplementary information and explanations.

The financial statements are prepared in accordance with the Accounting Act principles and clearly and fairly present the financial position and financial result of the entity.

.....
Donald Patrick Corsby
Liquidator

.....
Tim Hildebrandt
Person responsible for maintenance accounts

Financial statements for the financial period ended December 31, 2019

II. INTRODUCTION TO FINANCIAL STATEMENTS

Company incorporation and activity

RadiSys Poland Sp. z o.o. w likwidacji with its seat in Gdansk, at Budowlanych 31D street, was incorporated on November 5, 2010 on the basis of the Company's Articles of Association. The entity was entered into the National Court Register on November 30, 2010 under KRS number 0000371885.

The sole shareholder of Radisys Poland Sp.z o.o. w likwidacji is RadiSys Corporation, a leading provider of embedded wireless infrastructure solutions for telecom, aerospace, defense, and public safety applications.

In 2018 the business activity of Company was limited and employees was dismissed. RadiSys Poland Sp.z o.o. w likwidacji supplied technical support services for RadiSys Corporation customers covering Europe, Middle East and Africa geographies. Qualified senior level employees worked directly with customer's telecommunication infrastructure based on RadiSys hardware and embedded software.

Team was responsible for resolving both hardware and software related problems. Local ability to replicate customer environment allowed engineers to have reproduced and debugged reported problems in limited amount of time. Geographical location allowed providing immediate technical response to customer's requests coming from Europe, Middle East, Africa and India. RadiSys Poland staff cooperated with multiple groups inside of corporation like product marketing, customer management, engineering and validation. Team was responsible to present company interest on the front of geographically local customers. On November 20, 2019, a resolution was adopted regarding the dissolution of the company and the opening of its liquidation.

Due to the fact that the Financial Statements were prepared without going concern assumption, all of the Company's assets and liabilities were priced with respect to Art. 29 of the Polish Accounting Act.

The Company is in liquidation process and the Company is expected to be removed from the register in 2020.

Presentation of financial statements

The financial statements cover the period from November 20, 2019 to December 31, 2019

The comparative data covers period from January 1, 2019 to November 19, 2019.

Information on going concern is presented in note 22 in the Additional Information and Explanatory Notes to the Financial Statements.

As at December 31, 2019, the Company is represented by Mr. Donald Patrick Crosby - who has been the liquidator since November 20, 2019.

The financial statements of the Company have been prepared with the application of following exemptions provided for in the Accountancy Act in respect of entities that are not subject to auditing and publishing financial statements pursuant to Art. 64, sec.1.

The company does not prepare the cash flow statements (exemption based on Art 45 p.2 and 3 of the Accounting Act).

The entity refrained from determining deferred tax assets and provisions because, pursuant to the Accounting Act, it is not required to audit and publish financial statements.

Principal accounting policies

Monetary funds

Monetary funds are stated at their nominal value. Monetary funds in the form of foreign currencies in the reporting period, are valued at the following exchange rate:- the one actually applied on that date, resulting from the nature of the transaction - in case of foreign currency sales or purchase transactions, as well as of the debt or liability payment transactions;

- average exchange rate announced for a given currency by the National Bank of Poland as on the date preceding transaction date
- in case of the debt or liability payment transactions if the use of the exchange rate actually applied is considered unjustified, and also in the case of the remaining transactions.

Decrease of cash in the form of foreign currencies is recorded using the FIFO method.

Monetary funds expressed in foreign currencies as at the balance sheet date are valued at the average foreign exchange rate published by the National Bank of Poland for the given currency.

Arising foreign exchange differences are recognised appropriately as financial income or financial costs.

Accounts receivable

Accounts receivable are recorded at their nominal value within the year and as at the balance sheet date are valued at amounts due, taking into account the prudence principle, and disclosed net of write-downs.

Prepayments and deferred costs

Prepayments and deferred costs are recognised if costs incurred relate to future reporting periods.

Equity

Equity is reflected in the accounting books at its nominal value per category and in accordance with statutory regulations and the Articles of Association.

Share capital is stated at the value corresponding with the Articles of Association and entered in the National Court Register. Capital contributions declared but not made are recognised as share capital not paid up.

Supplementary (reserve) capital is set up from shareholder payments.

Provisions

Provisions are recognised against certain or very likely future liabilities and as at the balance sheet date these are valued at reliably estimated amounts. Provisions are charged to other operational costs, financial costs or extraordinary losses appropriately.

Liabilities

Liabilities are stated at their nominal value when raised. As at the balance sheet date these are valued at amounts due, with the exception of financial liabilities. Financial liabilities, whose contractual settlements are effected by an issue of financial assets other than cash or cash equivalents or by an exchange of a financial instrument, are stated at fair value.

If liability payment terms exceed one year from the balance sheet date, the balances of these liabilities, except for trade liabilities, are presented as long-term. Other balances are reflected as short-term.

Accruals

Accruals are recognised at amounts of probable liabilities, which relate to the current reporting period.

Current and deferred income tax

Current corporate income tax liabilities are calculated in accordance with applicable tax regulations.

The company does not recognise deferred tax provisions and does not determine deferred tax assets, as according to the Accounting Act, there is no obligation to audit and publish the financial statements.

Revenue recognition

Sales revenue represents likely due amounts or amounts actually received for services provided and are recognised in the appropriate periods, net of value-added tax.

Recognition of costs

The company records costs by nature of expense. All cost invoices are expensed in the period received, unless they concern a different period. In such cases they are matched with the respective revenue through appropriate prepayments or accrual accounts.

The financial result of the company is influenced additionally by:

- other operational costs and income related to the company's activity such as: profit or loss from the disposal of non-financial long-term assets, revaluation of non-financial assets, raising and reversal of provisions, fines, penalties, compensations and the receipt of or transferring of donations;
- financial income from interest and a surplus of foreign exchange gains over losses;
- financial costs from interest and a surplus of foreign exchange losses over gains;

Gross financial results are adjusted by current corporate income tax liabilities calculated in accordance with applicable tax regulations.

Valuation of foreign currency transactions

Business transactions denominated in foreign currencies shall be shown in account books as on the date they are effected at the following exchange rate:

- the one actually applied on that date, resulting from the nature of the transaction - in case of foreign currency sales or

purchase transactions, as well as of the debt or liability payment transactions;

- average exchange rate published by the Polish Central bank for the given currency as on the date preceding transaction date if the actual rate is considered unjustified and also in the case of remaining transactions

As at the balance sheet date assets and liabilities expressed in foreign currencies are valued on the basis of the average foreign exchange rate published by the National Bank of Poland for the given currency for the given day.

	31-12-2019	19-11-2019
EUR	4.2585	4.2928
USD	3.7977	3.8786

.....
Donald Patrick Corsby
Liquidator

.....
Tim Hildebrandt
Person responsible for maintenance accounts

Financial statements for the financial period ended December 31, 2019

III. BALANCE SHEET

ASSETS

A. FIXED ASSETS	Note	31/12/19	19/11/19
I. Intangible fixed assets		-	-
II. Tangible fixed assets		-	-
1. Fixed assets		-	-
TOTAL FIXED ASSETS		-	-
B. CURRENT ASSETS			
I. Inventory		-	-
II. Short-term receivables	1	4,84,911.77	5,21,500.63
1. Receivables from related parties:		-	4,86,948.63
a) Trade receivables, due:		-	4,86,948.63
- within 12 months		-	4,86,948.63
2. Receivables from other parties:			
3. Receivables from other parties:		4,84,911.77	34,552.00
a) Trade receivables, due:		4,50,359.77	-
- within 12 months		4,50,359.77	-
b) Receivables in respect of taxation, subsidies, custom duties, social security, medical care and other benefits		34,552.00	34,552.00
c) Other		-	
III. Short-term investments	2	1,89,730.59	1,90,010.67
1. Short-term financial assets		1,89,730.59	1,90,010.67
a) Cash and cash equivalents, and other monetary assets		1,89,730.59	1,90,010.67
- Cash on hand and in bank		1,89,730.59	1,90,010.67
IV. Short-term prepayments and deferred costs		10,637.87	-
TOTAL CURRENT ASSETS		<u>6,85,280.23</u>	<u>7,11,511.30</u>
C. SHARE CAPITAL PAID UP			
D. TREASURY SHARES			
TOTAL ASSETS		<u>6,85,280.23</u>	<u>7,11,511.30</u>

Financial statements for the financial period ended December 31, 2019

<u>EQUITY AND LIABILITIES</u>		31/12/19	19/11/19
A. EQUITY			
I. Share capital	3	6,53,065.64	5,000.00
II. Supplementary (reserve) capital			7,91,666.92
III. Revaluation reserve			(76,392.69)
IV. Other reserves			-
V. Retained earnings (accumulated loss) brought forward			(88,244.51)
VI. Net profit (loss) for the year			20,646.53
VII. Appropriation of net profit during the year (negative amount)			-
TOTAL EQUITY		<u>6,53,065.64</u>	<u>6,52,676.25</u>
B. LIABILITIES AND PROVISIONS			
I. Provisions			-
II. Long-term liabilities			-
III. Short-term liabilities			-
IV. Accruals and deferred income	4	32,214.59	58,835.05
2. Other accruals and deferred income		32,214.59	58,835.05
- Current		<u>32,214.59</u>	<u>58,835.05</u>
TOTAL LIABILITIES AND PROVISIONS		<u>32,214.59</u>	<u>58,835.05</u>
TOTAL EQUITY AND LIABILITIES		<u>6,85,280.23</u>	<u>7,11,511.30</u>

.....
 Donald Patrick Corsby
 Liquidator

.....
 Tim Hildebrandt
 Person responsible for maintenance accounts

Financial statements for the financial period ended December 31, 2019

Supplementary Information and Explanations

IV. PROFIT AND LOSS ACCOUNT (By nature of expense)	<u>Note</u>	20/11/19 31/12/19	01/01/19 19/11/19
A. NET SALES AND SALES EQUIVALENTS			
- including from related parties	-	1,13,288.40	
I. Net sales of finished products	5	6,759.80	1,13,288.40
TOTAL SALES AND SALES EQUIVALENTS		<u>6,759.80</u>	<u>1,13,288.40</u>
B. OPERATING EXPENSES			
I. Amortisation and depreciation		-	-
II. Materials and energy used		-	-
III. External services	6	6,370.41	91,736.87
IV. Taxes and fees, including:		-	-
- excise duty		-	-
V. Salaries		-	-
VI. Social security and other benefits		-	-
VII. Other expenses by nature		-	-
TOTAL OPERATING EXPENSES		<u>6,370.41</u>	<u>91,736.87</u>
C. PROFIT (LOSS) ON SALES		389.39	21,551.53
D. OTHER OPERATING INCOME			
TOTAL OTHER OPERATING INCOME		-	-
E. OTHER OPERATING EXPENSES			
TOTAL OTHER OPERATING EXPENSES		-	-
F. OPERATING PROFIT (LOSS)		389.39	21,551.53
G. FINANCIAL INCOME			
TOTAL FINANCIAL INCOME		-	-
H. FINANCIAL COSTS			
TOTAL FINANCIAL COSTS		-	-
I. PROFIT (LOSS) ON ORDINARY ACTIVITIES		389.39	21,551.53
J. INCOME TAX	7	-	905.00
K. OTHER MANDATORY PROFIT REDUCTIONS		-	-
M.		-	-
N. NET PROFIT (LOSS)		<u>389.39</u>	<u>20,646.53</u>

.....
Donald Patrick Crosby
Liquidator

.....
Tim Hildebrandt
Person responsible for maintenance accounts

Financial statements for the financial period ended December 31, 2019

Supplementary Information and Explanations

SUPPLEMENTARY INFORMATION AND EXPLANATIONS			
1	Short-term receivables and write down of receivables		
	Receivables from related parties:	31/12/19	19/11/19
	- due within 12 months	-	4,86,948.63
	Receivables from other parties:		
	- due within 12 months	4,50,359.77	-
	- receivables in respect of taxation, subsidies, custom duties, social security, medical care and other benefits	34,552.00	34,552.00
	- from corporate income tax	34,552.00	34,552.00
	Total	<u>4,84,911.77</u>	<u>5,21,500.63</u>
2	Short-term investments	31/12/19	19/11/19
	Cash and cash equivalents, and other monetary assets		
	- cash in bank and on hand	1,89,730.59	1,90,010.67
	Total	<u>1,89,730.59</u>	<u>1,90,010.67</u>
	The company is not an active payer of value added tax and does not settle this account and has no funds on the VAT account.		
3	Share capital	31/12/19	19/11/19
	As at the beginning of the period	6,53,065.64	5,000.00
	As at the end of period	<u>6,53,065.64</u>	<u>5,000.00</u>
	As at December 31, 2019 share capital comprised 100 shares each with a nominal value of 50 PLN.		
	The sole shareholder of the company is:		
	- RadiSys UK Limited , with its seat in United Kingdom, which holds 100 shares (100% share capital);		
	The company is in liquidation. The company is represented by Mr. Donald Patrick Crosby, who is the liquidator. As at December 31, 2019 Radisys Corporation does not control within the meaning of art. 3 sec. 1 p. 34 of the Accounting Act.		
4	Accruals and deferred income	31/12/19	19/11/19
	Other short term accruals and deferred income, including:		
	a) accrued liabilities		
	- provision for services	32,214.59	58,835.05
	Total	<u>32,214.59</u>	<u>58,835.05</u>
5	Net sales of finished	20/11/19	01/01/19
		31/12/19	19/11/19
	Net sales services:		
	- sales outside of Poland	6,759.80	1,13,288.40
	Total	<u>6,759.80</u>	<u>1,13,288.40</u>

Financial statements for the financial period ended December 31, 2019

Supplementary Information and Explanations

6	External services	20/11/19 31/12/19	01/01/19 19/11/19
	External services, including:		
	- accounting and audit services	6,090.33	85,593.42
	- rent services	-	-
	- legal services		
	- energy	-	-
	- telecommunication services	-	713.00
	- handling of customs duties	-	2,043.12
	- bank charges	280.08	3,387.33
	- cleaning	-	-
	- postage services	-	-
		<u>6,370.41</u>	<u>91,736.87</u>
7	Corporate income tax	20/11/19 31/12/19	01/01/19 19/11/19
	Current income tax (refer note 8)	-	905.00
	Total	<u>-</u>	<u>905.00</u>
8	Reconciliation of income tax base and profit / loss before tax	20/11/19 31/12/19	01/01/19 19/11/19
	Profit (loss) before tax	389.39	21,551.53
	Taxable but not accounting income, including:	-	-
	Taxable costs	-	-
	Non deductible costs, including:	(11,888.66)	(7,475.94)
	- other non-taxable costs	280.08	3,089.73
	- provision for costs	(12,168.74)	(10,565.67)
	Costs not recognised as taxable costs in current year		-
	Taxable income (Tax loss)	(11,499.27)	14,075.59
	Deduction	-	4,023.31
	- tax loss 2018		4,023.31
	Tax base	(11,499.27)	10,052.28
	tax rate		0.09
	Income tax		905.00
9	Liabilities secured by the Company's assets		
	As at 31 December 2019 as well as 19 November 2019 the Company did not have any liabilities secured by company's assets.		
10	Contingent liabilities, guarantees and warranties		
	As at 31 December 2019 as well as 19 November 2019 the Company did not have any contingent liabilities.		
11	Revenues, costs and results of activities discontinued in the financial year or to be discontinued in the following year.		
	In the period ended December 31st 2018, the employment in Radisys Poland Sp.z o.o. w likwidacji was reduced to 0. The company limited its activity on the territory of Poland in 2019. The company does not expect additional costs or losses related to the activities discontinued. On November 20, 2019. the company adopted a resolution to open liquidation.		

Financial statements for the financial period ended December 31, 2019

Supplementary Information and Explanations

12 Non - consolidated joint ventures

The Company did not take part in any joint ventures in the financial year.

13 Related party transactions

Transactions with:

RadiSys Corporation	31/12/19	19/11/19
Trade receivables	-	4,86,948.63
Revenue from sale services	-	1,13,288.40

After November 20, 2019, RadiSys Corporation lost control over the Company and receivables and revenues were reclassified to other parties.

The Consolidated Financial Statement is prepared by RadiSys Corporation with its seat in 5435 NE Dawson Creek Dr. Hillsboro, OR 97124 United States.

14 List of enterprises in which company holds at least 20% shares

The company does not hold shares of any companies.

15 Average employment level

The Company did not employ persons as at 31 December and 19 November 2019.

16 Remuneration, including money paid to members of the board and supervisory board of capital companies from the distribution of profit.

The Company has not paid remuneration to board members or supervisory board members.

17 Loans and other benefits paid to the board members and supervisory board

The Company has not granted any loans and has not entered into any transactions with the board members or supervisory board.

18 Remuneration for audit services

	31/12/19	19/11/19
- accrued not obligatory audit	18,280.26	-

19 Significant prior years events included in the financial statements

The Company has not reported such events.

20 Change in accounting policies and financial statements comparability

During the financial period the Company has not made any changes in the applied accounting policies and the method of preparation of the Financial Statements which would have a significant effect on its equity, financial position and the financial result.

21 Significant post balance sheet date events

In the period between the balance sheet date and the date of preparing the Financial Statements, there were no significant events occurring that affected the information presented in the Financial Statements.

22 Going concern

Due to placing the Company into liquidation, the going concern assumption referred to in art. 5 paragraph 2 is not justified. In accordance with art. 29 of the Act, items in the balance sheet were valued at net realizable sales prices, not higher than their purchase prices or manufacturing costs, less current depreciation or amortization write-offs, as well as write-offs for permanent impairment. A provision was also created for anticipated additional costs and losses caused by abandonment or loss of ability to continue as a going concern. The company intends to complete liquidation in the near future. The assets remaining after the creditors have been satisfied or secured will be transferred to the sole shareholder of the Company.

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Donald Patrick Crosby
Liquidator

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Tim Hildebrandt
Person responsible for maintenance accounts