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## MariaDB.com is dead, long live MariaDB.org

Horrible leadership, racism, sexism, abuse, and violations of countless labor laws in both the U.S. and internationally could only lead to one possible outcome. The lawsuits are piling up and the employees are going to take the hit. Payroll is going to be missed.

For those that don't know, MariaDB.com is the commercial for-profit entity while MariaDB.org is the non-profit entity that holds the ownership of the open source products and open source code base. This article is about the commercial entity and the myriad of failures while trying to build a viable business.

Monty, the creator of MySQL and MariaDB founder, hasn't been at a company meeting for over a year and a half. The relationship between Monty and the CEO, Michael Howard, is extremely rocky. At a company all-hands meeting Monty and Michael Howard were shouting at each other while up on stage in the auditorium *in front of the entire staff*. Monty made his position perfectly clear as he shouted his last words before he walked out:

***"You're killing my fu&#@\$! company!!!"***

Monty was subsequently voted off the board in July of 2022 solidifying the hostile takeover by Michael Howard. Buyer beware, Monty and his group of founders and database experts are no longer at the company.

Just before the hostile takeover and Monty being voted off the board, in June of 2022 JP Morgan and Goldman Sachs both withdrew from representing MariaDB. They wouldn't represent MariaDB due to the high risk of liability. The original

investors in AngelPond, the SPAC entity, had all filed lawsuits due to a material misrepresentation of the valuation and ability to operate as a company which ultimately led to the decision to withdraw by the banks.

The truth about MariaDB's financial situation was conveniently hidden within the 427 pages of the 8-K report to the SEC later that year. The PDF didn't appear on the company's own investor relations page until December 22nd, three days after the start of trading.

And the report is a scary read.

**The report shows that investors withdrew their money (\$266.3m) just days before the SPAC IPO. A combined total of 99% of investors withdrew their money leaving only \$2.6m left.**

All of this led to the sharp decline of the stock from \$10.00 to \$1.13 as of March 28th. MariaDB has a measly \$4.8m in cash and cash equivalents remaining. Not nearly enough required for running a tech company with over 100 employees. Prior to the investors backing out, MariaDB was valued at \$672m. Today, the valuation is just a fraction of that.

The most recent SEC filings on March 3rd, 2023 are even worse.

MariaDB was expecting to have the \$266.3m from the SPAC investors as operating cash. But that money is long gone. Once again buried in a 320 page report to the SEC, they were also expecting to receive \$186.3m from warrants. But those proceeds were all contingent on the share price going up post-IPO. The warrants are priced at \$11.50 per share rendering them essentially worthless. Michael Howard executed his hostile takeover and then bet the entire company on proceeds that were not guaranteed. And it backfired. Here is how it was worded in their March 3rd filing:

*If the market price for our Ordinary Shares is less than \$11.50 per share, we believe the holders of Public Warrants and Private Placement Warrants will be unlikely to exercise such warrants. On March 2, 2023, the closing price of our Ordinary Shares on the New York Stock Exchange was \$2.30 per share, as a result of which the Warrants are currently out-of-the money. In the event the trading price of our Ordinary Shares is below the exercise price of our Warrants, we are unlikely to receive any proceeds from*

*the exercise of our Warrants in the near future, if at all. **The Warrants may never be in the money, and they may expire worthless.***

MariaDB is completely out of options and they are positioning themselves for the inevitable. The following is a list of phrases taken directly from the SEC filing which paints an extremely bleak picture:

*...our ability to continue as a going concern and to secure additional financing needed to meet short-term and long-term liquidity needs...*

Also known as; we cannot pay our bills and will not be able to make payroll. If you are employed at MariaDB, you absolutely need to be scheduling interviews with other companies.

*...our ability to retain and recruit qualified personnel, including officers (including a chief financial officer), directors and other key personnel (including those with public company experience)...*

Our reputation for racism, sexism, and abuse is now public and we can't hire anyone. MariaDB is currently operating without a CFO. They have not been able to fill the CFO position since August, 2022 when the previous CFO was unjustly fired leading to yet another lawsuit. **The CFO position still remains unfilled today, 7 months later.**

And now the Chief Revenue Officer is leaving as well. The entire c-suite has left the company leaving just one position still occupied, the Chief Marketing Officer.

Buried deep in the complex legal wording is a legitimate risk clearly spelled out in the SEC filing confirming that lawsuits are piling up. For clarity, the "Business Combination" is referring to the merger with AngelPond mentioned above. The original investors in AngelPond have active litigation against the company.

*...regulatory actions and litigation relating to the Business Combination...*

Even further down the report is the clearest signal of all. MariaDB might be positioning themselves for closure.

*There is significant risk in our ability to effectively operate as a public company; There is substantial doubt about our ability to continue as a going concern... we determined*

*that our current cash and cash equivalents would not be sufficient to fund our operations... from the date those audited financial statements were issued (February 13, 2023), raising substantial doubt about our ability to continue as a going concern.*

*Our auditors have made reference to the material uncertainty as to our ability to continue as a going concern, and there is no assurance that we will be able to continue as a going concern.*

They are clearly stating they cannot pay their bills and will not be able to make payroll.

The so-called rule of 40 also shows that MariaDB is in serious trouble. According to the principle, the growth rate and relative profitability of the combined turnover of a software company should be over 40. For comparison, MongoDB is at 53%.

For MariaDB, the number is negative, less than zero.

When wealthy people fail, what is the first thing they do? They hire lawyers. The remaining investors, CEO, officers, and board members are all taking measures to protect themselves. They collectively put up a small amount of cash so the company can survive for the next 60–90 days while they secure lawyers for protection leaving the employees and smaller public investors to take all the losses.

On March 3rd, 2023 MariaDB filed *two reports* with the SEC. One report was all about obfuscating the financial situation. The second report was another 100+ pages describing the hiring of massive law firms to represent the remaining investors, CEO, officers, and board members. MariaDB has retained Perkins Coie in the U.S. and Mathesson LLP in Ireland.

Michael Howard, Will Sanchez, Alexander Suh, Theodore Wang, Christine Russel, Harold Berenson, and Jurgen Ingels have all given complete authority to these law firms for the sole purpose of shielding themselves from the fallout.

They are purchasing insurance to protect themselves against any future lawsuits when things go south. It's all in black and white.

## *Indemnification of Directors and Officers*

*...indemnify a director or officer against, liability in connection with any negligence, default, breach of duty or breach of trust by a director or officer in relation to the company.*

*...allow the company to (a) **purchase and maintain director and officer insurance** against any liability attaching in connection with any **negligence, default, breach of duty or breach of trust** owed to the company; and (b) indemnify a director or other officer against any liability incurred in defending proceedings, whether civil or criminal.*

An easy to read timeline of events shows how dire the situation is.

- Jan '22 — Business combination agreement with AngelPond for a SPAC IPO
- Apr '22 — AngelPond investors file lawsuits against AngelPond and MariaDB
- Jun '22 — JP Morgan and Goldman Sachs back out
- Jun '22 — Business combination agreement registered with SEC
- Jul '22 — Monty voted off board, hostile takeover complete
- Aug '22 — CFO fired 4 months before IPO, lawsuits filed
- Dec '22 — SPAC investors pull out 99% of cash, full redemption
- Dec '22 — Merger completes anyways and IPO on Dec 21st
- Jan '23 — Independent financial auditors begin unwinding the mess
- Feb '23 — Financial audit completed on Feb 13th**
- Feb '23 — CEO and officers begin hiring lawyers and purchasing insurance**
- Mar '23 — File financial risk & insurance purchase with the SEC on Mar 3rd**

The independent 3rd-party financial auditors completed their assignment and submitted their report to company leadership on Feb 13th, 2023. *Just two and a half weeks later* the CEO and officers register with the SEC stating they've purchased insurance protection. I don't know how this could be any more clear. They are telling you exactly what's going to happen.

This entire article was written for one group of people.

If you are employed at MariaDB, you absolutely need to be scheduling interviews with other companies.

This is yet another case of American corporatism failing the open source world.

Long live MariaDB.org.

Long live open source.

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