

SVMK INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited) ⁽¹⁾

<i>(in thousands)</i>	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 154,546	\$ 153,807
Accounts receivable, net of allowance	11,102	7,336
Deferred commissions, current	2,636	1,981
Prepaid expenses and other current assets	9,772	7,081
Total current assets	178,056	170,205
Property and equipment, net	42,526	117,718
Operating lease right-of-use assets	61,478	—
Capitalized internal-use software, net	34,445	33,280
Acquisition intangible assets, net	21,456	9,324
Goodwill	409,772	336,861
Deferred commissions, non-current	4,823	3,317
Other assets	8,607	8,643
Total assets	\$ 761,163	\$ 679,348
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,037	\$ 2,804
Accrued expenses and other current liabilities	11,833	9,692
Accrued compensation	15,066	20,070
Deferred revenue	124,334	101,236
Operating lease liabilities, current	6,910	—
Debt, current	1,900	1,900
Total current liabilities	163,080	135,702
Deferred tax liabilities	6,181	4,246
Debt, non-current	214,565	215,515
Financing obligation on leased facility	—	92,009
Operating lease liabilities, non-current	82,763	—
Other non-current liabilities	5,045	12,493
Total liabilities	471,634	459,965
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	1	1
Additional paid-in capital	654,857	551,937
Accumulated other comprehensive income (loss)	501	(287)
Accumulated deficit	(365,830)	(332,268)
Total stockholders' equity	289,529	219,383
Total liabilities and stockholders' equity	\$ 761,163	\$ 679,348

(1) The Company adopted ASC 842 as of January 1, 2019 on a prospective basis. Amounts presented as of June 30, 2019 are under ASC 842 and amounts presented as of December 31, 2018 are under ASC 840.

SVMK INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited) ⁽¹⁾

<i>(in thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 75,139	\$ 62,696	\$ 143,780	\$ 121,187
Cost of revenue ⁽²⁾⁽³⁾	19,047	17,691	36,577	35,754
Gross profit	56,092	45,005	107,203	85,433
Operating expenses:				
Research and development ⁽²⁾	22,407	16,292	43,213	34,232
Sales and marketing ⁽²⁾⁽³⁾	29,689	19,879	55,739	37,300
General and administrative ⁽²⁾	19,746	13,400	40,302	26,418
Restructuring	—	28	(66)	33
Total operating expenses	71,842	49,599	139,188	97,983
Loss from operations	(15,750)	(4,594)	(31,985)	(12,550)
Interest expense	3,647	7,591	7,306	14,685
Other non-operating income (expense), net	575	(282)	2,554	351
Loss before income taxes	(18,822)	(12,467)	(36,737)	(26,884)
Provision for (benefit from) income taxes	(344)	(4)	(482)	296
Net loss	\$ (18,478)	\$ (12,463)	\$ (36,255)	\$ (27,180)
Net loss per share, basic and diluted	\$ (0.14)	\$ (0.12)	\$ (0.28)	\$ (0.27)
Weighted-average shares used in computing basic and diluted net loss per share	131,099	101,623	128,943	101,419

(1) The Company adopted ASC 842 as of January 1, 2019 on a prospective basis. Amounts presented for the three and six months ended June 30, 2019 are under ASC 842 and amounts presented for the three and six months ended June 30, 2018 are under ASC 840.

(2) Includes stock-based compensation, net of amounts capitalized as follows:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cost of revenue	\$ 991	\$ 646	\$ 2,087	\$ 1,304
Research and development	5,629	2,966	10,395	6,413
Sales and marketing	3,016	1,147	5,796	1,915
General and administrative	5,518	3,993	11,987	7,660
Stock-based compensation, net of amounts capitalized	\$ 15,154	\$ 8,752	\$ 30,265	\$ 17,292

(3) Includes amortization of acquisition intangible assets as follows:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cost of revenue	\$ 1,403	\$ 488	\$ 1,891	\$ 976
Sales and marketing	766	604	1,303	1,208
Amortization of acquisition intangible assets	\$ 2,169	\$ 1,092	\$ 3,194	\$ 2,184

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

<i>(in thousands)</i>	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities		
Net loss	\$ (36,255)	\$ (27,180)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	20,545	23,652
Non-cash leases expense	6,059	—
Stock-based compensation expense, net of amounts capitalized	30,265	17,292
Amortization of debt discount and issuance costs	150	484
Deferred income taxes	(415)	295
Gain on sale of a private company investment	(1,001)	(999)
Other	51	176
Changes in assets and liabilities:		
Accounts receivable	(1,830)	(814)
Prepaid expenses and other assets	(3,387)	(3,753)
Accounts payable and accrued liabilities	1,996	2,624
Accrued interest on financing lease obligation, net of payments	—	(703)
Accrued compensation	(6,311)	(3,554)
Deferred revenue	18,576	14,511
Operating lease liabilities	(6,731)	—
Net cash provided by operating activities	<u>21,712</u>	<u>22,031</u>
Cash flows from investing activities		
Acquisition, net of cash acquired	(53,138)	—
Purchases of property and equipment	(1,335)	(4,809)
Capitalized internal-use software	(6,527)	(5,467)
Proceeds from sale of a private company investment	1,001	999
Net cash used in investing activities	<u>(59,999)</u>	<u>(9,277)</u>
Cash flows from financing activities		
Proceeds from stock option exercises	37,593	178
Proceeds from employee stock purchase plan	2,662	—
Employee payroll taxes paid for net share settlement of restricted stock units	—	(3,218)
Repayment of debt	(1,100)	(1,500)
Net cash provided by (used in) financing activities	<u>39,155</u>	<u>(4,540)</u>
Effect of exchange rate changes on cash	(55)	—
Net increase in cash, cash equivalents and restricted cash	813	8,214
Cash, cash equivalents and restricted cash at beginning of period	154,371	35,345
Cash, cash equivalents and restricted cash at end of period	<u>\$ 155,184</u>	<u>\$ 43,559</u>
Supplemental cash flow data:		
Interest paid for term debt	<u>\$ 6,913</u>	<u>\$ 10,813</u>
Interest paid for financing obligation on leased facility	<u>\$ —</u>	<u>\$ 4,076</u>
Cash paid for operating leases	<u>\$ 6,731</u>	<u>\$ —</u>
Income taxes paid	<u>\$ 676</u>	<u>\$ 50</u>
Non-cash investing and financing transactions:		
Fair value of common stock issued as acquisition consideration	<u>\$ 30,092</u>	<u>\$ —</u>
Stock compensation included in capitalized software costs	<u>\$ 2,031</u>	<u>\$ 756</u>
Accrued unpaid capital expenditures	<u>\$ 321</u>	<u>\$ 2,098</u>
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 2,477</u>	<u>\$ —</u>
Derecognized financing obligation related to building due to adoption of ASC 842	<u>\$ 92,009</u>	<u>\$ —</u>
Derecognized building due to adoption of ASC 842	<u>\$ 71,781</u>	<u>\$ —</u>