

SVMK INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

<i>(in thousands)</i>	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 224,390	\$ 131,035
Accounts receivable, net	24,177	17,795
Deferred commissions, current	5,429	3,078
Prepaid expenses and other current assets	10,520	9,382
Total current assets	<u>264,516</u>	<u>161,290</u>
Property and equipment, net	18,924	35,072
Operating lease right-of-use assets	56,986	63,904
Capitalized internal-use software, net	29,462	33,156
Acquisition intangible assets, net	21,207	33,150
Goodwill	468,764	462,927
Deferred commissions, non-current	10,018	5,384
Other assets	7,940	9,376
Total assets	<u>\$ 877,817</u>	<u>\$ 804,259</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,348	\$ 2,677
Accrued expenses and other current liabilities	15,198	16,077
Accrued compensation	32,149	24,031
Deferred revenue, current	169,872	139,990
Operating lease liabilities, current	8,318	8,381
Debt, current	1,900	1,900
Total current liabilities	<u>230,785</u>	<u>193,056</u>
Deferred revenue, non-current	760	1,015
Deferred tax liabilities	5,153	4,870
Debt, non-current	211,716	213,616
Operating lease liabilities, non-current	74,487	82,668
Other non-current liabilities	8,560	7,050
Total liabilities	<u>531,461</u>	<u>502,275</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	1	1
Additional paid-in capital	835,444	705,143
Accumulated other comprehensive income (loss)	5,208	(444)
Accumulated deficit	(494,297)	(402,716)
Total stockholders' equity	<u>346,356</u>	<u>301,984</u>
Total liabilities and stockholders' equity	<u>\$ 877,817</u>	<u>\$ 804,259</u>

SVMK INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

<i>(in thousands, except per share amounts)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Revenue	\$ 100,975	\$ 84,324	\$ 375,610	\$ 307,421
Cost of revenue ⁽¹⁾⁽²⁾	21,065	20,321	83,917	76,524
Gross profit	<u>79,910</u>	<u>64,003</u>	<u>291,693</u>	<u>230,897</u>
Operating expenses:				
Research and development ⁽¹⁾	29,793	24,614	112,989	90,545
Sales and marketing ⁽¹⁾⁽²⁾	43,832	36,908	172,376	123,573
General and administrative ⁽¹⁾	22,457	21,994	87,909	83,288
Restructuring	—	—	—	(66)
Total operating expenses	<u>96,082</u>	<u>83,516</u>	<u>373,274</u>	<u>297,340</u>
Loss from operations	<u>(16,172)</u>	<u>(19,513)</u>	<u>(81,581)</u>	<u>(66,443)</u>
Interest expense	2,370	3,279	10,257	14,157
Other non-operating income, net	(159)	(521)	(1,436)	(3,962)
Loss before income taxes	<u>(18,383)</u>	<u>(22,271)</u>	<u>(90,402)</u>	<u>(76,638)</u>
Provision for (benefit from) income taxes	(95)	(977)	1,179	(2,779)
Net loss	<u>\$ (18,288)</u>	<u>\$ (21,294)</u>	<u>\$ (91,581)</u>	<u>\$ (73,859)</u>
Net loss per share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.16)</u>	<u>\$ (0.65)</u>	<u>\$ (0.56)</u>
Weighted-average shares used in computing basic and diluted net loss per share	142,827	134,969	139,887	131,568

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

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Cost of revenue	\$ 1,221	\$ 853	\$ 4,450	\$ 3,658
Research and development	8,418	5,296	30,693	21,159
Sales and marketing	4,611	3,236	19,707	11,950
General and administrative	6,338	5,813	24,317	23,478
Stock-based compensation, net of amounts capitalized	<u>\$ 20,588</u>	<u>\$ 15,198</u>	<u>\$ 79,167</u>	<u>\$ 60,245</u>

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

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Cost of revenue	\$ 1,682	\$ 1,917	\$ 7,495	\$ 5,365
Sales and marketing	1,124	1,363	5,107	3,630
Amortization of acquisition intangible assets	<u>\$ 2,806</u>	<u>\$ 3,280</u>	<u>\$ 12,602</u>	<u>\$ 8,995</u>

SVMK INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (91,581)	\$ (73,859)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	47,822	45,133
Non-cash leases expense	13,092	12,537
Stock-based compensation expense, net of amounts capitalized	79,167	60,245
Deferred income taxes	814	(3,676)
Bad debt expense	1,352	432
Gain on sale of a private company investment	(1,001)	(1,001)
Other	1,588	(157)
Changes in assets and liabilities:		
Accounts receivable	(7,643)	(7,671)
Prepaid expenses and other assets	(12,106)	(5,172)
Accounts payable and accrued liabilities	1,148	8,318
Accrued compensation	7,865	2,232
Deferred revenue	29,742	31,181
Operating lease liabilities	(14,629)	(13,890)
Net cash provided by operating activities	55,630	54,652
Cash flows from investing activities		
Acquisitions, net of cash acquired	—	(114,603)
Purchases of property and equipment	(782)	(2,450)
Capitalized internal-use software	(9,220)	(12,034)
Proceeds from sale of a private company investment and other	1,095	1,001
Net cash used in investing activities	(8,907)	(128,086)
Cash flows from financing activities		
Proceeds from stock option exercises	42,150	47,678
Proceeds from employee stock purchase plan	6,719	5,344
Repayment of debt	(2,200)	(2,200)
Net cash provided by financing activities	46,669	50,822
Effect of exchange rate changes on cash	(461)	(76)
Net increase (decrease) in cash, cash equivalents and restricted cash	92,931	(22,688)
Cash, cash equivalents and restricted cash at beginning of period	131,683	154,371
Cash, cash equivalents and restricted cash at end of period	\$ 224,614	\$ 131,683
Supplemental cash flow data:		
Interest paid for term debt	\$ 9,590	\$ 13,502
Income taxes paid	\$ 583	\$ 756
Non-cash investing and financing transactions:		
Fair value of common stock issued as acquisition consideration	\$ —	\$ 36,204
Stock compensation included in capitalized software costs	\$ 2,243	\$ 3,503
Lease liabilities arising from obtaining right-of-use assets, net	\$ —	\$ 7,937
Derecognized financing obligation related to building due to adoption of ASC 842	\$ —	\$ 92,009
Derecognized building due to adoption of ASC 842	\$ —	\$ 71,781

SVMK INC.**SUPPLEMENTAL DISAGGREGATED REVENUE DATA (unaudited)****Quarterly Disaggregated Revenue**

<i>(in thousands)</i>	Three Months Ended							
	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Self-serve revenue	\$ 71,197	\$ 68,001	\$ 65,398	\$ 63,107	\$ 62,948	\$ 61,348	\$ 60,071	\$ 57,619
Enterprise revenue	29,778	27,428	25,543	25,158	21,376	17,969	15,068	11,022
Revenue	<u>\$100,975</u>	<u>\$ 95,429</u>	<u>\$ 90,941</u>	<u>\$ 88,265</u>	<u>\$ 84,324</u>	<u>\$ 79,317</u>	<u>\$ 75,139</u>	<u>\$ 68,641</u>

Annual Disaggregated Revenue

<i>(in thousands)</i>	Year Ended December 31,		
	2020	2019	2018
Self-serve revenue	\$ 267,703	\$ 241,986	\$ 220,822
Enterprise revenue	\$ 107,907	65,435	33,502
Revenue	<u>\$ 375,610</u>	<u>\$ 307,421</u>	<u>\$ 254,324</u>

Self-serve revenues are generated from products purchased independently through our website.

Enterprise revenues are generated from products sold to organizations through our sales team.

SVMK INC.

RECONCILIATION OF GAAP TO NON-GAAP DATA (unaudited) ⁽¹⁾

Reconciliation of GAAP to Non-GAAP (Loss) Income from Operations

<i>(in thousands, except percentages)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
GAAP Loss from operations	\$ (16,172)	\$ (19,513)	\$ (81,581)	\$ (66,443)
GAAP Operating margin	(16)%	(23)%	(22)%	(22)%
Stock-based compensation, net	20,588	15,198	79,167	60,245
Amortization of acquisition intangible assets	2,806	3,280	12,602	8,995
Restructuring	—	—	—	(66)
Non-GAAP (Loss) Income from operations	<u>\$ 7,222</u>	<u>\$ (1,035)</u>	<u>\$ 10,188</u>	<u>\$ 2,731</u>
Non-GAAP Operating margin	7%	(1)%	3%	1%

Reconciliation of GAAP to Non-GAAP Loss and Loss per diluted share

<i>(in thousands, except per share amounts)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
GAAP Net Loss	\$ (18,288)	\$ (21,294)	\$ (91,581)	\$ (73,859)
GAAP Net loss per diluted share	<u>\$ (0.13)</u>	<u>\$ (0.16)</u>	<u>\$ (0.65)</u>	<u>\$ (0.56)</u>
Weighted-average shares used to compute GAAP net loss per diluted share	142,827	134,969	139,887	131,568
Stock-based compensation, net	20,588	15,198	79,167	60,245
Amortization of acquisition intangible assets	2,806	3,280	12,602	8,995
Restructuring	—	—	—	(66)
Gain on sale of a private company investment	—	—	(1,001)	(1,001)
Income tax effect on Non-GAAP adjustments ⁽²⁾	34	254	106	(966)
Non-GAAP Net (Loss) Income	<u>\$ 5,140</u>	<u>\$ (2,562)</u>	<u>\$ (707)</u>	<u>\$ (6,652)</u>
Non-GAAP Net (Loss) Income per diluted share	<u>\$ 0.03</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
Weighted-average shares used to compute Non-GAAP net loss per diluted share	148,995	134,969	139,887	131,568

(1) Please see Appendix A for explanation of non-GAAP measures used.

(2) Due to the full valuation allowance on our US deferred tax assets, there were no tax effects associated with the Non-GAAP adjustments for stock-based compensation, net, restructuring and gain on sale of a private company investment. Non-GAAP adjustments pertain to the income tax effects of amortization of acquisition-related intangible assets.

SVMK INC.

RECONCILIATION OF GAAP TO NON-GAAP DATA (unaudited) ⁽¹⁾

Calculation of Free Cash Flow

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 11,643	\$ 9,419	\$ 55,630	\$ 54,652
Purchases of property and equipment	(10)	(424)	(782)	(2,450)
Capitalized internal-use software	(2,169)	(2,441)	(9,220)	(12,034)
Free cash flow	<u>\$ 9,464</u>	<u>\$ 6,554</u>	<u>\$ 45,628</u>	<u>\$ 40,168</u>

Supplemental GAAP and Non-GAAP Information

<i>(in thousands, except percentages)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
GAAP Gross profit	\$ 79,910	\$ 64,003	\$ 291,693	\$ 230,897
GAAP Gross margin	79%	76%	78%	75%
Stock-based compensation, net	1,221	853	4,450	3,658
Amortization of acquisition intangible assets	1,682	1,917	7,495	5,365
Non-GAAP Gross profit	<u>\$ 82,813</u>	<u>\$ 66,773</u>	<u>\$ 303,638</u>	<u>\$ 239,920</u>
Non-GAAP Gross margin	82%	79%	81%	78%
GAAP Research and development	\$ 29,793	\$ 24,614	\$ 112,989	\$ 90,545
GAAP Research and development margin	30%	29%	30%	29%
Stock-based compensation, net	8,418	5,296	30,693	21,159
Non-GAAP Research and development	<u>\$ 21,375</u>	<u>\$ 19,318</u>	<u>\$ 82,296</u>	<u>\$ 69,386</u>
Non-GAAP Research and development margin	21%	23%	22%	23%
GAAP Sales and marketing	\$ 43,832	\$ 36,908	\$ 172,376	\$ 123,573
GAAP Sales and marketing margin	43%	44%	46%	40%
Stock-based compensation, net	4,611	3,236	19,707	11,950
Amortization of acquisition intangible assets	1,124	1,363	5,107	3,630
Non-GAAP Sales and marketing	<u>\$ 38,097</u>	<u>\$ 32,309</u>	<u>\$ 147,562</u>	<u>\$ 107,993</u>
Non-GAAP Sales and marketing margin	38%	38%	39%	35%
GAAP General and administrative	\$ 22,457	\$ 21,994	\$ 87,909	\$ 83,288
GAAP General and administrative margin	22%	26%	23%	27%
Stock-based compensation, net	6,338	5,813	24,317	23,478
Non-GAAP General and administrative	<u>\$ 16,119</u>	<u>\$ 16,181</u>	<u>\$ 63,592</u>	<u>\$ 59,810</u>
Non-GAAP General and administrative margin	16%	19%	17%	19%

(1) Please see Appendix A for explanation of non-GAAP measures used.

SVMK INC.
EXPLANATION OF NON-GAAP MEASURES

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with US GAAP ("GAAP"), we use the following Non-GAAP financial measures: Non-GAAP (loss) income from operations, Non-GAAP operating margin, Non-GAAP net loss, Non-GAAP net loss per diluted share, Non-GAAP gross profit, Non-GAAP gross margin, Non-GAAP research and development, Non-GAAP research and development margin, Non-GAAP sales and marketing, Non-GAAP sales and marketing margin, Non-GAAP general and administrative, Non-GAAP general and administrative margin, and free cash flow. Our definition for each Non-GAAP measure used is provided below, however a limitation of Non-GAAP financial measures are that they do not have uniform definitions. Accordingly, our definitions for Non-GAAP measures used will likely differ from similarly titled Non-GAAP measures used by other companies thereby limiting comparability.

With regards to the Non-GAAP guidance provided above, a reconciliation to the corresponding GAAP amounts are not provided as the quantification of certain items excluded from each respective Non-GAAP measure, which may be significant, cannot be reasonably calculated or predicted at this time without unreasonable efforts. For example, the Non-GAAP adjustment for stock-based compensation expense, net, requires additional inputs such as number of shares granted and market price that are not currently ascertainable.

Non-GAAP (loss) income from operations, Non-GAAP operating margin: We define Non-GAAP (loss) income from operations as GAAP loss from operations excluding stock-based compensation, net, amortization of acquisition intangible assets and restructuring. Non-GAAP operating margin is defined as Non-GAAP (loss) income from operations divided by revenue.

Non-GAAP net (loss) Income, Non-GAAP net (loss) Income per diluted share: We define Non-GAAP net (loss) Income as GAAP net loss excluding stock-based compensation, net, amortization of acquisition intangible assets, restructuring, gain on sale of a private company investment, and including the income tax effect on Non-GAAP adjustments. Non-GAAP net (loss) Income per diluted share is defined as Non-GAAP net (loss) Income divided by the weighted-average shares outstanding.

Non-GAAP gross profit, Non-GAAP gross margin: We define Non-GAAP gross profit as GAAP gross profit excluding stock-based compensation, net and amortization of acquisition intangible assets. Non-GAAP gross margin is defined as Non-GAAP gross profit divided by revenue.

Non-GAAP research and development, Non-GAAP research and development margin: We define Non-GAAP research and development as GAAP research and development excluding stock-based compensation, net. Non-GAAP research and development margin is defined as Non-GAAP research and development divided by revenue.

Non-GAAP sales and marketing, Non-GAAP sales and marketing margin: We define Non-GAAP sales and marketing as GAAP sales and marketing excluding stock-based compensation, net and amortization of acquisition intangible assets. Non-GAAP sales and marketing margin is defined as Non-GAAP sales and marketing divided by revenue.

Non-GAAP general and administrative, Non-GAAP general and administrative margin: We define Non-GAAP general and administrative as GAAP general and administrative excluding stock-based compensation, net. Non-GAAP general and administrative margin is defined as Non-GAAP general and administrative divided by revenue.

We use these Non-GAAP measures to compare and evaluate our operating results across periods in order to manage our business, for purposes of determining executive and senior management incentive compensation, and for budgeting and developing our strategic operating plans. We believe that these Non-GAAP measures provide useful information about our operating results, enhance the overall understanding of our past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by our management in evaluating our financial performance and for operational decision making, but they are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

We have excluded the effect of the following items from the aforementioned Non-GAAP measures because they are non-cash and/or are non-recurring in nature and because we believe that the Non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance and liquidity.

We further believe these measures are useful to investors in that it allows for greater transparency to certain line items in our financial statements and facilitates comparisons to historical operating results and comparisons to peer operating results. A description of the Non-GAAP adjustments for the above measures is as follows:

- Stock-based compensation, net: We incur stock based-compensation expense on a GAAP basis resulting from equity awards granted to our employees. Although stock-based compensation is a key incentive offered to our employees, and we believe such compensation contributed to the revenues earned during the periods presented and also believe it will contribute to the generation of future period revenues, we continue to evaluate our business performance excluding stock-based compensation expenses. Stock-based compensation expenses will recur in future periods.
- Amortization of acquisition intangible assets: We incur amortization expense on intangible assets on a GAAP basis resulting from prior acquisitions. Amortization of acquired intangible assets is inconsistent in amount and frequency and is significantly affected by the timing and size of any acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of acquisition intangible assets will recur in future periods.
- Restructuring: Restructuring expenses consist of employee severance and other exit costs. We believe it is useful for investors to understand the effects of these items on our total operating expenses. We expect that restructuring costs will generally diminish over time with respect to past acquisitions and/or strategic initiatives. However, we may incur these expenses in future periods in connection with any new acquisitions and/or strategic initiatives.
- Gain on sale of a private company investment: Gain on sale of a private company investment was recognized on a GAAP basis resulting from the sale of certain corporate assets. We expect that such transactions will be infrequent in occurrence and are therefore excluded from our Non-GAAP results as they do not otherwise relate to our core business operations.

For more information on the Non-GAAP financial measures, please see the “Reconciliation of GAAP to Non-GAAP Data” section of this press release. The accompanying tables provide details on the GAAP financial measures that are most directly comparable to the Non-GAAP financial measures and the related reconciliations between those financial measures.

Free cash flow: We define free cash flow as GAAP net cash provided by operating activities less purchases of property and equipment and capitalized internal-use software. We consider free cash flow to be an important measure because it measures our liquidity after deducting capital expenditures for purchases of property and equipment and capitalized software development costs, which we believe provides a more accurate view of our cash generation and cash available to grow our business. We expect to generate positive free cash flow over the long term. Free cash flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. Some of the limitations of free cash flow are that free cash flow does not reflect our future contractual commitments and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure.

Safe Harbor Statement

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This press release may contain forward-looking statements about our financial outlook, outstanding shares, products, including our investments in products, technology and other key strategic areas. The achievement of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any of these risks or uncertainties materialize or if any of the assumptions prove incorrect, the company’s results could differ materially from the results expressed or implied by the forward-looking statements the company makes.

The risks and uncertainties referred to above include - but are not limited to - risks related to the COVID-19 coronavirus pandemic; our ability to retain and upgrade customers; our revenue growth rate; our brand; our marketing strategies; our self-serve business model; the length of our sales cycles; the growth and development of our salesforce; security measures; expectations regarding our ability to timely and effectively scale and adapt existing technology and network infrastructure to ensure that our products and services are accessible at all times; competition; our debt; revenue recognition; our ability to manage our growth; our culture and talent; our data centers; privacy, security and data transfer concerns, as well as changes in regulations, which could impact our

ability to serve our customers or curtail our monetization efforts; litigation and regulatory issues; expectations regarding the return on our strategic investments; execution of our plans and strategies, including with respect to mobile products and features and expansion into new areas and businesses; our international operations; intellectual property; the application of U.S. and international tax laws on our tax structure and any changes to such tax laws; acquisitions we have made or may make in the future; the price volatility of our common stock; and general economic conditions.

Further information on these and other factors that could affect our financial results are included in documents filed with the Securities and Exchange Commission from time to time, including the section entitled “Risk Factors” in the Annual Report on Form 10-K that will be filed for the year ended December 31, 2020, which should be read in conjunction with these financial results. These documents are or will be available on the SEC Filings section of our Investor Relations website page at investor.surveymonkey.com. All information provided in this release and in the attachments is as of February 11, 2021, and we undertake no obligation to update this information.