

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

**FORM 8-K/A
Amendment 1**

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

December 17, 2018

Autodesk, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-14338

(Commission File Number)

94-2819853

(IRS Employer
Identification No.)

**111 McInnis Parkway
San Rafael, California 94903**

(Address of principal executive offices, including zip code)

(415) 507-5000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

Autodesk, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original Form 8-K”) with the Securities and Exchange Commission on December 20, 2018 announcing the closing of its acquisition of PlanGrid, a Delaware corporation (“PlanGrid”). This Amendment to the Original Form 8-K (“Amendment No. 1”) is being filed to include the financial statements and financial information required under Item 9.01. The disclosures and exhibits included in the Original Form 8-K otherwise remain unchanged.

Item 9.01 Financial Statements and Exhibits**(a) Financial Statements of Business Acquired**

The audited consolidated financial statements of PlanGrid as of and for the fiscal year ended January 31, 2018, as well as the accompanying notes and independent auditors’ report, are filed as Exhibit 99.1 and are incorporated by reference herein.

The unaudited condensed consolidated financial statements of PlanGrid as of and for the nine months ended October 31, 2018 and 2017, as well as the accompanying notes, are filed as Exhibit 99.2 and are incorporated by reference herein.

(b) Pro Forma Financial Information

The Company’s unaudited pro forma condensed combined balance sheet as of October 31, 2018, the unaudited pro forma condensed combined statements of operations for the nine months ended October 31, 2018 and for the fiscal year ended January 31, 2018, as well as the accompanying notes, are filed as Exhibit 99.3 and are incorporated by reference herein.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 23.1 | <u>Consent of Independent Registered Public Accounting Firm</u> |
| 99.1 | <u>Audited Consolidated Financial Statements of PlanGrid as of and for the fiscal year ended January 31, 2018</u> |
| 99.2 | <u>Unaudited Condensed Consolidated Financial Statements of PlanGrid as of and for the nine months ended October 31, 2018 and 2017</u> |
| 99.3 | <u>Unaudited Pro Forma Condensed Combined Financial Information for the fiscal year ended January 31, 2018 and for the nine months ended October 31, 2018</u> |

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AUTODESK, INC.

By: /s/ R. SCOTT HERREN

R. Scott Herren
Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Date: February 28, 2019

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos.333-229346, 333-228934, 333-223861, 333-08693, 333-62655, 333-81207, 333-45928, 333-67974, 333-88682, 333-106556, 333-116203, 333-134560, 333-149964, 333-158131, 333-165561,333-172936, 333-179514, 333-187338, 333-194463, 333-205038 and 333-213701) and on Form S-3 (Nos. 333-226196 and 333-218070) of Autodesk, Inc. of our report dated May 25, 2018 relating to the financial statements of PlanGrid, Inc, which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers LLP

San Jose, California
February 28, 2019

PlanGrid, Inc. and Subsidiaries

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

| | <u>Page(s)</u> |
|--|----------------|
| Report of Independent Auditors | <u>2</u> |
| Consolidated Balance Sheet | <u>3</u> |
| Consolidated Statement of Operations | <u>4</u> |
| Consolidated Statement of Changes in Redeemable Convertible Preferred Stock and in Stockholders' Deficit | <u>6</u> |
| Consolidated Statement of Cash Flows | <u>7</u> |
| Notes to Consolidated Financial Statements | <u>8</u> |

Report of Independent Auditors

To the Board of Directors of PlanGrid, Inc.

We have audited the accompanying consolidated financial statements of PlanGrid, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of January 31, 2018, and the related consolidated statements of operations and comprehensive loss, of changes in redeemable convertible preferred stock and stockholders' deficit, and of cash flows for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of PlanGrid, Inc. and its subsidiaries as of January 31, 2018 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP
San Jose, California
May 25, 2018

PlanGrid, Inc. and Subsidiaries
Consolidated Balance Sheet
January 31, 2018

(in thousands, except for number of shares and par value)

2018

| Assets | |
|--|------------------|
| Current Assets: | |
| Cash and Cash equivalents | \$ 11,676 |
| Accounts receivable, net | 6,222 |
| Prepaid expenses and other current assets | 3,305 |
| Marketable securities, short-term | 22,368 |
| Total current assets | 43,571 |
| Property, equipment and software, net | 2,801 |
| Marketable securities, long-term | 1,783 |
| Other assets | 517 |
| Total assets | \$ 48,672 |
| Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit | |
| Current liabilities: | |
| Accounts payable, accrued expenses, and other current liabilities | \$ 5,571 |
| Deferred revenue, short-term | 27,683 |
| Total current liabilities | 33,254 |
| Deferred revenue, long-term | 405 |
| Other liabilities | 186 |
| Total liabilities | 33,845 |
| Redeemable Convertible Preferred Stock: par of \$0.00001; 24,597,591 shares authorized as of January 31, 2018; 24,597,590 shares issued and outstanding as of January 31, 2018 | 81,714 |
| Stockholders' deficit: | |
| Common stock: par of \$0.00001; 67,000,000 shares authorized as of January 31, 2018; 26,458,836 shares issued and outstanding as of January 31, 2018 | — |
| Additional paid-in-capital | 6,339 |
| Accumulated deficit | (73,194) |
| Accumulated other comprehensive loss | (32) |
| Total stockholders' deficit | (66,887) |
| Total liabilities, redeemable convertible preferred stock, and stockholders' deficit | \$ 48,672 |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc. and Subsidiaries
Consolidated Statement of Operations
Year Ended January 31, 2018

| <i>(in thousands)</i> | <u>2018</u> |
|--|--------------------|
| Revenues | \$ 47,606 |
| Cost of revenues | 6,330 |
| Gross profit | <u>41,276</u> |
| Operating expenses: | |
| Research and development | 19,305 |
| Sales and marketing | 34,808 |
| General and administrative | 7,235 |
| Total operating expenses | <u>61,348</u> |
| Loss from operations | <u>(20,072)</u> |
| Other income (expense), net | 358 |
| Loss before provision for income taxes | (19,714) |
| Provision for income taxes | (29) |
| Net loss | <u>\$ (19,743)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc. and Subsidiaries
Consolidated Statement of Comprehensive Loss
Year Ended January 31, 2018

| | <u>2018</u> |
|--|--------------------|
| <i>(in thousands)</i> | |
| Net Loss | \$ (19,743) |
| Other comprehensive loss: | |
| Unrealized loss on marketable securities, net of tax | (2) |
| Comprehensive loss | <u>\$ (19,745)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc and Subsidiaries
Consolidated Statement of Changes in Redeemable Convertible Preferred Stock and Stockholders' Deficit
Year Ended January 31, 2018

| <i>(in thousands, except share and per share amounts)</i> | Redeemable Convertible Preferred Stock | | | | | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Stockholders' Deficit |
|---|--|------------------|------------------|------------------|------------------|-----------------|-------------------|-------------|----------------------------|---------------------|--------------------------------------|-----------------------------|
| | Series A | | Series B | | Series AA | | Shares | Amount | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| Balance as of January 31, 2017 | 13,103,073 | \$ 30,042 | 6,075,397 | \$ 43,009 | 4,450,578 | \$ 1,778 | 26,048,016 | \$ — | \$ 3,688 | \$ (53,451) | \$ (30) | \$ (49,793) |
| Issuance of Series B Convertible Preferred Stock at \$7.0983 per share, net of issuance costs of \$23 | — | — | 968,542 | 6,852 | — | — | — | — | — | — | — | — |
| Exercise of common stock options | — | — | — | — | — | — | 422,307 | — | 650 | — | — | 650 |
| Buyback of common stock | — | — | — | — | — | — | (11,487) | — | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | 2,034 | — | — | 2,034 |
| Accretion of contingently redeemable convertible preferred stock to redemption value | — | 11 | — | 22 | — | — | — | — | (33) | — | — | (33) |
| Net Loss | — | — | — | — | — | — | — | — | — | (19,743) | — | (19,743) |
| Unrealized gain(loss) on marketable securities | — | — | — | — | — | — | — | — | — | — | (2) | (2) |
| Balance as of January 31, 2018 | 13,103,073 | \$ 30,053 | 7,043,939 | \$ 49,883 | 4,450,578 | \$ 1,778 | 26,458,836 | \$ — | \$ 6,339 | \$ (73,194) | \$ (32) | \$ (66,887) |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc and Subsidiaries
Consolidated Statement of Cash Flows
Year ended January 31, 2018

| <i>(in thousands)</i> | 2018 |
|--|-------------|
| Cash flows from operating activities | |
| Net loss | \$ (19,743) |
| Adjustments to reconcile net loss to net cash used in operating activities | |
| Depreciation and amortization | 873 |
| Stock-based compensation expense | 1,995 |
| Amortization of premium/discount on investments | (48) |
| Other | 7 |
| Changes in operating assets and liabilities | |
| Accounts receivable, net | (2,381) |
| Prepaid expenses and other current assets | (1,244) |
| Accounts payable, accrued expenses and other current liabilities | 474 |
| Deferred revenues | 10,003 |
| Other liabilities | (17) |
| Net cash used in operating activities | (10,081) |
| Cash flows from investing activities | |
| Purchases of property, equipment, and software | (616) |
| Capitalized software development costs | (1,740) |
| Proceeds from maturities of marketable securities | 25,564 |
| Purchases of marketable securities | (22,837) |
| Net cash provided by investing activities | 371 |
| Cash flows from financing activities | |
| Net proceeds from issuance of preferred stock | 6,852 |
| Proceeds from exercise of stock options | 650 |
| Fees paid for revolving credit facility | (18) |
| Net cash provided by financing activities | 7,484 |
| Change in cash and cash equivalents | (2,226) |
| Cash and cash equivalents, beginning of period | 13,902 |
| Cash and cash equivalents, end of period | \$ 11,676 |
| Supplemental disclosures of cash flow information | |
| Property, equipment, and software accrued but not yet paid | \$ 38 |
| Stock-based compensation expense capitalized for internal-use software | \$ 39 |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc and Subsidiaries
Notes to the Consolidated Financial Statements
Year ended January 31, 2018

1. Description of Business

PlanGrid, Inc. (the "Company") is a provider of cloud-based field management solutions for the construction industry. The Company's key product is a Software-as-a-Service ("SaaS") solution with various features for contractors, engineers, and other stakeholders in the construction process. The solution features include the capability to compare blueprint sheets, take measurements, create permissions, and assign tasks, upload photos and attachments, and reference industry-specific documents such as Requests for Information (RFIs), specs, submittals, field reports, etc. The Company's SaaS solutions are available at various pricing levels based on the number of sheets or users. The Company sells its service offerings directly to end-customers through its website, mobile applications, and sales personnel. The Company's SaaS solution is available for customers to access online as well as via mobile platforms (Windows, iOS, and Android).

The Company incorporated in Delaware in 2011 and is headquartered in San Francisco, California. The Company has wholly owned subsidiaries in Canada, Australia, the United Kingdom, and Hong Kong, which commenced operations in February 2016, August 2016, September 2016, and January 2018, respectively.

2. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated during consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its significant estimates including the valuation of accounts receivable, the lives of tangible and intangible assets, stock-based compensation, revenue recognition, and provisions for income taxes. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Foreign Currency Translation

The functional currency for the Company's foreign operations is the U.S. dollar. Foreign currency transaction gains and losses are included in the consolidated statements of operations for the period in other expense, net. All assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate prevailing on the balance sheet date. Revenues and expenses are translated at the transaction spot rate. Foreign currency transaction gains and losses were not material for the year ended January 31, 2018.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturity of three months or less from the date of purchase to be cash equivalents. Cash and cash equivalents generally consist of investments in money market funds and commercial paper. The fair market value of cash equivalents approximated their carrying value as of January 31, 2018.

Fair Value Measurements

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value in the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs for which there is little or no market data, which require the Company to develop its own assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying amounts of accounts receivable, accounts payable and accrued liabilities, approximate fair value due to their relatively short maturities.

Marketable securities with final maturities of at least three months but no more than 12 months from the date of purchase are classified as short-term. The Company's marketable securities are classified as available-for-sale and consist of high quality, investment grade securities from diverse issuers with predetermined minimum credit ratings. The Company values these securities based on pricing from pricing vendors who may use inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value. As such, the Company classifies all of its marketable securities as having Level 2 inputs. The valuation techniques used to measure the fair value of the Company's marketable securities having Level 2 inputs were derived from market prices that are corroborated by observable market data and quoted market prices for similar instruments.

Accounts Receivable, Net

Accounts receivable are recorded at the invoiced amount, net of allowance. The allowance is based on the Company's assessment of the collectability of accounts by considering the age of each outstanding invoice and the collection history of each customer and an evaluation of potential risk of loss associated with delinquent accounts. Amounts deemed uncollectible are charged against the allowance for doubtful accounts when identified. The Company allowance for doubtful accounts was \$0.6 million as of January 31, 2018.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments in marketable securities, and accounts receivable. Cash and cash equivalents and short-term investments are currently held in one financial institution and, at times, may exceed federally insured limits.

For the year ended January 31, 2018, no single customer represented greater than 10% of revenue. As of January 31, 2018, no single customer represented greater than 10% of accounts receivable, net. Revenue is primarily generated from customers located throughout the United States.

Property and Equipment, Net

Property and equipment, net, is stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis over the following estimated useful lives:

| | |
|------------------------|-------------------------------------|
| Computer hardware | 2 years |
| Purchased software | 3 years |
| Furniture and fixtures | 5 years |
| Leasehold improvements | Lesser of useful life or lease term |

Revenue Recognition

The Company derives revenue from subscription fees and professional services fees.

The Company sells subscriptions to its platform through arrangements that are generally one to three years in length. The Company's arrangements are generally noncancelable and nonrefundable. Furthermore, if a customer reduces the contracted usage or service level, the customer has no right of refund. The Company's subscription arrangements do not provide customers with the right to take possession of the software supporting the platform and, as a result, are accounted for as service arrangements.

The Company commences revenue recognition when all of the following criteria are met:

- Persuasive evidence of an arrangement exists
- Service has been or is being provided

- The fees are fixed or determinable
- Collectability is reasonably assured

Multiple Element Arrangements

For arrangements with multiple deliverables, the Company evaluates whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple-deliverable arrangement as separate units of accounting, the deliverables must have stand-alone value upon delivery and, in situations in which a general right of return exists for the delivered item, delivery or performance of the undelivered item is considered probable and substantially within the control of the Company. The Company's professional services have stand-alone value because they are sold separately by the Company and third parties. The Company's subscription services have stand-alone value as the Company routinely sells the subscriptions separately, and once the customer is given access, the software solution is fully functional and does not require any additional development, modification, or customization. Customers have no general right of return for delivered items. If the deliverables have stand-alone value upon delivery, the Company accounts for each deliverable separately and revenue is recognized for the respective deliverables as they are delivered based on the relative selling price, which the Company determines by using the best estimate of selling price (BESP), as neither vendor-specific objective evidence (VSOE) nor third-party evidence is available.

The Company has determined its BESP for its deliverables based on size and volume of the Company's transactions, overarching pricing objectives and strategies, product-specific factors and historical sales of the deliverables.

Subscription revenue is recognized on a straight-line basis over the noncancelable contractual term of the arrangement, generally beginning on the date that the Company's service is made available to the customer, provided all other revenue recognition criteria have been met. Professional services consist primarily of web-based and in-person training, and the Company recognizes revenue from training and consulting services as the services are provided.

Sales taxes collected from customers and remitted to government authorities are excluded from revenue.

Deferred Revenue

Deferred revenue consists of customer billings in advance of revenue being recognized from the Company subscription and professional services arrangements where the subscription period has already commenced. The Company primarily invoices its customers for its subscription services arrangements annually in advance. The Company's payment terms generally provide that customers pay the invoiced portion of the total arrangement fee within 25 days of the invoice date. Amounts anticipated to be recognized within one year of the balance sheet date are recorded as deferred revenue, short-term; the remaining portion is recorded as deferred revenue, long-term in the consolidated balance sheets.

Cost of Revenues

Costs of revenue primarily consist of costs related to providing the Company's cloud-based platform to its customers, including third-party hosting fees, amortization of capitalized software development costs, customer support and professional services staff, and other employee-related expenses for maintenance of the platform, as well as allocated overhead costs.

Research and Development

Research and development costs are expensed as incurred. Research and development costs consist primarily of payroll and employee benefits associated with the planning and post-operational stages of development related to upgrades and enhancements to the Company's software platform.

Advertising

Advertising costs are expensed as incurred as a component of sales and marketing expenses on the consolidated statement of operations. Advertising costs amounted to \$1.8 million for the year ended January 31, 2018.

Capitalized Software Development Costs

The Company capitalizes certain development costs incurred in connection with software development for its cloud-based platform. Costs incurred in the preliminary stages of development are expensed as incurred. Once the software has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Software development costs incurred in the maintenance and minor upgrade and enhancement of software without adding additional functionality are expensed as incurred. Capitalization ceases upon

completion of all substantial testing. These software development costs are recorded as part of property, equipment, and software, net, on the consolidated balance sheets.

Capitalized software development costs are amortized on a straight-line basis to cost of revenues over the technology's estimated useful life, which is generally two to three years. During the years ended January 31, 2018, the Company capitalized \$1.7 million in software development costs.

Stock-Based Compensation

Stock-based compensation issued to employees is measured based on the grant-date fair value of the awards and recognized in the consolidated statement of operations on a straight-line basis, net of estimated forfeitures, over the period during which the employee is required to perform services in exchange for the award, generally the vesting period of the award.

The Company's use of the Black-Scholes option-pricing model to estimate the fair value of stock options granted requires the input of highly subjective assumptions. These assumptions and estimates are as follows:

Fair value of Common Stock

Because the Company's common stock is not yet publicly traded, the Company must estimate the fair value of common stock. The Board of Directors considers numerous objective and subjective factors to determine the fair value of the Company's common stock at each meeting in which awards are approved. The factors considered include, but are not limited to: (i) the results of contemporaneous unrelated third-party valuations of the Company's common stock; (ii) the prices, rights, preferences and privileges of the Company's Preferred Stock relative to those of its common stock; (iii) the lack of marketability of the Company's common stock; (iv) actual operating and financial results; (v) current business conditions and projections; (vi) the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company, given prevailing market conditions and (vii) precedent transactions involving the Company's shares.

Expected Term

The expected term represents the period that the stock-based awards are expected to be outstanding. The Company uses the simplified method to determine the expected term for its option grants. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. The Company uses the simplified method to determine its expected term because of its limited history of stock option exercise activity.

Expected Volatility

The expected volatility is derived from the average historical stock volatilities of several comparable publicly listed peer companies over a period approximately equal to the expected term of the options as the Company has no trading history by which to determine the volatility of its own common stock.

Expected Dividend

The expected dividend has been zero as the Company has never paid dividends and has no expectations to do so.

Risk-Free Interest Rate

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the options.

Income Taxes

The Company accounts for income taxes under the liability method. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled.

Recently Issued Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) and has modified the standard thereafter. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09, as amended, becomes effective for the Company on February 1, 2019; however, early adoption is permitted. The standard permits the use of either the retrospective or modified retrospective transition method. Under the retrospective transition method, the standard applies to contracts in all reporting periods presented. Under the modified retrospective transition method, the standard applies only to contracts still open as of February 1, 2019, recognizing in

beginning retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previous rules. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 (Topic 825), *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the standard clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019; however, early adoption is permitted. The Company is currently evaluating the impact of adopting this standard.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842), *Leases* (ASU 2016-02), which supersedes the guidance in topic ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020; however, early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (ASU 2018-02). Under existing U.S. GAAP, the effects of changes in tax rates and laws on deferred tax balances are recorded as a component of income tax expense in the period in which the law was enacted. When deferred tax balances related to items originally recorded in accumulated other comprehensive income (loss) are adjusted, certain tax effects become stranded in accumulated other comprehensive income. The amendments in ASU 2018-02 allow a reclassification from accumulated other comprehensive income (loss) to retained earnings (accumulated deficit) for stranded income tax effects resulting from the 2017 Tax Cuts and Jobs Act. The amendments in this ASU also require certain disclosures about stranded income tax effects. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption in any period is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements. The Company does not anticipate the adoption of this standard will have a material impact on the Company's consolidated financial statements.

3. Cash Equivalents and Marketable Securities

The amortized costs, unrealized gains and losses, and estimated fair values of the Company's cash equivalents and marketable securities as of January 31, 2018 were as follows (in thousands):

| | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|--|-----------|------------------------|-------------------------|------------|
| Cash equivalents | | | | |
| Money market funds | \$ 10,312 | \$ — | \$ — | \$ 10,312 |
| Marketable securities | | | | |
| Corporate bonds | 2,024 | — | (5) | 2,019 |
| U.S. treasury securities | 14,189 | — | (27) | 14,162 |
| Commercial paper | 7,970 | — | — | 7,970 |
| Total marketable securities | 24,183 | — | (32) | 24,151 |
| Total cash equivalents and marketable securities | \$ 34,495 | \$ — | \$ (32) | \$ 34,463 |

4. Fair Value Measurements

The following tables present information about the Company's money market funds, and marketable securities measured at fair value on a recurring basis as of January 31, 2018 and indicate the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value (in thousands):

| | January 31, 2018 | | | Fair Value |
|------------------------------|------------------|-----------|---------|------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash Equivalents | | | | |
| Money market funds | \$ 10,312 | \$ — | \$ — | \$ 10,312 |
| Total cash equivalents | 10,312 | — | — | 10,312 |
| Marketable Securities | | | | |
| Corporate bonds | — | 2,019 | — | 2,019 |
| U.S. treasury securities | — | 14,162 | — | 14,162 |
| Commercial paper | — | 7,970 | — | 7,970 |
| Total marketable securities | \$ — | \$ 24,151 | \$ — | \$ 24,151 |

5. Balance Sheet Components

Property, Equipment, and Software, Net

Property, equipment, and software, net, consisted of the following (in thousands):

| | January 31, 2018 |
|---|------------------|
| Leasehold improvements | \$ 316 |
| Capitalized software development costs | 3,021 |
| Computer hardware | 378 |
| Purchased software | 166 |
| Furniture and fixtures | 577 |
| Total property, equipment, and software | 4,458 |
| Less: Accumulated depreciation and amortization | (1,657) |
| Property, equipment, and software, net | \$ 2,801 |

Depreciation and amortization expense related to property and equipment, excluding software development costs was \$0.4 million during the year ended January 31, 2018. Amortization expense related to software development costs was \$0.5 million during the year ended January 31, 2018.

Accounts Payable, Accrued Expenses, and Other Current Liabilities

Accounts payable, accrued expenses, and other current liabilities consisted of the following (in thousands):

| | January 31, 2018 |
|---------------------------|------------------|
| Accounts payable | \$ 754 |
| Accrued state sales taxes | 585 |
| Accrued expenses | 2,337 |
| Accrued compensation | 1,461 |
| Other | 434 |
| | \$ 5,571 |

6. Income Taxes

The Company's loss before provision for income taxes for the year ended January 31, 2018 consists of the following (in thousands):

| | Year Ended January 31, 2018 |
|--|--|
| Domestic | \$ (19,832) |
| International | 118 |
| Loss before provision for income taxes | <u>\$ (19,714)</u> |

The components of the provision for income taxes for the year ended January 31, 2018 consist of the following (in thousands):

| | 2018 |
|----------------------------------|--------------|
| Current | |
| Federal | \$ (17) |
| State | 16 |
| International | 30 |
| Total current | <u>29</u> |
| Deferred | |
| Federal | — |
| State | — |
| International | — |
| Total deferred | <u>—</u> |
| Total provision for income taxes | <u>\$ 29</u> |

Deferred income taxes reflect the net tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred tax assets and liabilities as of January 31, 2018 consist of the following (in thousands):

| | 2018 |
|----------------------------------|-----------------|
| Net operating loss carryforwards | \$ 16,029 |
| Accruals and reserves | 1,212 |
| Stock based compensation | 356 |
| Research and development credits | 3,661 |
| Other | 7 |
| Total deferred tax assets | <u>21,265</u> |
| Valuation allowance | <u>(20,754)</u> |
| Fixed assets and intangibles | (511) |
| Total deferred tax liabilities | <u>(511)</u> |
| Total net deferred tax assets | <u>\$ —</u> |

Based upon available objective evidence, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, management has established a valuation allowance for all deferred tax assets. As of January 31, 2018, the Company had a valuation allowance of approximately \$20.8 million against its net deferred tax assets.

As of January 31, 2018, the Company had federal net operating loss carryforwards of approximately \$62.7 million which will begin to expire in 2034 and state net operating loss carryforwards of approximately \$43.7 million, which will begin to expire in 2025.

As of January 31, 2018, the Company had federal research and development credit carryforwards of approximately \$3.2 million, which will begin to expire in 2034 and state research and development credit carryforwards of approximately \$2.5 million which will begin to expire in 2029.

Federal and state tax laws impose substantial restrictions on the utilization of the net operating loss for tax purposes and credit carryforwards in the event of an ownership change as defined in Section 382 of the Internal Revenue Code. Accordingly, the Company's ability to utilize these carryforwards may be limited as a result of such ownership change. Such a limitation could result in the expiration of carryforwards before they are utilized.

The cumulative effect of adopting ASC 740-10 resulted in no adjustment to retained earnings. The Company had unrecognized tax benefits ("UTBs") of approximately \$1.7 million as of January 31, 2018, of which \$1.6 million would affect the effective tax rate if recognized, before consideration of the valuation allowance.

It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense and interest expense, respectively, as necessary.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is not currently under audit by the Internal Revenue Service or any other similar state, local, or foreign authority. All tax years remain open to examination by major taxing jurisdictions to which the Company is subject.

A U.S. provision has not been provided at January 31, 2018, for U.S. or foreign withholding taxes on the undistributed earnings from the Company's foreign entities. It is the present intention of management to reinvest the undistributed earnings indefinitely in foreign operations. However, the Company is in the process of evaluating the implications of the U.S. tax legislations that were recently implemented, which may impact their present intention to reinvest in foreign operations. It is not currently practicable to estimate the amount of deferred tax liability on such undistributed earnings.

In December 2017, the Tax Cuts and Jobs Act (the "2017 Tax Act") was enacted. The 2017 Tax Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reduction of the U.S. corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017. The 2017 Tax Act also provides for a one-time transition tax on certain foreign earnings, the acceleration of depreciation for certain assets placed into service after September 27, 2017, as well as prospective changes beginning in 2018, including repeal of the domestic manufacturing deduction, acceleration of tax revenue recognition, capitalization of research and development expenditures, additional limitations on executive compensation and limitations on the deductibility of interest.

On December 22, 2017, the SEC issued guidance under Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), allowing taxpayers to record a reasonable estimate of the impact of the U.S. legislation when it does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete its accounting for the change in tax law. In March 2018, the FASB issued ASU No. 2018-05, Income Taxes (Topic 740), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This Accounting Standards Update adds various SEC paragraphs pursuant to the issuance of SEC Staff Accounting Bulletin No. 118 as amendments to Subtopic 740-10. As such, the Company's financial results reflect the income tax effects of the 2017 Tax Act for which the accounting under ASC Topic 740 is reasonably estimated. The Company did not identify items for which the income tax effects of the 2017 Tax Act have not been completed and a reasonable estimate could not be determined as of January 31, 2018.

The changes to existing U.S. tax laws as a result of the 2017 Tax Act, which we believe have the most significant impact on the Company's federal income taxes are as follows:

Reduction of the U.S. Corporate Income Tax Rate

The Company measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. Accordingly, the Company's deferred tax assets and liabilities were remeasured to reflect the reduction in the U.S. corporate income tax rate from 35 percent to 21 percent, resulting in a \$8.0 million decrease in net deferred tax assets and a corresponding \$8.0 million decrease in the valuation allowance as of January 31, 2018.

Transition Tax on Foreign Earnings

The Company recognized a provisional foreign income inclusion of \$30 thousand for the year ended January 31, 2018 related to the one-time transition tax on certain foreign earnings. This resulted in a corresponding decrease in deferred tax assets due to the utilization of net operating losses. The determination of the transition tax requires further analysis regarding the amount and composition of the Company's historical foreign earnings, which is expected to be completed in the second half of 2018.

Acceleration of Depreciation

The Company recognized a provisional reduction to net deferred tax assets and a corresponding reduction in valuation allowance of \$0.2 million attributable to the accelerated depreciation for certain assets placed into service after September 27, 2017.

7. Redeemable Convertible Preferred Stock and Stockholders' Deficit Common Stock

The Company is authorized to issue 67,000,000 shares of \$0.00001 par value common stock. As of January 31, 2018, the Company had 26,458,836 shares of common stock issued and outstanding.

Redeemable Convertible Preferred Shares

The following table summarizes convertible preferred stock authorized and issued and outstanding as of January 31, 2018:

| | Shares Authorized | Shares Issued and Outstanding | Net Proceeds (In thousands) | Aggregate Liquidation Preference (In thousands) |
|-----------|--------------------------|--------------------------------------|------------------------------------|--|
| Series A | 13,103,073 | 13,103,073 | \$ 29,975 | \$ 30,065 |
| Series AA | 4,450,578 | 4,450,578 | 1,574 | 1,597 |
| Series B | 7,043,940 | 7,043,939 | 49,814 | 50,000 |
| | <u>24,597,591</u> | <u>24,597,590</u> | <u>\$ 81,363</u> | <u>\$ 81,662</u> |

Significant terms of the convertible preferred stock as of January 31, 2018 are as follows:

Dividends

Holders of Series A and B series convertible preferred stock are entitled to receive noncumulative dividends on a pari passu basis in preference to any dividends to Series AA and common stockholders at a rate equal to 6% of the original issue price per share per annum, respectively, on each outstanding share of preferred stock payable when and if declared by the board of directors. No dividends have been declared as of January 31, 2018.

Voting

The holders of each share of preferred stock are entitled to the number of votes equal to the number of shares of common stock into which such preferred stock is convertible.

Conversion

The holders of each share of preferred stock have the option to convert each share of preferred stock into shares of common stock (subject to adjustment for events of dilution) at any time at the applicable conversion price in effect on the date of conversion. The Series A, AA, and B preferred stock shall automatically be converted into common stock upon the earlier of 1) the date and time, or the occurrence of an event, specified by a vote or written consent or agreement of at least a majority of Series A, AA, and B preferred stockholders voting together on an as-converted basis, or 2) an initial public offering with aggregate gross proceeds of at least \$35,000,000.

Liquidation

In the event of liquidation, dissolution, or winding up or change of control of the Company, the holders of Series A, AA, and B convertible preferred stock are entitled to receive on a pari passu basis an amount equal to the greater of 1) \$2.2945, \$0.3589, and \$7.0983 per share, respectively, plus any declared but unpaid dividends, or 2) such amount per share as would have been payable had all shares of such series of preferred stock been converted into common stock. After payment has been made to the holders of preferred stockholders, the entire remaining assets and funds shall be distributed ratably among the holders of common stock.

Contingent Redemption Feature

Upon receiving a written request at any time after the seventh anniversary of the original issue date of Series B preferred stock, signed by the holders of a majority of the then outstanding shares of Series A and B preferred stock voting together as a single class on an as-converted basis, the Company shall redeem at least one-third of the shares of Series A and B preferred stock then outstanding. The Series A and B preferred stock shall be redeemed in cash at the respective redemption price of each series of preferred stock. Therefore, all shares of Series A and B preferred stock have been presented outside of permanent equity on the consolidated balance sheets. The Series AA convertible preferred stock is contingently redeemable upon a deemed liquidation event outside the control of the Company such as a change in control or a sale of substantially all of the assets of the Company. Therefore, all shares of Series AA preferred stock have been presented outside of permanent equity on the consolidated balance sheets.

The fair value of the Series A, Series AA, and Series B preferred stock was estimated by the Company's board of directors with assistance from a third-party valuation that utilized methodologies and assumptions consistent with the Company's most recent common stock valuations, including on a minority, nonmarketable interest basis.

8. Equity Incentive Plan

In 2012, the Company adopted an Equity Incentive Plan (the Plan) pursuant to which the Company's board of directors may grant stock options and restricted stock to officers, key employees, and consultants. The Company is authorized to issue up to 12,612,461 shares under the Plan. The exercise price for incentive stock options and nonqualified options may not be less than 100% and 85%, respectively, of the fair value of the Company's common stock at the grant date. Options granted are exercisable over a maximum term of 10 years from the date of the grant and generally vest over a period of 4 years, where 25% vest on the first anniversary and monthly vesting thereafter. Vested but unexercised options expire three months after termination of employment with the Company.

Shares available for future issuance under the Plan are as follows:

| | Year Ended January 31, 2018 |
|-----------------------------------|--------------------------------|
| Available as of beginning of year | 649,047 |
| Additional shares authorized | 2,243,086 |
| Stock option grants | (3,592,633) |
| Cancellations | 2,360,566 |
| Stock repurchased | 11,487 |
| | <u>1,671,553</u> |

Stock Options

Data pertaining to stock option activity under the plans was as follows:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|-------------------|---------------------------------|--|--|
| Outstanding at January 31, 2017 | 8,215,663 | \$ 1.73 | 8.86 | \$ 4,522 |
| Granted | 3,592,633 | 2.22 | | |
| Exercised | (422,307) | 1.54 | | |
| Canceled or expired | (2,360,566) | 2.11 | | |
| Outstanding at January 31, 2018 | <u>9,025,423</u> | <u>\$ 1.83</u> | <u>8.30</u> | <u>\$ 3,570</u> |
| Options vested and expected to vest as of January 31, 2018 | <u>8,239,862</u> | <u>\$ 1.80</u> | <u>8.22</u> | <u>\$ 3,511</u> |
| Options exercisable as of January 31, 2018 | <u>4,249,463</u> | <u>\$ 1.58</u> | <u>7.74</u> | <u>\$ 2,751</u> |

The weighted average grant date fair value of options granted during the year ended January 31, 2018 was \$1.14 per share. The total intrinsic value of stock options exercised during the year ended January 31, 2018 was \$0.3 million. The total

grant-date fair value of stock options vested was \$2.5 million during the year ended January 31, 2018.

As of January 31, 2018, there was a total of \$4.0 million of unrecognized stock-based compensation expense, which is expected to be recognized over a weighted-average period of 2.7 years.

The following table summarizes information about stock options outstanding under the option plan as of January 31, 2018:

| Exercise Price | Options Outstanding | | | Weighted Average Exercise Price | Options Exercisable | | |
|----------------|-------------------------------|--|--|---------------------------------|---------------------|---------------------------------|--|
| | Number of Options Outstanding | Weighted Average Remaining Contractual Life (in years) | | | Number of Options | Weighted Average Exercise Price | |
| \$ 0.12 | 160,785 | 5.86 | | \$ 0.12 | 156,843 | \$ 0.12 | |
| 0.82 | 945,357 | 6.71 | | 0.82 | 782,832 | 0.82 | |
| 0.85 | 730,461 | 6.98 | | 0.85 | 554,460 | 0.85 | |
| 0.90 | 502,368 | 7.26 | | 0.90 | 342,097 | 0.90 | |
| 0.92 | 171,087 | 7.66 | | 0.92 | 108,480 | 0.92 | |
| 2.03 | 1,060,333 | 8.72 | | 2.03 | 507,207 | 2.03 | |
| 2.33 | 2,451,267 | 8.14 | | 2.33 | 1,407,945 | 2.33 | |
| 2.24 | 2,098,102 | 9.26 | | 2.24 | 384,777 | 2.24 | |
| \$ 2.17 | 905,663 | 9.78 | | \$ 2.17 | 4,822 | \$ 2.17 | |
| | <u>9,025,423</u> | | | | <u>4,249,463</u> | | |

Stock-Based Compensation

Total stock-based compensation expense was as follows (in thousands):

| | Year Ended January 31, 2018 |
|----------------------------|-----------------------------|
| Cost of revenues | \$ 42 |
| Research and development | 507 |
| Sales and marketing | 974 |
| General and administrative | 472 |
| | <u>\$ 1,995</u> |

Stock-based compensation expense excludes \$39 thousand related to capitalized software development costs during the year ended January 31, 2018.

The range of assumptions used as inputs into the BSM option pricing model are provided in the following table:

| | Year Ended January 31, 2018 |
|----------------------------|-----------------------------|
| Fair value of common stock | \$ 2.17 - \$ 2.24 |
| Expected volatility | 52.70% - 54.37% |
| Expected dividend yield | 0 % |
| Risk-free rate | 1.85% - 2.18% |
| Expected term (in years) | 5.65 - 6.82 |

9. Employee Benefit Plan

In January 2016, the Company adopted a defined-contribution retirement plan (the 401(k) Plan), which qualifies under Section 401(k) of the Internal Revenue Code of 1996. This 401(k) Plan covers essentially all employees. Eligible employees may make voluntary contributions to the 401(k) Plan up to the statutory annual limitations, and the Company is

allowed to make discretionary contributions. The Company has made no discretionary contributions during the year ended January 31, 2018.

10. Revolving Credit Agreement

In September 2017, the Company entered into a two-year revolving credit agreement which provides for a \$15.0 million revolving loan facility (the "revolving credit facility"). Borrowings under the revolving credit facility bear interest at an annual rate based on prime rate plus a spread of 0.25%. In conjunction with the revolving credit facility, the Company paid upfront issuance fees of \$18 thousand, which are being amortized over a one-year term.

The revolving credit facility contains customary conditions to change of control, mergers and acquisitions, borrowing, events of default and covenants, including covenants that restrict the Company's ability to incur indebtedness, grant liens, make distributions to holders of the Company or its subsidiaries' equity interests, make investments, or engage in transactions with its affiliates. In addition, the revolving credit facility contains financial covenants, including minimum net revenue covenants. The Company was in compliance with the covenants of the revolving credit facility as of January 31, 2018.

The Company's total available borrowing capacity under the revolving credit facility was \$15.0 million as of January 31, 2018.

11. Commitments and Contingencies

Leases

The Company leases office space in San Francisco under a noncancelable operating lease that expires in fiscal 2021, with a renewal option for a period of three years. Rent expense was \$1.6 million for the year ended January 31, 2018. Minimum rent payments are recognized on a straight-line basis over the term of the lease including any periods of free rent and rent concessions. The Company includes the impact of future rent concessions in rent expense, to the extent these amounts are reasonably estimable and likely to be earned.

Future minimum lease payments under noncancelable operating leases as of January 31, 2018, excluding estimated rent concessions, are as follows:

| Years Ending January 31, | | |
|--------------------------|----|----------------|
| 2019 | \$ | 1,672.0 |
| 2020 | | 1,723.0 |
| 2021 | | 289.0 |
| | \$ | <u>3,684.0</u> |

Legal Matters

From time to time in the normal course of business, the Company may be subject to various legal matters such as threatened or pending claims or proceedings. There were no such matters as of January 31, 2018.

12. Subsequent Events

The Company evaluated subsequent events through May 25, 2018, the date the financial statements were available to be issued.

In May 2018, the Company granted 1,815,411 stock options to employees at an exercise price of \$2.22 per share.

In May 2018, the Company entered into an agreement with Amazon Web Services, committing to pay \$2.4 million over the course of a one-year period for hosting services. The service period is from June 1, 2018 until May 31, 2019.

13. Subsequent Events - Unaudited

In connection with the reissuance of the consolidated financial statements, the Company has evaluated subsequent events through February 25, 2019, the date the consolidated financial statements were available to be reissued.

On December 19, 2018, the Company was acquired by Autodesk, Inc. for preliminary purchase consideration of approximately \$777.6 million paid in exchange for all of the outstanding equity interests of PlanGrid, consisting of cash

payments to holders of PlanGrid common and preferred stock, and vested stock options; the issuance of replacement awards in exchange for PlanGrid partially vested stock options and partially vested RSUs.

In December 2018, the Company terminated this revolving credit facility and paid a \$75,000 termination fee. There were no amounts outstanding under the revolving credit facility as of the termination date.

PlanGrid, Inc. and Subsidiaries

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

| | <u>Page(s)</u> |
|--|-------------------|
| Condensed Consolidated Balance Sheets (Unaudited) | 2 |
| Condensed Consolidated Statements of Operations (Unaudited) | 3 |
| Condensed Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Deficit (Unaudited) | 4 |
| Condensed Consolidated Statements of Cash Flows (Unaudited) | 5 |
| Notes to Condensed Consolidated Financial Statements (Unaudited) | 6 |

PlanGrid, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
(Unaudited)

| <i>(in thousands)</i> | October 31, 2018 | January 31, 2018 |
|--|------------------|------------------|
| Assets | | |
| Current Assets: | | |
| Cash and Cash equivalents | \$ 11,979 | \$ 11,676 |
| Accounts receivable, net | 9,429 | 6,222 |
| Prepaid expenses and other current assets | 2,680 | 3,305 |
| Marketable securities, short-term | 18,860 | 22,368 |
| Total current assets | <u>42,947</u> | <u>43,571</u> |
| Property, equipment and software, net | 3,746 | 2,801 |
| Marketable securities, long-term | — | 1,783 |
| Other assets | 517 | 517 |
| Total assets | <u>\$ 47,210</u> | <u>\$ 48,672</u> |
| Liabilities, Redeemable Preferred Stock, and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable, accrued expenses, and other current liabilities | \$ 5,580 | \$ 5,571 |
| Deferred revenue, short-term | 36,204 | 27,683 |
| Total current liabilities | <u>41,785</u> | <u>33,254</u> |
| Deferred revenue, long-term | 330 | 405 |
| Other liabilities | 68 | 186 |
| Total liabilities | <u>42,183</u> | <u>33,845</u> |
| Redeemable Convertible Preferred Stock | 81,740 | 81,714 |
| Stockholders' deficit: | | |
| Common stock | — | — |
| Additional paid-in-capital | 9,213 | 6,339 |
| Accumulated deficit | (85,921) | (73,194) |
| Accumulated other comprehensive loss | (5) | (32) |
| Total stockholders' deficit | <u>(76,713)</u> | <u>(66,887)</u> |
| Total liabilities, redeemable convertible preferred stock, and stockholders' deficit | <u>\$ 47,210</u> | <u>\$ 48,672</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

PlanGrid, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
Nine Months Ended October 31, 2018 and 2017
(Unaudited)

| <i>(in thousands)</i> | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| Revenues | \$ 52,365 | \$ 33,712 |
| Cost of revenues | 6,689 | 4,578 |
| Gross profit | <u>45,676</u> | <u>29,134</u> |
| Operating expenses: | | |
| Research and development | 16,120 | 13,826 |
| Sales and marketing | 33,242 | 25,048 |
| General and administrative | 9,219 | 5,601 |
| Total operating expenses | <u>58,581</u> | <u>44,475</u> |
| Loss from operations | <u>(12,905)</u> | <u>(15,341)</u> |
| Other income, net | 316 | 242 |
| Loss before provision for income taxes | <u>(12,589)</u> | <u>(15,098)</u> |
| Provision for income taxes | (138) | (58) |
| Net loss | <u>\$ (12,727)</u> | <u>\$ (15,157)</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

PlanGrid, Inc and Subsidiaries
Condensed Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and
Stockholders' Deficit
(Unaudited)

| <i>(in thousands, except share and per share amounts)</i> | Redeemable Convertible Preferred Stock | | | | | | Common Stock | | | | | |
|--|--|------------------|------------------|------------------|------------------|-----------------|-------------------|-------------|----------------------------|---------------------|--------------------------------------|-----------------------------|
| | Series A | | Series B | | Series AA | | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Stockholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| Balance as of January 31, 2018 | 13,103,073 | \$ 30,053 | 7,043,939 | \$ 49,883 | 4,450,578 | \$ 1,778 | 26,458,836 | \$ — | \$ 6,339 | \$ (73,194) | \$ (32) | \$ (66,887) |
| Accretion of debt issuance costs on redeemable convertible preferred stock | — | 8 | — | 18 | — | — | — | — | (27) | — | — | (27) |
| Issuance of common stock for cash upon exercise of stock options | — | — | — | — | — | — | 779,339 | — | 1,047 | — | — | 1,047 |
| Share-based compensation, related to employee share-based awards | — | — | — | — | — | — | — | — | 1,854 | — | — | 1,854 |
| Other comprehensive loss | — | — | — | — | — | — | — | — | — | — | 27 | 27 |
| Net Loss | — | — | — | — | — | — | — | — | — | (12,727) | — | (12,727) |
| Balance as of October 31, 2018 | <u>13,103,073</u> | <u>\$ 30,061</u> | <u>7,043,939</u> | <u>\$ 49,901</u> | <u>4,450,578</u> | <u>\$ 1,778</u> | <u>27,238,175</u> | <u>\$ —</u> | <u>\$ 9,213</u> | <u>\$ (85,921)</u> | <u>\$ (5)</u> | <u>\$ (76,713)</u> |

| <i>(in thousands, except share and per share amounts)</i> | Contingently Redeemable Convertible Preferred Stock | | | | Convertible Preferred Stock | | Common Stock | | | | | |
|--|---|------------------|------------------|------------------|-----------------------------|-----------------|-------------------|-------------|----------------------------|---------------------|--------------------------------------|-----------------------------|
| | Series A | | Series B | | Series AA | | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Stockholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| Balance as of January 31, 2017 | 13,103,073 | \$ 30,042 | 6,075,397 | \$ 43,009 | 4,450,578 | \$ 1,778 | 26,048,016 | \$ — | \$ 3,688 | \$ (53,451) | \$ (30) | \$ (48,015) |
| Issuance of contingently redeemable convertible preferred stock, net | — | — | 968,542 | 6,852 | — | — | — | — | — | — | — | — |
| Common stock buyback | — | — | — | — | — | — | (11,487) | — | — | — | — | — |
| Exercise of stock options | — | — | — | — | — | — | 284,851 | — | 503 | — | — | 503 |
| Share-based compensation, related to employee share-based awards | — | — | — | — | — | — | — | — | 1,558 | — | — | 1,558 |
| Other comprehensive loss | — | — | — | — | — | — | — | — | — | — | 9 | 9 |
| Net Loss | — | — | — | — | — | — | — | — | — | (15,157) | — | (15,157) |
| Balance as of October 31, 2017 | <u>13,103,073</u> | <u>\$ 30,042</u> | <u>7,043,939</u> | <u>\$ 49,861</u> | <u>4,450,578</u> | <u>\$ 1,778</u> | <u>26,321,380</u> | <u>\$ —</u> | <u>\$ 5,749</u> | <u>\$ (68,608)</u> | <u>\$ (21)</u> | <u>\$ (61,102)</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

PlanGrid, Inc and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Nine Months October 31, 2018 and 2017
(Unaudited)

(in thousands)

| | 2018 | 2017 |
|--|-------------|-------------|
| Cash flows from operating activities | | |
| Net loss | \$ (12,727) | \$ (15,157) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization | 1,144 | 575 |
| Stock-based compensation expense | 1,800 | 1,531 |
| Amortization of premium/discount on investments | — | (13) |
| Amortization of debt issuance costs | 12 | 3 |
| Changes in operating assets and liabilities | | |
| Accounts receivable, net | (3,227) | (1,904) |
| Prepaid expenses and other current assets | 466 | (146) |
| Accounts payable, accrued expenses and other current liabilities | (137) | (11) |
| Deferred revenues | 8,446 | 6,839 |
| Other liabilities | (5) | — |
| Net cash used in operating activities | (4,228) | (8,283) |
| Cash flows from investing activities | | |
| Purchases of property, equipment, and software | (430) | (563) |
| Capitalized software development costs | (1,570) | (1,268) |
| Sales and maturities of marketable securities | 29,000 | 21,564 |
| Purchases of marketable securities | (23,515) | (22,848) |
| Net cash provided by (used in) investing activities | 3,484 | (3,116) |
| Cash flows from financing activities | | |
| Net proceeds from issuance of preferred stock | — | 6,852 |
| Proceeds from exercise of stock options | 1,047 | 503 |
| Cash paid for debt issuance costs | — | (18) |
| Net cash provided by financing activities | 1,047 | 7,338 |
| Change in cash and cash equivalents | 303 | (4,061) |
| Cash and cash equivalents, beginning of period | 11,676 | 13,902 |
| Cash and cash equivalents, end of period | \$ 11,979 | \$ 9,841 |
| Supplemental disclosures of cash flow information | | |
| Property, equipment, and software accrued but not yet paid | \$ 84 | \$ 54 |
| Stock-based compensation expense capitalized for internal-use software | \$ 54 | \$ 27 |

The accompanying notes are an integral part of these consolidated financial statements.

PlanGrid, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business

PlanGrid, Inc. (the "Company") is a provider of cloud-based field management solutions for the construction industry. The Company's key product is a Software-as-a-Service ("SaaS") solution with various features for contractors, engineers, and other stakeholders in the construction process. The solution features include the capability to compare blueprint sheets, take measurements, create permissions, and assign tasks, upload photos and attachments, and reference industry-specific documents such as Requests for Information (RFIs), specs, submittals, field reports, etc. The Company's SaaS solutions are available at various pricing levels based on the number of sheets or users. The Company sells its service offerings directly to end-customers through its website, mobile applications, and sales personnel. The Company's SaaS solution is available for customers to access online as well as via mobile platforms (Windows, iOS, and Android).

The Company incorporated in Delaware in 2011 and is headquartered in San Francisco, California. The Company has wholly owned subsidiaries in Canada, Australia, the United Kingdom, and Hong Kong, which commenced operations in February 2016, August 2016, September 2016, and January 2018, respectively.

2. Basis of Presentation and Recently Issued Accounting Standards

The condensed consolidated financial statements are not audited but in the opinion of management reflect all adjustments that are of a normal recurring nature and that are considered necessary for a fair statement of the results of the periods presented. Certain information and disclosures normally included in audited financial statements have been omitted in these condensed consolidated financial statements. Because the condensed consolidated financial statements do not include all of the information and disclosures required by U.S. GAAP for annual financial statements, they should be read in conjunction with the audited financial statements and notes. The results for the nine months ended October 31, 2018 and 2017 are not necessarily indicative of a full fiscal year's results.

Recently Issued Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09) and has modified the standard thereafter. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09, as amended, becomes effective for the Company on February 1, 2019; however, early adoption is permitted. The standard permits the use of either the retrospective or modified retrospective transition method. Under the retrospective transition method, the standard applies to contracts in all reporting periods presented. Under the modified retrospective transition method, the standard applies only to contracts still open as of February 1, 2019, recognizing in beginning retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previous rules. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842), Leases (ASU 2016-02), which supersedes the guidance in topic ASC 840, Leases. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020; however, early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

3. Revolving Credit Agreement

In September 2017, the Company entered into a two-year revolving credit agreement which provides for a \$15.0 million revolving loan facility (the "revolving credit facility"). Borrowings under the revolving credit facility bear interest at an annual rate based on prime rate plus a spread of 0.25%. The Company was in compliance with the covenants of the revolving credit facility as of October 31, 2018 and had total available borrowing capacity on this date of \$15.0 million.

4. Commitments and Contingencies

The Company leases office space in San Francisco under a noncancelable operating lease that expires fiscal 2021, with a renewal option for a period of three years. Rent expense for the nine-month periods ended October 31, 2018 and 2017 was \$1.2 million and \$1.2 million, respectively. Future minimum lease payments under noncancelable operating leases as of October 31, 2018 was \$2.4 million.

In May 2018, the Company entered into an agreement with Amazon Web Services, committing to pay \$2.4 million over the course of a one-year period for hosting services. The service period is from June 1, 2018 until May 31, 2019.

From time to time in the normal course of business, the Company may be subject to various legal matters such as threatened or pending claims or proceedings. There were no such matters as of October 31, 2018.

5. Stockholders' Deficit

Common Stock

The Company was authorized to issue 67,000,000 shares of \$0.00001 par value common stock as of both October 31, 2018 and 2017. As of October 31, 2018 and 2017, the Company had 27,238,175 and 26,321,380 shares of common stock issued and outstanding, respectively.

Redeemable Convertible Preferred Stock

The following table summarizes convertible preferred stock authorized and issued and outstanding as of October 31, 2018:

| <i>(In thousands, except per share data)</i> | Shares Authorized | Shares Issued and Outstanding | Net Proceeds | Aggregate Liquidation Preference |
|--|--------------------------|--------------------------------------|---------------------|---|
| Series A | 13,103,073 | 13,103,073 | \$ 29,975 | \$ 30,065 |
| Series AA | 4,450,578 | 4,450,578 | 1,574 | 1,597 |
| Series B | 7,043,940 | 7,043,939 | 49,814 | 50,000 |
| | <u>24,597,591</u> | <u>24,597,590</u> | <u>\$ 81,363</u> | <u>\$ 81,662</u> |

Equity Incentive Plan

In 2012, the Company adopted an Equity Incentive Plan (the Plan) pursuant to which the Company's board of directors may grant stock options and restricted stock to officers, key employees, and consultants. The Company was authorized to issue up to 14,362,461 and 12,612,461 shares under the Plan as of October 31, 2018 and 2017, respectively. The exercise price for incentive stock options and nonqualified options may not be less than 100% and 85%, respectively, of the fair value of the Company's common stock at the grant date. Options granted are exercisable over a maximum term of 10 years from the date of the grant and generally vest over a period of 4 years, where 25% vest on the first anniversary and monthly vesting thereafter. Vested but unexercised options expire three months after termination of employment with the Company.

Shares available for future issuance under the Plan are as follows:

| | |
|----------------------------------|----------------|
| Available as of January 31, 2017 | 649,047 |
| Additional shares authorized | 2,243,086 |
| Stock option grants | (3,053,970) |
| Cancellations | 1,032,670 |
| Available as of October 31, 2017 | <u>870,833</u> |

| | |
|----------------------------------|------------------|
| Available as of January 31, 2018 | 1,671,553 |
| Additional shares authorized | 1,750,000 |
| Stock option grants | (3,727,214) |
| Cancellations | 1,367,647 |
| Available as of October 31, 2018 | <u>1,061,986</u> |

Data pertaining to stock option activity under the plans was as follows:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|-------------------|---------------------------------|--|--|
| Outstanding at January 31, 2017 | 8,215,663 | \$ 1.73 | 8.86 | \$ 4,522 |
| Granted | 3,053,970 | 2.23 | | |
| Exercised | (284,851) | 1.77 | | |
| Canceled or expired | (1,032,670) | 2.08 | | |
| Outstanding at October 31, 2017 | <u>9,952,112</u> | \$ 1.84 | 8.53 | \$ 3,847 |
| Options vested and expected to vest as of October 31, 2017 | <u>8,981,271</u> | \$ 1.81 | 8.46 | \$ 3,744 |
| Options exercisable as of October 31, 2017 | <u>3,589,557</u> | \$ 1.49 | 7.8 | \$ 2,670 |

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|-------------------|---------------------------------|--|--|
| Outstanding at January 31, 2018 | 9,025,423 | \$ 1.83 | 8.3 | \$ 3,570 |
| Granted | 3,727,214 | 2.39 | | |
| Exercised | (779,339) | 1.34 | | |
| Canceled or expired | (1,367,647) | 2.07 | | |
| Outstanding at October 31, 2018 | <u>10,605,651</u> | \$ 2.03 | 8.25 | \$ 13,966 |
| Options vested and expected to vest as of October 31, 2018 | <u>9,608,930</u> | \$ 2.00 | 8.14 | \$ 12,962 |
| Options exercisable as of October 31, 2018 | <u>4,585,975</u> | \$ 1.69 | 7.23 | \$ 7,599 |

The following table summarizes information about stock options outstanding under the option plan as of October 31, 2018:

| Exercise Price | Options Outstanding | | | Weighted Average Exercise Price | Options Exercisable | | |
|----------------|-------------------------------|--|---------------------------------|---------------------------------|---------------------|---------------------------------|--|
| | Number of Options Outstanding | Weighted Average Remaining Contractual Life (in years) | Weighted Average Exercise Price | | Number of Options | Weighted Average Exercise Price | |
| \$ 0.12 | 63,000 | 5.21 | \$ 0.12 | 63,000 | \$ 0.12 | | |
| \$ 0.82 | 729,161 | 5.97 | \$ 0.82 | 729,161 | \$ 0.82 | | |
| \$ 0.85 | 659,175 | 6.23 | \$ 0.85 | 621,018 | \$ 0.85 | | |
| \$ 0.9 | 302,823 | 6.54 | \$ 0.90 | 257,207 | \$ 0.90 | | |
| \$ 0.92 | 171,087 | 6.91 | \$ 0.92 | 140,565 | \$ 0.92 | | |
| \$ 2.03 | 646,102 | 7.96 | \$ 2.03 | 338,120 | \$ 2.03 | | |
| \$ 2.17 | 814,575 | 9.04 | \$ 2.17 | 170,822 | \$ 2.17 | | |
| \$ 2.22 | 2,951,794 | 9.56 | \$ 2.22 | 80,617 | \$ 2.22 | | |
| \$ 2.24 | 1,703,716 | 8.50 | \$ 2.24 | 709,227 | \$ 2.24 | | |
| \$ 2.33 | 2,030,906 | 7.37 | \$ 2.33 | 1,470,651 | \$ 2.33 | | |
| \$ 3.35 | 533,312 | 9.85 | \$ 3.35 | 5,587 | \$ 3.35 | | |
| | <u>10,605,651</u> | | | <u>4,585,975</u> | | | |

Stock-Based Compensation

Total stock-based compensation expense was as follows (in thousands):

| | Nine Months Ended October 31, | |
|----------------------------|-------------------------------|-----------------|
| | 2018 | 2017 |
| Cost of revenues | \$ 33 | \$ 22 |
| Research and development | 490 | 451 |
| Sales and marketing | 801 | 716 |
| General and administrative | 530 | 369 |
| | <u>\$ 1,854</u> | <u>\$ 1,558</u> |

The range of assumptions used as inputs into the BSM option pricing model are provided in the following table:

| | Nine Months Ended October 31, | |
|----------------------------|-------------------------------|-------------------|
| | 2018 | 2017 |
| Fair value of common stock | \$ 2.22 - \$ 3.35 | \$ 2.17 - \$ 2.24 |
| Expected volatility | 49.90% - 52.16% | 52.70% - 54.37% |
| Expected dividend yield | —% | —% |
| Risk-free rate | 2.77% - 3.01% | 1.85% - 2.01% |
| Expected term (in years) | 5.57 - 6.75 | 5.74 - 6.82 |

6. Subsequent events

The Company's management has evaluated subsequent events through February 25, 2019, which is the date the financial statements were available to be issued.

In December 2018, the Company terminated this revolving credit facility and paid a \$75,000 termination fee. There were no amounts outstanding under the revolving credit facility as of the termination date.

On December 19, 2018, the Company was acquired by Autodesk, Inc. for preliminary purchase consideration of approximately \$777.6 million paid in exchange for all of the outstanding equity interests of PlanGrid, consisting of cash

payments to holders of PlanGrid common and preferred stock, and vested stock options; the issuance of replacement awards in exchange for PlanGrid partially vested stock options and partially vested RSUs.

Autodesk, Inc.
Unaudited Pro Forma Condensed Combined Financial Information

On December 19, 2018, Autodesk, Inc. (the terms “Autodesk,” “we,” “us,” and “our” mean Autodesk, Inc. and its subsidiaries unless the context indicates otherwise) completed its previously announced acquisition of PlanGrid, Inc. (“PlanGrid”) pursuant to the terms of an Agreement and Plan of Merger dated November 20, 2018 (the “Merger”). Pursuant to the terms of the Agreement and Plan of Merger (the “Merger Agreement”) with Araujo Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company (“Merger Sub”), PlanGrid, and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the securityholders’ agent, Merger Sub merged with and into PlanGrid, with PlanGrid continuing as the surviving corporation and a wholly-owned subsidiary of the Company (the “Merger”), for a total estimated purchase price of \$778 million.

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger, each share of common stock and preferred stock of PlanGrid issued and outstanding immediately prior to the effective time was converted into the right to receive the applicable consideration calculated as set forth in the Merger Agreement, without interest, and was automatically cancelled and retired and ceased to exist. In addition, each option to purchase shares of common stock of PlanGrid that was vested, outstanding and unexercised immediately prior to the effective time and each restricted stock unit settleable for shares of common stock of PlanGrid that was vested, outstanding and unsettled immediately prior to the effective time was, as of the effective time, converted into the right to receive the applicable consideration calculated as set forth in the Merger Agreement, and was automatically cancelled and retired and ceased to exist. Each option to purchase shares of common stock of PlanGrid and each restricted stock unit settleable for shares of common stock of PlanGrid that was held by an employee and was unvested, outstanding and unexercised or unsettled immediately prior to the effective time was assumed by the Company and became an option to purchase, or a restricted stock unit settleable for, shares of common stock of the Company.

The unaudited pro forma condensed combined balance sheet as of October 31, 2018 is presented as if the Merger had occurred on October 31, 2018. The unaudited pro forma condensed combined statements of operations for the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018 are presented as if the Merger had occurred on February 1, 2017, the first day of our fiscal year 2018.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X. The unaudited pro forma adjustments reflecting the Merger have been prepared in accordance with business combination accounting guidance as provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*, and reflect the preliminary allocation of the purchase price to the acquired assets and assumed liabilities based on preliminary estimates of fair values, using available information and the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information. These preliminary values may change in future reporting periods upon finalization of the valuation up to one year from the acquisition date.

The unaudited pro forma condensed combined financial information included herein was derived from Autodesk’s historical consolidated financial statements and those of PlanGrid, after giving effect to i) Autodesk’s acquisition of PlanGrid using the purchase method of accounting; and ii) borrowing pursuant to the term loan to finance the PlainGrid acquisition. Both historical financial statements were prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Additionally, we have reclassified certain line items within PlanGrid’s historical consolidated financial statements to conform to the presentation of our historical consolidated financial statements. The historical consolidated financial statements have been adjusted to give effect to pro forma events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information should be read in conjunction with (i) our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2018, (ii) our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the nine months ended October 31, 2018, and (iii) PlanGrid’s audited consolidated financial statements for the fiscal year ended January 31, 2018 and PlanGrid’s unaudited condensed consolidated financial statements for the nine months ended October 31, 2018, which are both included in this Form 8-K/A.

The unaudited pro forma adjustments are not necessarily indicative of or intended to represent the results that would have been achieved had the Merger been completed as of the dates indicated or that may be achieved in the future. The actual results reported by the combined company in periods following the Merger may differ significantly from those that are reflected in the

unaudited pro forma condensed combined financial information due to many factors, including the effects of applying final purchase accounting and the incremental costs incurred to integrate the two companies. The unaudited pro forma condensed combined financial information does not reflect any cost savings, or associated costs to achieve such savings, from operating efficiencies, synergies, or other restructuring that may result from the Merger.

Autodesk, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
October 31, 2018
(in millions)

| | Historical | | Pro Forma Adjustments (Footnote 3) | | Pro Forma Combined |
|--|---------------------------|---------------------------|--|--------------------|-----------------------|
| | Autodesk (As reported) | PlanGrid (As adjusted) | | | |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 875.7 | \$ 12.1 | \$ (273.2) | (a), (b) | \$ 614.6 |
| Marketable securities | 202.5 | 18.8 | — | | 221.3 |
| Accounts receivable, net | 309.0 | 9.4 | (1.0) | (c) | 317.4 |
| Prepaid expenses and other current assets | 202.8 | 2.7 | — | | 205.5 |
| Total current assets | 1,590.0 | 43.0 | (274.2) | | 1,358.8 |
| Marketable securities | 114.8 | — | — | | 114.8 |
| Computer equipment, software, furniture, and leasehold improvements, net | 144.7 | 0.9 | — | | 145.6 |
| Developed technologies, net | 19.8 | — | 78.0 | (g) | 97.8 |
| Goodwill | 1,645.3 | — | 586.0 | (h) | 2,231.3 |
| Deferred income taxes, net | 71.7 | — | — | | 71.7 |
| Other assets | 188.1 | 3.3 | 115.1 | (g) | 306.5 |
| Total assets | \$ 3,774.4 | \$ 47.2 | \$ 504.9 | | \$ 4,326.5 |
| Liabilities and stockholders' deficit | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 88.6 | \$ 1.1 | \$ — | | \$ 89.7 |
| Accrued compensation | 208.3 | 1.4 | 1.5 | (i), (e) | 211.2 |
| Accrued income taxes | 44.6 | 0.8 | — | | 45.4 |
| Deferred revenue | 1,517.6 | 36.2 | (10.3) | (f) | 1,543.5 |
| Current portion of long-term notes payable, net | — | — | — | | — |
| Other accrued liabilities | 126.4 | 2.3 | 8.6 | (d), (n) | 137.3 |
| Total current liabilities | 1,985.5 | 41.8 | (0.2) | | 2,027.1 |
| Long-term deferred revenue | 274.5 | 0.3 | (0.1) | (f) | 274.7 |
| Long-term income taxes payable | 40.9 | — | — | | 40.9 |
| Long-term deferred income taxes | 96.5 | — | — | (m) | 96.5 |
| Long-term notes payable, net | 1,587.8 | — | 499.2 | (b) | 2,087.0 |
| Long-term other liabilities | 127.5 | 0.1 | — | | 127.6 |
| Commitments and contingencies | — | — | — | | — |
| Redeemable convertible preferred stock | — | 81.7 | (81.7) | (k) | — |
| Stockholders' deficit: | | | | | |
| Common stock and additional paid-in capital | 2,009.1 | 9.2 | (4.0) | (j), (l) | 2,014.3 |
| Accumulated other comprehensive loss | (157.5) | — | — | | (157.5) |
| Accumulated deficit | (2,189.9) | (85.9) | 91.7 | (d), (e), (l), (m) | (2,184.1) |
| Total stockholders' deficit | (338.3) | (76.7) | 87.7 | | (327.3) |
| Total liabilities and stockholders' deficit | \$ 3,774.4 | \$ 47.2 | \$ 504.9 | | \$ 4,326.5 |

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Autodesk, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
Nine Months Ended October 31, 2018
(in millions, except per share data)

| | Historical | | Pro Forma Adjustments (Footnote 4) | | Pro Forma Combined |
|---|---------------------------------|---------------------------------|--|-------------------------|-----------------------|
| | Autodesk, Inc. (As reported) | PlanGrid, Inc. (As adjusted) | | | |
| Net revenue: | | | | | |
| Subscription | \$ 1,252.3 | \$ 51.1 | \$ — | | \$ 1,303.4 |
| Maintenance | 497.7 | — | — | | \$ 497.7 |
| Total subscription and maintenance revenue | 1,750.0 | 51.1 | — | | 1,801.1 |
| Other | 82.5 | 1.3 | — | | \$ 83.8 |
| Total net revenue | 1,832.5 | 52.4 | — | | 1,884.9 |
| Cost of revenue: | | | | | |
| Cost of subscription and maintenance revenue | 159.3 | 5.1 | — | | \$ 164.4 |
| Cost of other revenue | 39.0 | 0.9 | — | | \$ 39.9 |
| Amortization of developed technology | 10.6 | 0.7 | 13.9 | (c) | \$ 25.2 |
| Total cost of revenue | 208.9 | 6.7 | 13.9 | | 229.5 |
| Gross profit | 1,623.6 | 45.7 | (13.9) | | 1,655.4 |
| Operating expenses: | | | | | |
| Marketing and sales | 863.1 | 33.3 | 8.1 | (a), (d), (h), (j) | \$ 904.5 |
| Research and development | 534.6 | 16.1 | 9.4 | (a), (b), (h), (j) | \$ 560.1 |
| General and administrative | 239.4 | 9.2 | 24.1 | (a), (e), (g), (h), (j) | \$ 272.7 |
| Amortization of purchased intangibles | 11.8 | — | 18.4 | (c) | \$ 30.2 |
| Restructuring and other exit costs, net | 40.0 | — | — | | \$ 40.0 |
| Total operating expenses | 1,688.9 | 58.6 | 60.0 | | 1,807.5 |
| Loss from operations | (65.3) | (12.9) | (73.9) | | (152.1) |
| Interest and other (expense) income, net | (10.4) | 0.3 | (18.5) | (f) | \$ (28.6) |
| Loss before income taxes | (75.7) | (12.6) | (92.4) | | (180.7) |
| Provision for income taxes | (69.8) | (0.1) | — | | \$ (69.9) |
| Net loss | \$ (145.5) | \$ (12.7) | \$ (92.4) | | \$ (250.6) |
| Net loss per share, basic and diluted | \$ (0.67) | | | (i) | \$ (1.15) |
| Weighted-average shares used to compute net loss per share, basic and diluted | 218.7 | | 0.1 | (i) | 218.8 |

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Autodesk, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
Year Ended January 31, 2018
(in millions, except per share data)

| | Historical | | Pro Forma Adjustments (Footnote 4) | | Pro Forma Combined |
|---|---------------------------------|---------------------------------|--|--------------------|-----------------------|
| | Autodesk, Inc. (As reported) | PlanGrid, Inc. (As adjusted) | | | |
| Net revenue: | | | | | |
| Subscription | \$ 894.3 | \$ 46.4 | \$ — | | \$ 940.7 |
| Maintenance | 989.6 | — | — | | \$ 989.6 |
| Total subscription and maintenance revenue | 1,883.9 | 46.4 | — | | 1,930.3 |
| Other | 172.7 | 1.2 | — | | \$ 173.9 |
| Total net revenue | 2,056.6 | 47.6 | — | | 2,104.2 |
| Cost of revenue: | | | | | |
| Cost of subscription and maintenance revenue | 214.4 | 4.6 | — | | \$ 219.0 |
| Cost of other revenue | 72.6 | 1.2 | — | | \$ 73.8 |
| Amortization of developed technology | 16.4 | 0.5 | 19.0 | (c) | \$ 35.9 |
| Total cost of revenue | 303.4 | 6.3 | 19.0 | | 328.7 |
| Gross profit | 1,753.2 | 41.3 | (19.0) | | 1,775.5 |
| Operating expenses: | | | | | |
| Marketing and sales | 1,087.3 | 34.9 | 18.3 | (a), (h), (j) | \$ 1,140.5 |
| Research and development | 755.5 | 19.3 | 12.0 | (a), (b), (h), (j) | \$ 786.8 |
| General and administrative | 305.2 | 7.2 | 33.8 | (a), (e), (h), (j) | \$ 346.2 |
| Amortization of purchased intangibles | 20.2 | — | 24.5 | (c) | \$ 44.7 |
| Restructuring and other exit costs, net | 94.1 | — | — | | \$ 94.1 |
| Total operating expenses | 2,262.3 | 61.4 | 88.6 | | 2,412.3 |
| (Loss) income from operations | (509.1) | (20.1) | (107.6) | | (636.8) |
| Interest and other (expense) income, net | (48.2) | 0.4 | (24.6) | (f) | \$ (72.4) |
| Loss before income taxes | (557.3) | (19.7) | (132.2) | | (709.2) |
| Provision for income taxes | (9.6) | — | — | | \$ (9.6) |
| Net loss | \$ (566.9) | \$ (19.7) | \$ (132.2) | | \$ (718.8) |
| Net loss per share, basic and diluted | \$ (2.58) | | | (i) | \$ (3.27) |
| Weighted-average shares used to compute net loss per share, basic and diluted | 219.5 | | | (i) | 219.5 |

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Autodesk, Inc.
Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of Pro Forma Presentation

The historical consolidated financial statements have been adjusted to give effect to pro forma events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the combined results. The unaudited pro forma adjustments are preliminary and based on estimates of the fair values and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Merger. The final determination of the purchase price allocation will be based on the final valuation of the fair values of assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial information included herein was derived from Autodesk's and PlanGrid's historical consolidated financial statements and notes thereto, which were both prepared in accordance with U.S. GAAP. In order to conform the PlanGrid historical consolidated financial statements to our financial statement presentation, we have reclassified certain line items within the PlanGrid historical consolidated financial statements. Reclassifications mainly relate to conforming the names of the financial statement line items from PlanGrid's to Autodesk's presentation.

The unaudited pro forma condensed combined financial information has been prepared using Autodesk's significant accounting policies as set forth in our audited consolidated financial statements for the fiscal year ended January 31, 2018. Based on the procedures performed to date, the accounting policies of PlanGrid are similar in most material respects to Autodesk's accounting policies. The unaudited pro forma condensed combined statement of operations have been updated to reflect PlanGrid's adoption of FASB Accounting Standards Codification Topic 606 ("Topic 606"), *Revenue from Contracts with Customers* and Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, as of February 1, 2018, the same date as our adoption of these standards. The adoption did not have a material impact on revenue recognition but did have an impact on the condensed statement of operations related to the accounting for sales commissions, which were previously expensed as incurred and are now capitalized and amortized.

As more information becomes available, we will complete a more detailed review of PlanGrid's accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

2. Preliminary Purchase Consideration and Purchase Price Allocation

The preliminary purchase consideration paid in exchange for all of the outstanding equity interests of PlanGrid was approximately \$777.6 million (the "Merger Consideration"), consisting of cash payments to holders of PlanGrid common and preferred stock, and vested stock options; the issuance of replacement awards in exchange for PlanGrid partially vested stock options and partially vested RSUs.

The preliminary purchase consideration of \$777.6 million is as follows (in millions):

| | Preliminary Purchase Consideration |
|---|---|
| Cash paid to common and preferred PlanGrid stockholders, and vested option holders | \$ 772.4 |
| Fair value of assumed PlanGrid stock options and restricted stock awards attributable to pre-combination services | 5.2 |
| Total preliminary purchase consideration | \$ 777.6 |

The total preliminary purchase consideration as shown in the table below is allocated to the tangible and intangible assets acquired and assumed liabilities of PlanGrid based on their preliminary estimated fair values as if the acquisition had occurred on October 31, 2018, which is the assumed acquisition date for purposes of the pro forma balance sheet (in millions):

| | | |
|--|----|--------------|
| Assets acquired: | | |
| Cash and cash equivalents | \$ | 12.1 |
| Marketable securities | | 18.8 |
| Trade and other receivables, net | | 8.4 |
| Prepaid expenses and other current assets | | 2.7 |
| Property and equipment, net | | 0.9 |
| Developed technology, net | | 78.0 |
| Other assets | | 118.4 |
| Total assets acquired | \$ | <u>239.3</u> |
| Liabilities assumed: | | |
| Accounts payable | \$ | 1.1 |
| Accrued compensation | | 2.2 |
| Accrued income tax | | 0.8 |
| Deferred revenue | | 25.9 |
| Other accrued liabilities | | 3.8 |
| Long-term deferred revenue | | 0.2 |
| Long-term deferred income tax | | 13.6 |
| Long-term other liabilities | | 0.1 |
| Total liabilities assumed | | <u>47.7</u> |
| Net assets acquired, excluding goodwill (a) | | <u>191.6</u> |
| Total preliminary purchase consideration (b) | | <u>777.6</u> |
| Estimated goodwill (b-a) | \$ | <u>586.0</u> |

The Merger was accounted for as a business combination. As part of the preliminary purchase price allocation, we determined that PlanGrid's separately identifiable intangible assets consisted of the trade name, developed technology, customer relationships, and backlog. We used a combination of income and market approaches to estimate the fair value of intangible assets; specifically, we utilized the multi-period excess earnings method, and relief-from-royalty method.

The valuation models were based on estimates of future operating projections of PlanGrid and the future cash flows relating to the developed technology and the existing customer base as well as judgment on discount rates and intangible specific variables. We developed forecasted cash flows based on a number of factors including future revenue, operating costs, a discount rate based on the market participant rate of return, and long-term sustainable margin and growth assumptions. We depreciated the acquired property and equipment and amortized the acquired intangible assets over their estimated useful lives.

The allocation of purchase consideration is preliminary and is therefore subject to potential future adjustments during the measurement period. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair values of certain intangible assets acquired, taxes, and residual goodwill. The preliminary estimated fair values (in millions) and useful lives (in years) are as follows:

| | Estimated Fair Values | Estimated Useful Lives |
|---|--------------------------|---------------------------|
| Trade name | \$ 20.0 | 5.0 |
| Developed technology | 78.0 | 4.0 |
| Customer relationships | 76.0 | 8.0 |
| Backlog | 22.0 | 2.0 |
| Total acquisition-related intangible assets | <u>\$ 196.0</u> | |

We used the cost build-up approach to estimate the fair value of unearned revenue by estimating the costs related to fulfilling the obligation plus an additional markup for an assumed operating margin to reflect the profit a third party would expect to realize on the costs incurred.

The goodwill of \$586 million arising from the Merger is mainly due to the value of the acquired workforce, the opportunity to expand our customer base, and the ability to add breadth and depth to our products. Goodwill is not expected to be deductible for income tax purposes.

3. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

- a) Reflects cash paid for the Merger of \$772.4 million.
- b) Reflects \$500.0 million from a term loan entered into by Autodesk in connection with the consummation of the PlanGrid acquisition less the debt issuances costs of \$0.8 million. Refer to Exhibit 10.2 of the 8-K filed on December 20, 2018. The Company entered into a Term Loan Agreement (the "Term Loan Agreement") by and among the Company, the lenders from time to time party thereto and Citibank, as agent, which provided for a delayed draw term loan facility in the aggregate principal amount of \$500 million. The Term Loan bears interest at a per annum rate equal to the rate at which dollar deposits are offered in the London interbank market, plus a margin of 1.125% per annum.
- c) Reflects an increase in the PlanGrid allowance for doubtful accounts to align with Autodesk's accounting policies.
- d) Reflects the accrual of \$7.1 million of estimated transaction costs incurred by Autodesk. Transaction costs do not have a continuing impact and are therefore not presented in the Unaudited Pro Forma Condensed Combined Statement of Operations.
- e) Reflects the expected \$0.7 million of incremental expense for non-recurring compensation relating to various severance and transition arrangements entered into in connection with the Merger that are not reflected in the unaudited pro forma condensed combined financial statements. The payment of these arrangements is contingent on the employees providing service over the transition periods, which is expected to be completed within six months, and therefore does not have a continuing impact on the financial statements.
- f) Reflects the reduction of deferred revenue of \$10.3 million and long-term deferred revenue of \$0.1 million to represent the preliminary estimated fair value of the obligations assumed by Autodesk.
- g) Reflects \$193.1 million increase in estimated fair value of PlanGrid's identified intangible assets. Refer to Note 2 for the intangible assets recognized and the associated useful lives.
- h) Reflects the estimated goodwill arising from the acquisition.
- i) Reflects the adjustment to record employer payroll taxes payable of \$0.8 million related to the purchase consideration paid to vested option holders.
- j) Reflects the fair value of the replacement awards issued by Autodesk attributable to pre-combination services and included in the purchase consideration of \$5.2 million.
- k) Reflects the elimination of PlanGrid's redeemable convertible preferred stock, which was settled in the Merger. Each share of preferred stock of PlanGrid issued and outstanding immediately prior to the effective time was converted into the right to receive the applicable consideration calculated as set forth in the Merger Agreement, without interest, and was automatically cancelled and retired and ceased to exist.
- l) Reflects the elimination of PlanGrid's historical equity.
- m) In connection with the acquisition of PlanGrid, a deferred tax liability of \$13.6 million was established for the book/tax basis differences related to non-goodwill intangible assets. The net deferred tax liability from this acquisition created an additional source of income to realize Autodesk's pre-existing deferred tax assets. As the Company continues to maintain a full valuation allowance against its deferred tax assets, this additional source of income resulted in the release of a portion of the Company's previously recorded valuation allowance against deferred tax assets. The release of the valuation allowance resulted in a tax benefit equal to the acquired deferred tax liability. Because the acquisition is assumed to have occurred on October 31, 2018 for purposes of the pro forma balance sheet, an adjustment of \$13.6 million was made to the accumulated deficit to reflect the tax benefit, offsetting the acquired deferred tax liability. No adjustment is reflected in the pro forma statement of operations as the tax benefit resulting from the release of the valuation allowance does not have a continuing impact.
- n) Reflects the accrual of \$1.5 million of estimated transaction costs incurred by PlanGrid.

4. Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations

- a) Reflects the net impact to stock-based compensation expense expected to be incurred by Autodesk based on the preliminary estimated fair values and vesting periods of awards assumed and new awards granted as a result of the Merger:

| | Nine months ended October 31, 2018 | | |
|--|------------------------------------|--------------------------|----------------------------|
| | Marketing and Sales | Research and Development | General and administrative |
| | (in millions) | | |
| Reversal of PlanGrid's historical stock-based compensation expense | \$ (0.8) | \$ (0.6) | \$ (0.5) |
| Post-combination stock-based compensation expense for replacement awards | 6.0 | 4.7 | 4.0 |
| Post-combination stock-based compensation expense for retention awards | \$ 5.0 | \$ 3.0 | \$ 1.4 |
| Net stock-based compensation expense adjustment | \$ 10.2 | \$ 7.1 | \$ 4.9 |
| | Year ended January 31, 2018 | | |
| | Marketing and Sales | Research and Development | General and administrative |
| | (in millions) | | |
| Reversal of PlanGrid's historical stock-based compensation expense | \$ (1.0) | \$ (0.5) | \$ (0.5) |
| Post-combination stock-based compensation expense for replacement awards | 12.0 | 5.7 | 6.0 |
| Post-combination stock-based compensation expense for retention awards | \$ 6.3 | \$ 4.4 | \$ 1.9 |
| Net stock-based compensation expense adjustment | \$ 17.3 | \$ 9.6 | \$ 7.4 |

- b) Reflects a increase of \$1.6 million and \$1.7 million to expense for the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018, respectively, to expense historical PlanGrid internally developed software costs. The costs would not have been capitalized in accordance with Autodesk's internal use software accounting policy.
- c) Reflects the net impact as a result of the elimination of historical amortization expense related to PlanGrid's existing intangible assets and the recognition of amortization expense related to the acquired intangible assets based on the preliminary estimated fair values and useful lives expected to be recorded as a result of the Merger. For preliminary estimated intangible asset values and the associated useful lives, see Note 2.

| | Nine months ended October 31, 2018 | | Year ended January 31, 2018 | |
|--|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| | Amortization of developed technology | Amortization of purchased intangibles | Amortization of developed technology | Amortization of purchased intangibles |
| | (in millions) | | | |
| Reversal of PlanGrid's historical intangible assets amortization expense | \$ (0.7) | \$ — | \$ (0.5) | \$ — |
| Amortization of acquired identifiable intangible assets | 14.6 | 18.4 | 19.5 | 24.5 |
| Net intangible asset amortization expense adjustment | \$ 13.9 | \$ 18.4 | \$ 19.0 | \$ 24.5 |

- d) Reflects a reduction of \$3.3 million to expense for the nine months ended October 31, 2018 related to the impact of capitalizing sales commissions in accordance with Autodesk's sales commission policy under Topic 340-40. PlanGrid historically expensed sales commissions as incurred. Other impacts of reflecting PlanGrid's historical results under Topic 606 were not material (see Note 1).
- e) Reflects compensation expense of \$19.6 million and \$26.1 million during the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018, respectively, related to deferred payments to be made to certain key PlanGrid employees if they continue to provide services to Autodesk post acquisition.
- f) Reflects \$13.6 million and \$18.1 million of interest expense during the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018, respectively, associated with term loan entered into by Autodesk in connection with the Merger. In addition, it reflects \$0.3 million and \$0.4 million of debt issuance cost amortization during the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018, respectively, associated with the term loan. It also reflects \$4.6 million and \$6.1 million estimated reduction to interest income due to the net decrease in Autodesk's cash balance of \$273.0 million used to fund the acquisition during the nine months ended October 31, 2018 and the fiscal year ended January 31, 2018, respectively (see Note 3 (a) and (b)).

The interest rates used for the new Autodesk debt for purposes of the pro forma condensed combined financial information reflect the debt commitment related to the debt financing for the transaction. The interest rates for the Term Loan, which is set as LIBOR plus 1.125%, is assumed to be 3.628% both for the nine months ended October 31, 2018, and for the year ended January 31, 2018. A 1/8 percent increase or decrease in the interest rates assumed above would result in an aggregate increase or decrease to interest expense of \$0.6 million and \$0.5 million for the nine months ended October 31, 2018 and for the year ended January 31, 2018, respectively.

- g) Reflects the elimination of approximately \$0.7 million of transaction costs as they are not expected to be recurring.
- h) Reflects the estimated compensation expense expected to be incurred by Autodesk based on the PlanGrid's employees participation in Autodesk's 401(k) plan. Eligible employees may contribute up to 75% of their pretax salary, subject to limitations mandated by the Internal Revenue Service. Autodesk makes voluntary cash contributions and matches a portion of employee contributions in cash.

| | Marketing and Sales | Research and Development | General and administrative |
|---------------------------------------|------------------------------------|--------------------------|----------------------------|
| | (in millions) | | |
| | Nine months ended October 31, 2018 | | |
| Estimated 401(k) compensation expense | \$ 0.5 | \$ 0.3 | \$ 0.1 |
| | Year ended January 31, 2018 | | |
| Estimated 401(k) compensation expense | \$ 0.5 | \$ 0.3 | \$ 0.1 |

- i) Basic and diluted net loss per share has been calculated by dividing the net loss for the period by the weighted-average common shares outstanding. The adjustment for shares used in computing net loss per share gives effect to the number of awards assumed and new awards granted as part of the Merger that we expect to vest during the periods presented. The following table shows the calculation of basic and diluted net loss per share (in millions, except per share data):

| | Nine months ended October 31, 2018 | | | |
|---|------------------------------------|---------------------------|----------------------|-----------------------|
| | Autodesk (As reported) | PlanGrid (As adjusted) | Total Adjustments | Pro Forma Combined |
| Net loss | \$ (145.5) | \$ (12.7) | \$ (92.4) | \$ (250.6) |
| Net loss per share, basic and diluted | \$ (0.67) | | | \$ (1.15) |
| Weighted-average shares used to compute net loss per share, basic and diluted | 218.7 | | 0.1 | 218.8 |
| | Year ended January 31, 2018 | | | |
| | Autodesk (As reported) | PlanGrid (As adjusted) | Total Adjustments | Pro Forma Combined |
| Net loss | \$ (566.9) | \$ (19.7) | \$ (132.2) | \$ (718.8) |
| Net loss per share, basic and diluted | \$ (2.58) | | | \$ (3.27) |
| Weighted-average shares used to compute net loss per share, basic and diluted | 219.5 | | — | 219.5 |

- j) Reflects the estimated compensation expense expected to be incurred by Autodesk based on the PlanGrid's employees participation in Autodesk's sabbatical plan. Eligible employees accrue six weeks of sabbatical over four years of employment.

| | Marketing and Sales | Research and Development | General and administrative |
|---|---|---------------------------------|-----------------------------------|
| | Nine months ended October 31, 2018 | | |
| | (in millions) | | |
| Estimated sabbatical compensation expense | \$ 0.7 | \$ 0.4 | \$ 0.2 |
| | Year ended January 31, 2018 | | |
| Estimated sabbatical compensation expense | \$ 0.5 | \$ 0.4 | \$ 0.2 |