UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 31, 2017

LogMeIn, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware	001-34391	20-1515952
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(IRS Employer Identification No.)

320 Summer Street Boston, Massachusetts	02210
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (781)-638-9050

(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. ☐

TABLE OF CONTENTS

Table of Contents

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 31, 2017, LogMeIn, Inc. (the "Company") filed a Current Report on Form 8-K (the "Initial 8-K") to report the completion of its acquisition, through its wholly-owned subsidiary LogMeIn, Kft., of all of the outstanding shares of Nanorep Technologies Ltd. ("Nanorep"), an Israeli company, from the shareholders of Nanorep pursuant to a Stock Purchase Agreement dated as of July 31, 2017. This amendment to the Initial 8-K is being filed by the Company for the purpose of including the financial information described in Item 9.01 below, which was previously omitted in accordance with Item 9.01(a) and Item 9.01(b) of Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of Nanorep, as of December 31, 2016 and for the year then ended, are filed as Exhibit 99.1 hereto and are incorporated herein by reference.

The unaudited interim condensed consolidated financial statements of Nanorep, as of June 30, 2017 and for the six months ended June 30, 2017 and 2016, are filed as Exhibit 99.2 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information.

The following unaudited pro forma combined financial statements of the Company reflecting the acquisition of Nanorep are filed as Exhibit 99.3 and are incorporated herein by reference:

i. Unaudited Pro Forma Combined Balance Sheet as of June 30, 2017;

ii. Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2016; and

iii. Unaudited Pro Forma Combined Statement of Operations for the six months ended June 30, 2017.

(d) Exhibits.

Listed and indexed below are all Exhibits filed as part of this report.

Exhibit No.	Description
23.1	Consent of Kesselman & Kesselman, Independent Accountants.
99.1	Audited financial statements of Nanorep as of December 31, 2016 and for the year then ended.
99.2	Unaudited interim condensed consolidated financial statements of Nanorep as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.
99.3	Unaudited pro forma combined financial statements of the Company, reflecting the acquisition of Nanorep.

Table of Contents

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.

LOGMEIN, INC

Date: October 10, 2017

By: /s/ Michael J. Donahue
Michael J. Donahue
SVP, General Counsel & Secretary

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-162664, 333-165668, 333-169884, 333-193696, 333-202733, 333-208373, 333-214387 and 333-217736) of LogMeIn, Inc. of our report dated October 10, 2017 relating to the financial statements of Nanorep Technologies Ltd., which appears in this Current Report on Form 8-K/A of LogMeIn, Inc.

Tel-Aviv, Israel	/s/ Kesselman & Kesselman
October 10, 2017	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

Exhibit 99.1

NANOREP TECHNOLOGIES LTD.

2016 ANNUAL REPORT

NANOREP TECHNOLOGIES LTD.
2016 ANNUAL REPORT

TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITORS

To the management and board of directors

NANOREP TECHNOLOGIES LTD.

We have audited the accompanying financial statements of Nanorep Technologies Ltd. (the "Company"), which comprise the balance sheet as of December 31, 2016 and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Nanorep Technologies Ltd. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

	/s/ Kesselman & Kesselman
Tel-Aviv, Israel	Kesselman & Kesselman
October 10, 2017	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

NANOREP TECHNOLOGIES LTD.

BALANCE SHEET

US Dollars (except share data)

	December 31, 2016
CURRENT ASSETS:	
Cash and cash equivalents	$ 4,051,786
Restricted cash	105,514
Accounts receivable	689,323
Prepaid expenses and other current assets	104,015
TOTAL CURRENT ASSETS	4,950,638
SEVERANCE PAY FUND	59,882
PROPERTY, PLANT AND EQUIPMENT, net	63,230
CAPITALIZED SOFTWARE, net	754,883
TOTAL ASSETS	$ 5,828,633
CURRENT LIABILITIES:	
Accounts payable and accruals:	
Trade payable	$ 183,205
Other	783,821
Deferred revenues	208,783
TOTAL CURRENT LIABILITIES	1,175,809
NON CURRENT LIABILITIES	
Accrued severance pay	114,781
TOTAL LIABILITIES	1,290,590
COMMITMENTS AND CONTINGENT LIABILITIES	
SHAREHOLDERS' EQUITY:	
Ordinary shares of NIS 0.01 par value 11,231,000 shares authorized at December 31, 2016; 1,729,427 issued and outstanding at December 31, 2016	4,765
Series A preferred share of 0.01 NIS par value 515,000 shares authorized at December 31, 2016; 502,470 shares issued and outstanding at December 31, 2016	1,349
Series A-2 preferred share of 0.01 NIS par value 1,630,000 shares authorized at December 31, 2016; 1,618,120 issued and outstanding at December 31, 2016	4,482
Series B preferred share of 0.01 NIS par value 1,624,000 shares authorized at December 31, 2016; 1,361,265 shares issued and outstanding at December 31, 2016	3,602
Additional paid-in capital	12,314,873
Accumulated deficit	(7,791,028)
TOTAL SHAREHOLDERS' EQUITY	4,538,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,828,633

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

NANOREP TECHNOLOGIES LTD.
STATEMENT OF OPERATIONS
US Dollars

	Year ended December 31, 2016
REVENUES	$ 4,175,868
COST OF REVENUES	1,638,162
GROSS PROFIT	2,537,706
OPERATING EXPENSES:	
Research and development, net	1,153,039
Selling and marketing	2,478,043
General and administrative	1,066,153
OPERATING LOSS	(2,159,529)
FINANCIAL EXPENSE, net	158,090
LOSS FOR THE YEAR	$ (2,317,619)

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

NANOREP TECHNOLOGIES LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
US Dollars (except share data)

	Ordinary Shares		Preferred shares				
	Number of shares	Amount	Number of shares	Amount	Additional paid-in capital	Accumulated deficit	Total
BALANCE AT JANUARY 1, 2016	1,587,960	$ 4,390	1,411,910	$ 3,945	$ 4,950,322	$(5,473,409)	$ (514,752)
Exercise of ordinary share options	141,467	375	—	—	377	—	752
Issuance of Series B preferred shares, net of issuance costs	—	—	1,365,853	3,614	4,973,208	—	4,976,822
Share-based compensation expense related to options issued	—	—	—	—	88,320	—	88,320
Conversion of convertible loan as part of issuance of series A-2 preferred shares	—	—	704,092	1,874	2,302,646	—	2,304,520
Loss for the year	—	—	—	—	—	(2,317,619)	(2,317,619)
BALANCE AT DECEMBER 31, 2016	1,729,427	$ 4,765	3,481,855	$ 9,433	$12,314,873	$(7,791,028)	$ 4,538,043

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

NANOREP TECHNOLOGIES LTD.
STATEMENT OF CASH FLOWS
US Dollars

	Year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:	
Loss for the year	$ (2,317,619)
Adjustments to reconcile net loss to net cash used in operating activities:	
Share-based compensation	88,320
Depreciation	18,961
Capital loss from sale of property and equipment	817
Convertible loan interest expenses	74,058
Capitalized software amortization	198,108
Changes in asset and liability items:	
Increase in accounts receivable	(462,349)
Increase in other current assets	(51,869)
Increase in trade payable	143,858
Increase in other payables	293,688
Decrease in accrued severance pay	(107,327)
Decrease in deferred revenues	(187,862)
Net cash used in operating activities	(2,309,216)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in restricted cash	(1,552)
Purchase of property and equipment	(40,633)
Amounts funded in respect of employee rights upon retirement	52,757
Software capitalization	(529,472)
Net cash used in investing activities	(518,900)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from exercise of options	752
Repayment of loans	(217,735)
Proceeds from issuance of shares, net of issuance costs	4,976,822
Net cash provided by financing activities	4,759,839
INCREASE IN CASH AND CASH EQUIVALENTS	1,931,723
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,120,063
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,051,786
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -	
Non-cash investing and financing activities:	
Conversion of convertible loan	$ 2,304,520
Cash paid for income taxes	9,861
Cash paid for interest	143,553

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

NOTE 1 - GENERAL:

a. Nanorep Technologies Ltd. (the "Company"; formerly I.S.Q Technologies Ltd.) was incorporated on March 23, 2009 and began operations during the same month.

b. The Company develops and markets a personalized self-service online customer support platform.

c. The Company has incurred losses since inception and has negative cash flow from operations. The continuance of the Company's operations as a going concern is contingent upon receiving additional financing from its shareholders or other third parties. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. See note 10 with regard to the sale of the Company to LogMeIn, Inc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are as follows:

a. Basis of presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

b. Functional currency

The currency of the primary economic environment in which the operations of the Company are conducted is the U.S. dollar ("$" or "dollar"); revenues and financing of the Company are in dollars or linked thereto. Thus, the functional currency of the Company is the U.S. dollar.

The dollar figures are determined as follows: transactions and balances originally denominated in dollars are presented at their original amounts. Balances in non-dollar currencies are translated into dollars using historical and current exchange rates for non-monetary and monetary balances, respectively. For non-dollar transactions reflected in the statement of operations, the exchange rates at transaction dates are used. Depreciation and other changes deriving from non-monetary items are based on historical exchange rates. The resulting translation gains or losses are recorded as financial income or expenses, as appropriate.

c. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

d. Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

e. Restricted cash

Restricted cash consists of cash deposits for lease facilities and for minimum balances needed for credit cards.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

f. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company reviews accounts receivable regularly and makes estimates for the allowance for doubtful accounts when there is doubt as to the ability to collect individual balances. In evaluating the ability to collect outstanding receivable balances, the Company considers many factors, including the age of the balance, the customer's payment history and current creditworthiness, and current economic trends. Bad debts are written off after all collection efforts have ceased. The Company does not require collateral from its customers.

g. Research and development

Research and development expenses include costs associated with the maintenance and ongoing development of the Company's technology, including compensation and employee benefits and allocated costs associated with the Company's research and development department. The Company reviews costs incurred in the application development stage and assesses such costs for capitalization. Costs related to the development of internal-use software are capitalized as incurred.

h. Advertising costs

The Company expenses advertising costs as incurred and the expense is included in sales and marketing expense on the statement of operations. Advertising expense for the year ended December 31, 2016 was approximately $350 thousand.

i. Property and equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful life of the assets.

Annual rates of depreciation are as follows:

	%
Computers and software	33
Office furniture and equipment	7-15

Leasehold improvements are amortized by the straight-line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

j. Fair value measurements

The carrying value of the Company's financial instruments, including cash equivalents, restricted cash, accounts receivable and accounts payable, approximate their fair values due to their short maturities. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company at the measurement date.
- Level 2: Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

k. Income taxes

Income taxes are accounted for using the asset and liability approach. The asset and liability approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of the relevant tax law. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

The Company accounts for uncertainties in income taxes using a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns as prescribed under Accounting Standard Codification 740-10.

l. Share-based compensation

The Company measures and recognizes compensation expense for share-based awards based on estimated fair values on the date of grant using the Black-Scholes option-pricing model. This option pricing model requires the Company to make several estimates, including the option's expected life and the price volatility of the underlying share. The Company recognizes the estimated fair value of option-based awards, net of estimated forfeitures, as share-based compensation costs using the accelerated method.

m. Revenue recognition

The Company derives its revenue principally from digital services to its customers, using its platform. The Company generates revenue principally through fixed commitment contracts under which the Company provides various services, including access to a cloud-based platform, as well as the related customer support and other services. The Company's customers do not have a contractual right, or the ability, to take possession of the Company's software at any time during the hosting period, or contract with an unrelated a third party to host the Company's software. Therefore, revenue recognition for the Company's services is not accounted for under specific guidance of the Financial Accounting Standards Board ("FASB") on software revenue recognition. The Company recognizes revenue for its services ratably over the contracted service period, provided that there is persuasive evidence of an arrangement, the service has been provided to the customer, collection is reasonably assured, the amount of fees to be paid by the customer is fixed or determinable and the Company has no significant remaining obligation at the completion of the contracted term. The Company's contracts do not contain general rights of return.

Revenues are reported net of applicable value-added tax and other transaction taxes imposed on the related transaction.

The Company offers services to customers through single-element arrangements. The Company evaluates all deliverables in its arrangements to determine whether they represent separate units of accounting, specifically whether the deliverables have value to the Company's customers on a standalone basis. The Company has determined that the services delivered to customers under its existing arrangements represent a single unit of accounting. Revenue for optional services is recognized as delivered, or as completed, provided that the general revenue recognition criteria described above are met.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Additionally, certain of the Company's customer contracts contain provisions for set-up and implementation services relating to the customer's use of the platform. The Company believes that these set-up and implementation services provide value to the customer over the contract period, and therefore the revenue related to these types of services is recognized over the contract term, which generally is a period of 12 months.

n. Capitalized software

The Company accounts for the cost of software developed or obtained for internal use by capitalizing qualifying costs that are incurred during the application development stage and amortizing them over the expected period of benefit, which is generally three years. Amortization begins when the software is ready for its intended use. Costs incurred during the preliminary and post-implementation stages are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software, employee compensation and related expenses of personnel directly associated with the development activities. Software development costs are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

o. Concentrations of credit risk and significant customers

The Company's principal credit risk relates to its cash, cash equivalents, restricted cash and accounts receivable. Cash, cash equivalents and restricted cash are deposited primarily with financial institutions that management believes to be of high credit quality. To manage accounts receivable credit risk, the Company regularly evaluates the creditworthiness of its customers. As of December 31, 2016, there was no allowance for potential credit losses and there were $63 thousand of write-offs for credit losses during the year ended December 31, 2016.

As of December 31, 2016 no customers accounted for more than 10% of accounts receivable and there were no customers that represented 10% or more of revenue for the year ended December 31, 2016.

p. Comprehensive income

The Company applies ASC 220, which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. There was no difference between the Company's net loss and its total comprehensive loss for the year ended December 31, 2016, and the Company does not have accumulated other comprehensive income or loss as of this date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

q. Recent accounting pronouncements

On February 25, 2016, the FASB issued ASU 2016-02, Leases (“ASU 2016-02”), which will require lessees to recognize most leases on their balance sheet as a right-of-use asset and a lease liability. Leases will be classified as either operating or finance, and classification will be based on criteria similar to current lease accounting, but without explicit bright lines. The guidance is effective for annual reporting periods beginning after December 15, 2019. The Company is currently assessing the impact of the adoption of ASU 2016-02 on the Company’s financial statements.

On March 30, 2016, the FASB issued ASU 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”), which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments. The guidance is effective for annual reporting periods beginning after December 15, 2017 and interim periods within those fiscal years. The impact of the adoption of ASU 2016-09 on the Company’s financial statements is not expected to be material.

On May 28, 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”), its standard on revenue from contracts with customers. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In applying the revenue model to contracts within its scope, an entity identifies the contract(s) with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract and recognizes revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for private company annual reporting periods beginning after December 15, 2018. The Company is currently assessing the impact of the adoption of ASU 2014-09 on the Company’s financial statements.

On November 17, 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB’s EITF) (“ASU 2016-18”). ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The guidance is effective for annual reporting periods beginning after December 15, 2017 and interim periods within those fiscal years. The impact of the adoption of ASC 2016-18 on the Company’s financial statements is on the cash flow statement presentation and disclosure of restricted cash balances and changes in those balances.

NOTE 3 - SUPPLEMENTARY BALANCE SHEET INFORMATION:

	December 31, 2016 US Dollars
a. Property and equipment, net:	
Cost:	
Computers and software	$ 120,927
Office furniture and equipment	24,995
Leasehold improvements	412
	146,334
Less – accumulated depreciation and amortization	83,104
	$ 63,230
b. Capitalized software, net:	
Capitalized software	$ 1,054,424
Less - Accumulated amortization	299,541
Capitalized software, net	$ 754,883

NOTE 4 - FINANCIAL EXPENSE, net

Banks and credit card fees	$ 50,889
Exchange rates	30,045
Interest related to loans	77,156
	$ 158,090

NOTE 5 - EMPLOYEES ACCRUED SEVERANCE PAY

The Israeli Severance Pay Law, 1963 (“Severance Pay Law”), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one month salary for each year of employment, or a portion thereof.

Most of the Company’s liability for severance pay is covered by the provisions of Section 14 of the Severance Pay Law (“Section 14”). Under Section 14 employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, continued on their behalf to their insurance funds. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company’s balance sheet.

For the few Company’s employees in Israel who are not subject to section 14, the Company calculated the liability for severance pay pursuant to the Severance Pay Law based on the most recent salary of these employees multiplied by the number of years of employment as of the balance sheet date.

NOTE 6 - DEBT

a. In January 2015, the Company signed a loan agreement with Bank “Hapoalim” for an amount of NIS 1,380 thousand for a period of 24 months. The loan was repaid in 24 monthly payments of interest and principal and was fully repaid as of December 31, 2016.

b. In 2015, the Company received $2,185 thousand as a convertible loan (hereinafter – the “Principal Amount”). The Principal Amount bore interest of 5% until paid, or converted into shares. On October 1, 2016 the Principal Amount together with the accrued interest was converted into 704,092 Series A-2 preferred shares of the Company.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES:

a. **Lease agreements**

In July 2015, the Company entered a lease agreement for its offices for a period of 22 months. In March 2017, the Company extended the agreement for an additional 3 years. Rent expenses of the Company for the year ended December 31, 2016 were approximately $106 thousand.

In connection with the lease agreement, the Company’s future commitments as of December 31, 2016 are calculated pursuant to the terms in the leases as follows:

Fiscal year ending December 31,	U.S. Dollars
2017	$58,000

b. As of December 31, 2016, the Company pledged bank deposits in a total amount of approximately $105.5 thousand, in consideration of cash deposits for its lease facilities and for credit cards.

c. **Royalties to the Office of the Chief Scientist (“the OCS”)**

Under the Company’s research and development agreements with the OCS and pursuant to applicable laws, the Company is required to pay royalties at the rate of between 3%-3.5% of sales of products developed with funds provided by the OCS, up to an amount equal to 100% of the OCS research and development grants received, linked to the LIBOR interest. The Company is obligated to repay such royalties received only to the extent that there are sales of its products. Please also refer to note 10c.

NOTE 8 - SHAREHOLDERS’ EQUITY:

In August through October 2016, the Company issued 1,365,853 Series B preferred shares of the Company for a total consideration of approximately $4,977 thousand.

a. **Rights attached to capital shares:**

1) Ordinary Shares

Subject to any provision in the Company’s amended and restated articles of association, conferring special preferences and rights to the Preferred Shares, Ordinary Shares shall confer on their holders the right to receive notices of, and to attend and to vote at general meetings of the Company, the right to receive dividends and to participate in the distribution of the surplus assets of the Company upon its winding-up.

NOTE 8 - SHAREHOLDERS' EQUITY (continued):

2) Preferred Shares

Series A Preferred Shares, Series A2 Preferred Shares and Series B Preferred Shares ("Preferred Shares") shall confer upon the holders thereof all of the rights accruing to holders of Ordinary Shares and, in addition, shall confer the following rights and any other special rights:

2.1 Voting Rights - Each holder of Preferred Shares shall have one vote for each Ordinary Share which the Preferred Shares held by such holder of record could be converted into, in every resolution and on all matters entitled to be voted on by the shareholders of the Company or by the holders of Preferred Shares voting together as a single class.

2.2 Conversion:

a. Each Preferred Share shall be convertible at the option of the holder thereof, at any time after the date of issuance of such share, into such number of Ordinary Shares as is determined by dividing the actual respective price paid therefor through cash payment or debt conversion ("Price Per Share"), by the preferred conversion price at the time in effect for the Preferred Share (the "Conversion Ratio"). The initial preferred conversion price shall be the Price Per Share, provided, however, that the Preferred Conversion Price shall be subject to adjustments in capitalization and subject to adjustments due to anti-dilution rights, as provided in the Amended Articles.

b. Each Preferred Share shall automatically be converted, without payment of additional consideration by the holder thereof, on a one-to-one basis (subject to adjustment as set forth in the Amended Articles) into Ordinary Shares immediately upon the earlier of (i) an IPO yielding at least US $25 million at a pre-money valuation of at least $75 million, or an IPO which terms and conditions were approved by the board of directors and were further approved by the holders of majority of the preferred shares voting power and (ii) the written consent of the holders of 50% or more of the then outstanding Preferred Shares of the Company.

2.3 Distribution Preference:

a. Liquidation, Deemed Liquidation, Dividend Preference: In the event of liquidation or a deemed liquidation of distribution of dividends, each holder of Preferred Shares (with the Preferred B Shares having preference over the Preferred A and Preferred A-2 Shares), shall be entitled to receive, prior and in preference to the holders of Ordinary Shares of the Company an amount, in respect of each Preferred Share, equivalent to the Price Per Share plus an amount equal to declared but unpaid dividends on each Preferred Share, less any amount previously distributed to any holders of such Preferred Shares (the "Preferred Preference"). Following payment of the Preferred Preference in full, the remaining distributable proceeds available for distribution shall be distributed among the holders of the Preferred Shares and the holders of the Ordinary Shares, pro rata in proportion to the number of Ordinary Shares held by the respective holders thereof (on an as-converted basis).

NOTE 8 - SHAREHOLDERS' EQUITY (continued):

b. Certain Preference Limitations:

i. In the event that upon a pro-rata distribution in connection with a liquidation, deemed or dividend distribution, each holder of Preferred Shares shall receive in the aggregate at least two times the Price Per Share (the "Cap Amount"), then all the above preferences shall automatically be canceled and no longer be in effect and in lieu thereof the distributable proceeds shall be distributed or allocated among all Shareholders on a pari passu, pro rata (as-converted) basis, without preference.

ii. With respect to each class of Preferred Shares (with the Preferred Series A Shares and Preferred Series A2 Shares pari passu between them), if the sum of the (i) applicable Preferred Preference; plus (ii) the amount distributed on such the Preferred Shares as part of the pro-rata distribution layer (the "Preferred B Waterfall Allocation"), exceeds the applicable 2X Cap Amount, then the applicable Preferred Preference shall be reduced such that after such reduction the applicable Preferred Waterfall Allocation shall be equal to the applicable 2X Cap Amount.

b. Option plan

In May 2011, the Company's Board of Directors approved an option plan under which the Company grants its employees, directors and consultants options to purchase ordinary shares of the Company. Each option can be exercised to purchase one ordinary share of the Company. As of December 31, 2016, the aggregate number of options approved under the above option plan was 1,246,020. Stock options granted typically vest over a period of four years.

The Company's Board of Directors also approved the Plan for the purpose of Section 102 of the Israeli Tax Ordinance and selected the capital gains tax track for options granted to the Israeli employees.

Following is a summary of the status of the option plan as of December 31, 2016 and the changes during the year ended on that date:

	2016	
	Number	**Weighted average exercise price**
Options outstanding at beginning of year	681,356	$ 0.68
Changes during the year:		
Granted	204,811	$ 1.64
Exercised	(141,467)	$ 0.01
Forfeited	(31,982)	$ 1.15
Options outstanding at end of year	712,718	$ 1.18
Options exercisable at end of year	399,276	$ 0.40

NOTE 8 - SHAREHOLDERS' EQUITY (continued):

The following table summarizes information about options under the Company's plan outstanding at December 31, 2016:

Options outstanding			
Exercise Price	**Number outstanding at December 31, 2016**	**Number exercisable at December 31, 2016**	**Weighted average remaining contractual life (in years)**
$0.000003	141,000	141,000	4.74
$0.0003	159,390	101,720	7.74
$0.003	42,917	18,500	9.48
$1.15	158,912	138,056	8.69
$2.97	61,090	—	9.97
$2.972	78,350	—	7.26
$1.40	71,059	—	9.97
	712,718	399,276	

The fair value of options granted was estimated using the Black—Scholes option-pricing model. The assumptions used to value options granted during 2016 were as follows:

Risk-free interest rate	1.46%-2.23%
Expected term (in years)	5.45-5.97
Dividend yield	0%
Volatility	75%

At December 31, 2016 there was $140,769 of unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a weighted average period of 1.85 years.

NOTE 9 - TAXES ON INCOME:

a. In 2016, the statutory tax rate of the Company in Israel was 25%. In 2017 the rate will decrease to 24% according to Israel law.

b. The Company has carry forward tax losses in the amount of approximately $5,128 thousand.

c. The Company had recorded a full valuation allowance against deferred tax assets since the realization of any future benefit from deductible temporary differences, net operating loss and tax credit carry forwards cannot be sufficiently assured at December 31, 2016.

d. Tax assessments filed by the Company through tax year 2012 are considered to be final.

e. The Company has no uncertain tax positions.

NOTE 10 - SUBSEQUENT EVENTS:

a. In January 2017, the Company established Nanorep Inc., as a wholly owned subsidiary in the United States, that was incorporated as a Delaware corporation.

b. In March 2017, the Company signed a financing facility with Bank Mizrahi for an amount of up to $4,000 thousand. In March 2017, the Company issued 94,721 warrants to Bank Mizrahi in conjunction with entering into the financing facility. The warrants are convertible at Bank Mizrahi's option into Series B Preferred Shares at an exercise price of $3.695 per warrant. The warrants were measured at fair value of $350 thousand which is recorded as a liability.

c. On July 31, 2017, pursuant to a Stock Purchase Agreement (SPA), all of the outstanding equity interests of the Company were acquired by a subsidiary of LogMeIn, Inc. the ultimate parent company for approximately $45,000 thousand in cash subject to adjustments as defined in the SPA (the "Transaction"). An additional $5,000 thousand in cash is payable in contingent payments which are expected to be paid to key employees of the Company upon their achievement of certain milestone and retention targets over a two-year period following the closing of the transaction.

In conjunction with the transaction, the following occurred:

i. Pursuant to the SPA, the Company paid $6,089 thousand to the Israel Innovation Authority related to research and development grants received by the Company in 2009 – 2016 in order to release the Company from any obligation if it decides to move the Company's intellectual property to another country.

ii. The loan facility with Bank Mizrahi was closed and all amounts outstanding under the term loan were repaid.

iii. The warrants outstanding with Bank Mizrahi were exercised and converted into 94,721 Series B Preferred Shares.

iv. Options were accelerated and converted into ordinary shares.

v. All preferred shareholders converted their shares at the original Price Per Share paid.

d. The Company evaluated subsequent events through October 10, 2017.

Exhibit 99.2

NANOREP TECHNOLOGIES, LTD.
UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

NANOREP TECHNOLOGIES, LTD.
UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

TABLE OF CONTENTS

NANOREP TECHNOLOGIES, LTD.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	U.S. dollars	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,891,567	$ 4,051,786
Short term cash deposit	705,625	—
Restricted cash	331,047	105,514
Accounts receivable	960,338	689,323
Other current assets	117,522	104,015
TOTAL CURRENT ASSETS	4,006,099	4,950,638
NON-CURRENT ASSETS:		
Restricted cash	600,000	—
Severance pay fund	66,785	59,882
Property and equipment, net	75,654	63,230
Capitalized software, net	992,821	754,883
Other assets	153,125	—
TOTAL NON-CURRENT ASSETS	1,888,385	877,995
TOTAL ASSETS	$ 5,894,484	$ 5,828,633
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES:		
Accounts payable and accruals:		
Trade payable	$ 168,164	$ 183,205
Other current liabilities	937,760	783,821
Deferred revenues	284,687	208,783
Current maturities of long term loans	410,162	—
TOTAL CURRENT LIABILITIES	1,800,773	1,175,809
NON-CURRENT LIABILITIES:		
Long-term loan, net of current maturities	1,236,960	—
Warrant liability	350,000	—
Accrued severance pay	127,761	114,781
TOTAL NON-CURRENT LIABILITIES	1,714,721	114,781
TOTAL LIABILITIES	3,515,494	1,290,590
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY :		
Ordinary shares of NIS 0.01 par value 11,231,000 shares authorized at June 30, 2017 and December 31, 2016; 1,729,427 issued and outstanding at June 30, 2017 and December 31, 2016;	4,765	4,765
Series A preferred shares of 0.01 NIS par value 515,000 shares authorized at June 30, 2017 and December 31, 2016; 502,470 shares issued and outstanding at June 30, 2017 and December 31, 2016	1,349	1,349
Series A-2 preferred shares of 0.01 NIS par value 1,630,000 shares authorized at June 30, 2017 and December 31, 2016; 1,618,120 shares issued and outstanding at June 30, 2017 and December 31, 2016;	4,482	4,482
Series B preferred shares of 0.01 NIS par value 1,624,000 shares authorized at June 30, 2017 and December 31, 2016; 1,361,265 shares issued and outstanding at June 30, 2017 and December 31, 2016	3,602	3,602
Additional paid in capital	12,390,689	12,314,873
Accumulated deficit	(10,025,897)	(7,791,028)
TOTAL SHAREHOLDERS' EQUITY	2,378,990	4,538,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,894,484	$ 5,828,633

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

NANOREP TECHNOLOGIES, LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six months ended June 30,	
	2017	2016
	U.S. dollars	
REVENUES	$ 2,555,056	$ 1,839,846
COST OF REVENUES	906,870	652,849
GROSS PROFIT	1,648,186	1,186,997
OPERATING COSTS AND EXPENSES:		
Research and development	922,166	561,547
Selling and marketing	2,203,913	1,064,046
General and administrative	745,066	471,760
OPERATING LOSS	(2,222,959)	(910,356)
FINANCIAL EXPENSE , net	11,910	109,280
LOSS FOR THE PERIOD	$(2,234,869)	$(1,019,636)

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

NANOREP TECHNOLOGIES, LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
	2017	2016
	U.S. dollars	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	$(2,234,869)	$(1,019,636)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	75,816	51,351
Depreciation	17,171	11,659
Convertible loan interest expense	—	64,230
Capitalized software amortization	167,343	86,947
Other items	22,024	817
Changes in operating assets and liabilities:		
Increase in accounts receivable	(271,015)	(226,747)
Increase in other current assets	(13,507)	(3,687)
Increase (decrease) in trade payable	(15,041)	67,014
Increase in other payables	153,939	162,230
Increase (decrease) in accrued severance pay	12,390	(56,430)
Increase (decrease) in deferred revenues	75,904	(48,488)
Net cash used in operating activities	(2,009,845)	(910,740)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in restricted cash deposits	(815,000)	—
Purchase of short-term cash deposit	(700,000)	—
Purchase of property and equipment	(29,595)	(14,761)
Amounts funded in respect of employee rights upon retirement	(6,313)	27,630
Software capitalization	(405,281)	(189,515)
Net cash used in investing activities	(1,956,189)	(176,646)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	—	3
Long term loan received, net of loan expenses	1,914,076	—
Repayment of loans	(108,261)	(89,304)
Net cash provided by (used in) financing activities	1,805,815	(89,301)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,160,219)	(1,176,687)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,051,786	2,120,063
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,891,567	$ 943,376
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -		
Cash paid for income taxes	$ 3,495	$ —
Cash paid for interest	34,726	4,291

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

NANOREP TECHNOLOGIES, LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

a. Nanorep Technologies Ltd. (the “Company”; formerly I.S.Q Technologies Ltd.) was incorporated on March 23, 2009 and began operations during the same month.

b. In January 2017, the Company established Nanorep Inc., as a wholly owned subsidiary in the United States, that was incorporated as a Delaware corporation.

c. The Company develops and markets a personalized self-service online customer support platform.

d. The Company has incurred losses since inception and has negative cash flow from operations. The continuance of the Company’s operation as a going concern is contingent upon receiving additional financing from its shareholders or other third parties. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. See note 8 with regard to the sale of the Company to LogMeIn, Inc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

a. *Principles of Consolidation* — The accompanying consolidated financial statements include the results of operations of the Company and its wholly-owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation. The Company has prepared the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

b. *Unaudited Interim Condensed Consolidated Financial Statements* — The unaudited 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 year ended December 31, 2016 audited financial statements and notes. The results for the six month period ended June 30, 2017 are not necessarily indicative of a full fiscal year’s results.

c. *Use of Estimates* — The preparation of condensed 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

d. *Concentrations of Credit Risk and Significant Customers* — The Company’s principal credit risk relates to its cash, cash equivalents, restricted cash and accounts receivable. Cash, cash equivalents and restricted cash are deposited primarily with financial institutions that management believes to be of high credit quality. To manage accounts receivable credit risk, the Company regularly evaluates the creditworthiness of its customers. As of June 30, 2017, there was no allowance for potential credit losses and there were $17 thousand of write-offs for credit losses during the six-month period ended June 30, 2016.

As of June 30, 2017, one customer accounted for 14% of accounts receivable and there were no customers that represented 10% or more of revenue for the six-month periods ended June 30, 2017 and 2016.

NANOREP TECHNOLOGIES LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

e. *Comprehensive income* — The Company applies ASC 220, which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. There was no difference between the Company's net loss and its total comprehensive loss for the six months ended June 30, 2017 and 2016, and the Company does not have accumulated other comprehensive income or loss as of these dates.

NOTE 3 - COMMITMENTS AND CONTINGENCIES:

a. Lease agreements

In July 2015, the Company entered a lease agreement for its offices for a period of 22 months. In March 2017, the Company extended the agreement for an additional 3 years. Rent expenses of the Company for the six months ended June 30, 2017 and 2016 were approximately $55 thousand and $52 thousand, respectively.

In connection with the lease agreement, the Company's future commitments as of June 30, 2017, are calculated pursuant to the terms in the leases as follows:

Fiscal year ending December 31,	U.S.$
2017 (six months ending December 31)	$ 58,900
2018	117,800
2019	117,800
2020	29,400

As of June 30, 2017, the Company pledged bank deposits in a total amount of $931 thousand, in consideration of cash deposits for its lease facilities, for credit framework via credit cards and the loan facility.

b. Royalties to the Office of the Chief Scientist ("the OCS")

Under the Company's research and development agreements with the OCS and pursuant to applicable laws, the Company is required to pay royalties at the rate of between 3%-3.5% of sales of products developed with funds provided by the OCS, up to an amount equal to 100% of the OCS research and development grants received, linked to the LIBOR interest. The Company is obligated to repay such royalties received only to the extent that there are sales of its products. Please also refer to note 9a.

NOTE 4 - FINANCIAL EXPENSE, net **:**

	Six month period ended June 30, 2017	Six month period ended June 30, 2016
Banks and credit card fees	$ 14,858	$ 26,646
Exchange rates	(78,719)	14,522
Interest related to loans	75,771	68,512
	$ 11,910	$ 109,280

NOTE 5 - DEBT:

a. In January 2015, the Company signed a loan agreement with Bank "Hapoalim" for an amount of NIS 1,380 thousand for a period of 24 months. The loan was repaid in 24 monthly payments of interest and principal and was fully repaid as of December 31, 2016.

b. In March 2017, the Company signed a $4,000 thousand financing facility with Bank Mizrahi providing for a $2,000 thousand term loan and a $2,000 thousand Line of Credit. The maturity date of the financing facility is March 2021. In conjunction with the financing facility, a bank guarantee of $800 thousand was deposited with Bank Mizrahi and is reflected as Restricted Cash (current of $200 thousand and non-current of $600 thousand). Loans under the financing facility bear interest at variable rates which reset every 30 days. The average term loan per annum interest rate was 7.48% for the period through June 30, 2017 and the commitment fee on the undrawn portion of the Line of Credit is 0.50% per annum. The Company expects to use the financing facility for general corporate purposes.

NANOREP TECHNOLOGIES LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - DEBT (continued):

The term loan agreement provides for monthly loan repayments of approximately $41 thousand, of which $108 thousand was repaid as of June 30, 2017. As of June 30, 2017, $1,892 thousand of the term loan was outstanding. Scheduled loan repayments are $223 thousand for the remainder of 2017, $471 thousand in 2018; $508 thousand in 2019, $547 thousand in 2020, and $143 thousand in 2021.

NOTE 6 - FAIR VALUE MEASUREMENTS:

The carrying value of the Company's financial instruments, including cash equivalents, restricted cash, accounts receivable and accounts payable, approximate their fair values due to their short maturities. The following table summarizes the basis used to measure certain of the Company's financial assets and warrant liability that are carried at fair value (in thousands):

	Fair Value Measurements as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Short term bank deposit	$ 705	$ —	$ —	$705
Warrant liability	—	—	350	350

NOTE 7 - STOCKHOLDERS' EQUITY:

Warrants

In March 2017, the Company issued 94,721 warrants to Bank Mizrahi in conjunction with entering into the financing facility. The warrants are convertible at Bank Mizrahi's option into Series B Preferred Shares at an exercise price of $3.695 per warrant. The warrants were initially measured at fair value of $350 thousand and is recorded as a liability on the consolidated financial statements.

Option plan

The following is a summary of the status of the option plan as of June 30, 2017 and the changes during the six-month period then ended:

	Six month period ended June 30, 2017	
	Number	Weighted average exercise price
Options outstanding at beginning of year	712,718	$ 1.18
Changes during the period:		
Granted	180,120	$ 1.40
Exercised	—	
Forfeited or expired	(25,044)	$ 1.29
Options outstanding at June 30 2017	867,794	$ 1.29
Options exercisable at June 30 2017	368,317	$ 0.29

The weighted average remaining contractual life of the outstanding options as of June 30, 2017 is 5.77 years. As of June 30, 2017, the unrecognized compensation cost related to unvested stock options was $207 thousand is expected to be recognized over a weighted-average period of 1.91 years.

NANOREP TECHNOLOGIES LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - TAXES ON INCOME:

a. The Company has carryforward tax losses in the amount of approximately $7,266 thousand.

b. The Company had recorded a full valuation allowance against deferred tax assets since the realization of any future benefit from deductible temporary differences, net operating loss and tax credit carry forwards cannot be sufficiently assured at June 30, 2017.

c. Tax assessments filed by the Company through tax year 2012 are considered to be final.

d. The Company has no uncertain tax positions.

NOTE 9 - SUBSEQUENT EVENTS:

a. On July 31, 2017, pursuant to a Stock Purchase Agreement (SPA), all of the outstanding equity interests of the Company were acquired by a subsidiary of LogMeIn, Inc. the ultimate parent company for approximately $45,000 thousand in cash subject to adjustments as defined in the SPA (the "Transaction"). An additional $5,000 thousand in cash is payable in contingent payments which are expected to be paid to key employees of the Company upon their achievement of certain milestone and retention targets over a two-year period following the closing of the transaction.

In conjunction with the transaction, the following occurred:

i. Pursuant to the SPA, the Company paid $6,089 thousand to the Israel Innovation Authority related to research and development grants received by the Company in 2009 – 2016 in order to release the Company from any obligation if it decides to move the Company's intellectual property to another country.

ii. The loan facility with Bank Mizrahi was closed and all amounts outstanding under the term loan were repaid.

iii. The warrants outstanding with Bank Mizrahi were exercised and converted into 94,721 Series B Preferred Shares.

iv. Options were accelerated and converted into ordinary shares.

v. All preferred shareholders converted their shares at the original Price Per Share paid.

b. The Company evaluated subsequent events through October 10, 2017.

LogMeIn, Inc.

Unaudited Pro Forma Combined Financial Information

The unaudited pro forma combined balance sheet as of June 30, 2017 reflects pro forma adjustments to the financial position of LogMeIn, Inc. (the "Company") to give effect to the acquisition of Nanorep Technologies Ltd. ("Nanorep") as if it had occurred on June 30, 2017. The unaudited pro forma combined statements of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 reflect pro forma adjustments to the results of operations of the Company to give effect to the acquisition of Nanorep as if it had occurred on January 1, 2016. In addition, the unaudited pro forma combined statements of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 give effect to the merger with GetGo, Inc. ("GetGo") as if the merger had occurred on January 1, 2016 (see Note 1 to the unaudited pro forma combined financial information). We refer herein to the acquisition of Nanorep and the merger with GetGo collectively as the "transactions."

The unaudited pro forma combined statement of operations for the year ended December 31, 2016 should be read in conjunction with:

- the historical audited consolidated financial statements of the Company for the year ended December 31, 2016, which are included in the Company's latest Annual Report on Form 10-K; and
- the historical audited financial statements of Nanorep for the year ended December 31, 2016, which are included herein.

The unaudited pro forma combined financial information as of and for the six months ended June 30, 2017 should be read in conjunction with:

- the historical unaudited condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2017, which are included in the Company's latest Quarterly Report on Form 10-Q; and
- the historical unaudited condensed consolidated financial statements of Nanorep as of and for the six months ended June 30, 2017, which are included herein.

The unaudited pro forma combined financial information has been prepared by management for illustrative purposes only and is not necessarily indicative of the consolidated financial position or results of operations that would have been realized had the transactions occurred as of the dates indicated, nor is it meant to be indicative of any future consolidated financial position or future results of operations that the combined company will experience. The historical consolidated financial information has been adjusted in the accompanying unaudited pro forma combined financial statements to give pro forma effect to events that are (1) directly attributable to the transactions, (2) factually supportable and (3) with respect to the unaudited pro forma combined statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments included in the accompanying unaudited pro forma combined financial statements are based on currently available data and assumptions that the Company believes are reasonable. However, the unaudited pro forma combined statements of operations do not include any expected cost savings or restructuring actions that may be achievable or that may occur subsequent to the transactions or the impact of any non-recurring activity and one-time transaction-related costs incurred prior to the transaction dates.

In the accompanying unaudited pro forma combined financial information, the transactions have been accounted for as business combinations using the acquisition method of accounting under the provisions of Accounting Standard Codification Topic 805, *Business Combinations* , or ASC 805, and applying the pro forma assumptions and adjustments described in the accompanying notes. Under ASC 805, the Company, as the accounting acquirer, records assets acquired and liabilities assumed in a business combination at their fair values as of the acquisition date. Fair value measurements can be highly subjective and the reasonable application of measurement principles may result in a range of alternative estimates using the same facts and circumstances. Under ASC 805, transaction costs are not included as a component of consideration transferred and are expensed as incurred. The excess of the purchase price (consideration transferred) over the aggregate estimated fair value of identifiable assets and liabilities as of the acquisition date is allocated to goodwill in accordance with ASC 805. The final valuation of assets acquired and liabilities assumed related to the transactions is expected to be completed as soon as practicable but no later than one year after the consummation of the transactions. The allocation of purchase consideration for the transactions reflected in the unaudited pro forma combined financial statements is preliminary and will be adjusted based on the Company's final valuations of the fair value of the assets acquired and liabilities assumed, which requires extensive use of accounting estimates and management judgment. Although the Company believes the fair values assigned to the assets to be acquired and liabilities to be assumed reflected in the unaudited pro forma combined financial information are based on reasonable estimates and assumptions using currently available data, the results of the final allocation could be materially different from the preliminary allocations, including, but not limited to, the allocations related to components of working capital, identifiable intangible assets, goodwill, property and equipment, deferred revenue and deferred income taxes as well as any resulting impacts to depreciation, amortization and income tax expense.

LogMeIn, Inc.
Unaudited Pro Forma Combined Balance Sheet
As of June 30, 2017
(In thousands)

	Historical LogMeIn, Inc.	Historical Nanorep	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 261,007	$ 1,892	$ (48,272)	(4a), (4c), (4g)	$ 214,627
Marketable securities and investments	24,488	706	(706)	(4c)	24,488
Accounts receivable, net	75,765	960	—		76,725
Restricted cash, short-term	—	331	(200)	(4c)	131
Prepaid expenses and other current assets	40,354	117	—		40,471
Total current assets	401,614	4,006	(49,178)		356,442
Property and equipment, net	82,538	76	—		82,614
Restricted cash, long-term	1,549	600	(600)	(4c)	1,549
Intangibles, net	1,209,249	993	19,207	(4d), (4e)	1,229,449
Goodwill	2,225,692	—	26,661	(4n)	2,252,353
Other assets	8,186	219	(153)	(4c)	8,252
Deferred tax assets	262	—	—		262
Total assets	$ 3,929,090	$ 5,894	$ (4,063)		$3,930,921
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 37,040	$ 168	$ —		$ 37,208
Accrued liabilities	104,321	938	1,700	(4h)	106,959
Deferred revenue, current portion	304,777	285	—		305,062
Debt, short-term	—	410	(410)	(4c)	—
Total current liabilities	446,138	1,801	1,290		449,229
Debt, long-term	—	1,237	(1,237)	(4c)	—
Deferred revenue, net of current portion	5,373	—	—		5,373
Deferred tax liabilities	388,254	—	1,283	(4i)	389,537
Other long-term liabilities	5,802	478	(350)	(4b)	5,930
Total liabilities	845,567	3,516	986		850,069
Equity	3,083,523	2,378	(5,049)	(4g), (4h), (4i), (4m)	3,080,852
Total liabilities and equity	$ 3,929,090	$ 5,894	$ (4,063)		$3,930,921

See notes to unaudited pro forma combined financial statements.

LogMeIn, Inc.
Unaudited Pro Forma Combined Statement of Operations
Year Ended December 31, 2016
(In thousands, except per share data)

	Historical LogMeIn, Inc.	Historical GetGo (Note 3)	Merger Pro Forma Adjustments	Notes	Historical Nanorep	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenue	$ 336,068	$ 682,185	$ (34,674)	(5a)	$ 4,176	$ —		$ 987,755
Cost of revenue	45,501	148,000	12,926	(5b), (5c), (5e)	1,638	589	(4d), (4e), (4f)	208,654
Gross profit	290,567	534,185	(47,600)		2,538	(589)		779,101
Operating expenses:								
Research and development	57,193	99,482	2,593	(5c), (5e)	1,153	1,593	(4f)	162,014
Sales and marketing	162,811	225,942	494	(5c), (5e)	2,478	262	(4f)	391,987
General and administrative	60,693	97,832	(15,286)	(5c), (5d), (5e)	1,067	1,323	(4f)	145,629
Amortization of acquired intangibles	5,457	14,097	127,510	(5b)	—	346	(4e)	147,410
Restructuring	—	3,720	—		—	—		3,720
Separation	—	21,879	(21,879)	(5d)	—	—		—
Total operating expenses	286,154	462,952	93,432		4,698	3,524		850,760
Income (loss) from operations	4,413	71,233	(141,032)		(2,160)	(4,113)		(71,659)
Interest income	698	75	—		—	—		773
Interest expense	(1,403)	(8,974)	—		(77)	—		(10,454)
Other income	(500)	(1,363)	—		(81)	—		(1,944)
Income (loss) before income taxes	3,208	60,971	(141,032)		(2,318)	(4,113)		(83,284)
(Provision for) benefit from income taxes	(570)	(18,918)	42,310	(5f)	—	1,608	(4l)	24,430
Net income (loss)	$ 2,638	$ 42,053	$ (98,722)		$ (2,318)	$ (2,505)		$ (58,854)
Net income (loss) per share:								
Basic	$ 0.10							$ (1.13)
Diluted	$ 0.10							$ (1.13)
Weighted average shares outstanding:								
Basic	25,305		26,869	(5g)				52,174
Diluted	26,164		26,010	(5g), (5h)				52,174

See notes to unaudited pro forma combined financial statements.

LogMeIn, Inc.
Unaudited Pro Forma Combined Statement of Operations
Six Months Ended June 30, 2017
(In thousands, except per share data)

	Historical LogMeIn, Inc.	Historical GetGo January 1, 2017 to January 31, 2017 (Note 3)	Merger Pro Forma Adjustments	Notes	Historical Nanorep	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenue	$ 444,483	$ 58,039	$ 12,869	(5a)	$ 2,555	$ —		$ 517,946
Cost of revenue	92,175	14,294	9,118	(5b), (5c), (5e)	907	103	(4d), (4e), (4f)	116,597
Gross profit	352,308	43,745	3,751		1,648	(103)		401,349
Operating expenses:								
Research and development	73,832	8,731	(920)	(5c), (5e)	922	193	(4f)	82,758
Sales and marketing	169,237	21,010	(1,308)	(5c), (5e)	2,204	58	(4f)	191,201
General and administrative	82,554	7,191	(15,509)	(5c), (5d), (5e)	745	(204)	(4f), (4k)	74,777
Amortization of acquired intangibles	60,574	1,176	18,923	(5b)	—	300	(4e)	80,973
Restructuring charge	—	3,189	—		—	—		3,189
Separation costs	—	1,238	(1,238)	(5d)	—	—		—
Total operating expenses	386,197	42,535	(52)		3,871	347		432,898
Income (loss) from operations	(33,889)	1,210	3,803		(2,223)	(450)		(31,549)
Interest income	519	—	—		—	(102)	(4j)	417
Interest expense	(794)	(723)	—		(76)	32	(4b)	(1,561)
Other income	(78)	1,209	—		64	—		1,195
Income (loss) before income taxes	(34,242)	1,696	3,803		(2,235)	(520)		(31,498)
Benefit from (provision for) income taxes	30,524	(526)	(1,141)	(5f)	—	661	(4l)	29,518
Net income (loss)	$ (3,718)	$ 1,170	$ 2,662		$ (2,235)	$ 141		$ (1,980)
Net income (loss) per share:								
Basic	$ (0.08)							$ (0.04)
Diluted	$ (0.08)							$ (0.04)
Weighted average shares outstanding:								
Basic	48,168		4,453	(5g)				52,621
Diluted	48,168		4,453	(5g)				52,621

See notes to unaudited pro forma combined financial statements.

LogMeIn, Inc.

Notes to Unaudited Pro Forma Combined Financial Statements

Note 1—Description of the Business Combinations and Basis of Presentation

Description of the Business Combinations

Acquisition of Nanorep

On July 31, 2017, the Company, through its wholly-owned subsidiary LogMeIn, Kft. (the "Buyer"), acquired all of the outstanding shares of Nanorep, an Israeli company, from the shareholders of Nanorep pursuant to a Stock Purchase Agreement (the "SPA"), dated as of July 31, 2017, by and among the Company, the Buyer, Nanorep, the shareholders of Nanorep (collectively, the "Shareholders") and Shareholder Representative Services LLC in its capacity as representative of the Shareholders. As a result of the acquisition, Nanorep became a wholly-owned subsidiary of the Buyer.

Pursuant to the terms of the SPA, the Buyer acquired all of the outstanding shares of Nanorep from the Shareholders and all other equity securities of Nanorep were cancelled in exchange for an aggregate purchase price of approximately $45 million, subject to certain adjustments described in the SPA (the "Closing Consideration"). The Buyer funded the Closing Consideration with existing cash on-hand. Additionally, the Company expects to pay up to $5 million in cash in the future to certain former employees of Nanorep contingent upon their continuing service to the Company (in addition to, in some cases, the achievement of specified performance conditions) over the two-year period following the closing of the acquisition.

Merger with the GoTo Business

On January 31, 2017, the Company completed a merger with GetGo, Inc., a wholly-owned subsidiary of Citrix Systems, Inc. ("Citrix), pursuant to which the Company combined with Citrix's GoTo family of service offerings, known as the "GoTo Business", in a Reverse Morris Trust transaction (the "Merger"). The GoTo Business has been included in the Company's historical consolidated financial statements beginning on January 31, 2017, the date of the Merger.

Basis of Presentation

The accompanying unaudited pro forma combined financial information was prepared in accordance with Article 11 of U.S. Securities and Exchange Commission ("SEC") Regulation S-X. The unaudited pro forma combined statements of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 were prepared using the Company's historical consolidated financial statements, GetGo's historical financial statements and Nanorep's historical financial statements and give effect to the acquisition of Nanorep and the merger with GetGo as if they had occurred on January 1, 2016. The unaudited pro forma combined balance sheet as of June 30, 2017 was prepared using the Company's historical consolidated financial statements and Nanorep's historical financial statements and gives effect to the acquisition of Nanorep as if it had occurred on June 30, 2017.

Note 2—Preliminary Purchase Price Allocation for Acquisition of Nanorep

The Company has performed a preliminary valuation analysis of the fair market value of Nanorep's assets acquired and liabilities assumed. The following table summarizes the allocation of the preliminary purchase price as if the acquisition had occurred on June 30, 2017 (in thousands):

Cash and cash equivalents	$ 1,507
Accounts receivable	960
Property and equipment	76
Restricted cash	131
Prepaid expenses and other current assets	117
Other assets	66
Deferred tax assets	2,785
Intangible assets:	
Completed technology	9,200
Customer relationships	10,500
Trademark	500
Deferred revenue	(285)
Accounts payable and accrued liabilities	(2,606)
Other long-term liabilities	(128)
Deferred tax liabilities	(4,848)
Goodwill	26,661
Total purchase consideration	$44,636

Total purchase consideration includes $41.3 million paid to the Nanorep shareholders and $0.5 million and $2.8 million paid for Nanorep transaction costs and to the Israel Innovation Authority, respectively. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma balance sheet and statements of operations. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (1) changes in the allocations to intangible assets, such as completed technology, customer relationships and trademark as well as goodwill; (2) changes in the fair value of deferred tax assets; and (3) other changes to assets and liabilities.

Note 3—Reclassifications

GetGo

Financial information presented in the "Historical GetGo" columns in the unaudited pro forma combined statements of operations have been reclassified to conform to the presentation in the Company's historical consolidated financial statements, as follows (in thousands):

Year Ended December 31, 2016	Before Reclassification	Reclassification	Notes	After Reclassification
Amortization of product-related intangibles	$ 5,121	$ (5,121)	(1)	$ —
Sales and marketing	214,458	11,484	(2)	225,942
Cost of revenue	154,363	(6,363)	(1),(2)	148,000

Six Months Ended June 30, 2017	Before Reclassification	Reclassification	Notes	After Reclassification
Amortization of product-related intangibles	$ 432	$ (432)	(1)	$ —
Sales and marketing	20,048	962	(2)	21,010
Cost of revenue	14,824	(530)	(1),(2)	14,294

(1) Amortization expense for product-related intangible assets has been reclassified to cost of revenue in order to conform to the presentation in the Company's historical consolidated statements of operations.

(2) Credit card transaction fees have been reclassified from cost of revenue to sales and marketing expense in order to conform to the presentation in the Company's historical consolidated statements of operations.

Note 4—Adjustments to Unaudited Pro Forma Financial Statements for the Acquisition of Nanorep

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma combined financial information:

(a) Reflects funding of an aggregate of $44.6 million cash purchase price from existing cash and cash equivalents. Amount includes the payment of $0.5 million of Nanorep transaction costs and the payment of $2.8 million to the Israel Innovation Authority pursuant to the acquisition.

(b) Reflects the removal of the $0.4 million warrant liability upon the exercise of the warrant in conjunction with the Nanorep acquisition and adjustment to remove $0.03 million of deferred warrant amortization included in interest expense for the six months ended June 30, 2017.

(c) Reflects the retirement of Nanorep existing debt, which was paid down prior to closing in conjunction with the acquisition. Pro forma adjustments eliminate the debt balance, origination costs and deferred warrant charges as follows (in thousands):

Debit (Credit)	Debt Paydown	Write-off of Debt Origination Fees	Write-off of Deferred Warrant Charges	Pro Forma Adjustment
Cash and cash equivalents	$ (385)	$ —	$ —	$ (385)
Marketable securities and investments	(706)	—	—	(706)
Restricted cash, short-term	(200)	—	—	(200)
Restricted cash, long-term	(600)	—	—	(600)
Other assets	—	—	(153)	(153)
Debt, short-term	454	—	(44)	410
Debt, long-term	1,437	(80)	(120)	1,237

(d) Reflects the adjustment to remove internally developed capitalized software of $1.0 million as of June 30, 2017 and amortization of internally developed capitalized software of $0.2 million in each of the year ended December 31, 2016 and the six months ended June 30, 2017, as this asset has been replaced with the completed technology intangible asset, see Note 4(e).

(e) Reflects the adjustment of intangible assets identified through the acquisition of Nanorep. As part of the preliminary valuation analysis, the Company identified intangible assets, including completed technology, customer relationships and trademark.

The following table summarizes the estimated fair values of Nanorep's identifiable intangible assets, their estimated useful lives and related amortization expense based upon the pattern in which their economic benefit is expected to be realized (in thousands):

	Estimated Fair Value	Estimated Useful Life (years)	Amortization Expense: Year Ended December 31, 2016	Amortization Expense: Six Months Ended June 30, 2017
Completed technology	$ 9,200	8	$ 240	$ 174
Customer relationships	10,500	10	296	272
Trademark	500	9	50	28
Total	$ 20,200		$ 586	$ 474

Amortization of the acquired intangible assets in the acquisition of Nanorep will be recognized using an economic consumption model over the estimated useful life of each respective asset, which represents the period over which the Company expects the related cash flows to be realized. Assuming the acquisition of Nanorep had occurred on January 1, 2016, future annual amortization expense as of December 31, 2016 related to the acquired intangible assets is estimated as follows: $2 million in 2017, $2 million in 2018, $3 million in 2019, $3 million in 2020, $3 million in 2021 and $7 million thereafter.

These preliminary estimates of fair value and estimated useful lives may differ from final amounts the Company will calculate after completing a detailed valuation analysis, and the difference could have a material impact on the accompanying unaudited pro forma combined financial statements. A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of goodwill of approximately $2.0 million and annual amortization expense of approximately $0.1 million for the year ended December 31, 2016.

(f) Reflects the adjustment to record compensation expense related to $5.0 million of cash payments to be made to certain former employees of Nanorep contingent upon their continuing service to the Company (in addition to, in some cases, the achievement of specified performance conditions) over the two-year period following the closing of the acquisition as follows (in thousands):

	Year Ended December 31, 2016	Six Months Ended June 30, 2017
Cost of revenue	$ 547	$ 96
Research and development	1,593	193
Sales and marketing	262	58
General and administrative	1,323	296
Total	$ 3,725	$ 643

(g) Represents a decrease in cash of $3.3 million paid to the Israel Innovation Authority at the time of closing related to research and development grants previously received by Nanorep from the Israel Innovation Authority and a corresponding decrease in retained earnings as this payment was determined to be for the benefit of the Company and will be recorded as an expense in the Company's consolidated statement of operations.

(h) Represents an increase to accrued liabilities for the following:

(i) Record an accrued liability of $0.2 million, as well as a decrease in retained earnings, related to non-recurring transaction fees incurred by the Company after June 30, 2017 in connection with the acquisition.

(ii) Record an accrued liability of $1.5 million for Nanorep management bonuses earned at the time of closing.

(i) Reflects the following pro forma adjustments to record net deferred tax liabilities resulting from the acquisition. The net deferred tax liability is based on an estimated Israel tax rate of 24%.

(i) Record the estimated increase in deferred tax liabilities of $4.8 million due to the fair value adjustment for non-deductible intangible assets.

(ii) Recognize a $1.7 million deferred tax asset primarily related to Nanorep's net operating loss carryforwards of approximately $7.3 million, which have historically been fully reserved. The recording of deferred tax liabilities in (i) above eliminates the requirement for a full valuation allowance.

(iii) Recognize a $1.5 million deferred tax asset related to the $6.1 million paid to the Israel Innovation Authority, of which $0.8 million is recorded as a corresponding increase in retained earnings in the unaudited pro forma combined balance sheet for the $3.3 million portion recorded as expense in the Company's consolidated statement of operations.

(iv) Recognize a $0.4 million deferred tax asset related to the $1.5 million accrued liability recorded for Nanorep management bonuses, see Note 4(h)(ii).

(j) Reflects the decrease in interest income resulting from the use of $44.6 million of existing international cash and cash equivalents to fund the acquisition of Nanorep. The pro forma rate of return is 0 basis points for the year ended December 31, 2016 and 50 basis points for the six months ended June 30, 2017. The pro forma adjustment to decrease interest income for the six months ended June 30, 2017 is $0.1 million.

(k) Represents the elimination of non-recurring transaction fees of $0.5 million incurred by the Company in the six months ended June 30, 2017 in connection with the acquisition of Nanorep and recorded as general and administrative expense in the Company's historical unaudited consolidated statement of operations, because these expenses are not expected to have a continuing impact on the operations of the combined business.

(l) Reflects the income tax effect of Nanorep's historical loss before income taxes and pro forma adjustments based on the estimated Nanorep statutory tax rate of 25% for 2016 and 24% for 2017 as follows (in thousands):

	Year Ended December 31, 2016	Six Months Ended June 30, 2017
Tax effect of pro forma adjustments	$ 1,028	$ 125
Tax effect of Nanorep historical loss before income taxes	580	536
Pro forma adjustments to benefit from (provision for) income taxes	$ 1,608	$ 661

(m) Represents the elimination of historical shareholders' equity of Nanorep.

(n) Reflects the adjustment to record goodwill associated with the acquisition of Nanorep of $26.7 million, based on the preliminary purchase price allocation.

Note 5—Adjustments to Unaudited Pro Forma Financial Statements for the Merger with GetGo

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma combined financial information:

GetGo Merger Pro Forma Adjustments

(a) Represents a reduction to revenue of $34.7 million for the year ended December 31, 2016 and an increase to revenue of $12.9 million for the six months ended June 30, 2017 resulting from the impact to the statement of operations of the pro forma adjustment to record deferred revenue acquired from the GetGo Merger at its fair value in accordance with the acquisition method of accounting, assuming the Merger was completed on January 1, 2016. The $12.9 million increase to revenue adjusts the first quarter of 2017 as if the Merger occurred on January 1, 2016. The second quarter of 2017 is the Company's historical reported revenue with no pro forma adjustment made.

(b) Represents incremental amortization expense related to the fair value of identifiable intangible assets acquired by the Company in connection with the Merger, assuming it had occurred on January 1, 2016, as follows (in thousands):

	Year Ended December 31, 2016	Six Month Ended June 30, 2017
Completed technology amortization	$ 47,895	$ 31,709
Pro forma amortization expense included in cost of revenue	47,895	31,709
Less: Amortization expense included in cost of revenue in GetGo's and the Company's historical financial statements related to the GetGo Merger	(35,491)	(22,396)
Net adjustment	$ 12,404	$ 9,313
Customer relationships amortization	$ 132,032	$ 73,645
Trademarks amortization	9,575	4,858
Pro forma amortization expense included in amortization of intangibles	141,607	78,503
Less: Amortization expense included in amortization of intangibles in GetGo's and the Company's historical financial statements related to the GetGo Merger	(14,097)	(59,580)
Net adjustment	$ 127,510	$ 18,923

The completed technology, customer relationships and trademark intangible assets recorded in the Company's preliminary acquisition accounting of the GetGo Merger are estimated to have fair values of $385 million, $756 million and $65 million, respectively, and are being amortized over their estimated useful lives of 9 years, 8 years and 9 years, respectively. Amortization of the acquired intangible assets in the Merger with GetGo are being recognized using an economic consumption model over the estimated useful life of each respective asset, which represents the period over which the Company expects the related cash flows to be realized. Assuming the Merger had occurred on January 1, 2016, future annual amortization expense as of December 31, 2016 related to the acquired intangible assets is estimated as follows: $219 million in 2017, $207 million in 2018, $179 million in 2019, $145 million in 2020, $111 million in 2021, $84 million in 2022 and $72 million thereafter.

(c) Represents incremental stock-based compensation expense related to the restricted stock units for 446,039 shares of the Company's common stock that the Company issued as replacement awards in connection with the Merger. The aggregate fair value of those awards was $48.2 million on the Merger date. Of that amount, $16.7 million was allocated to purchase consideration and $30.8 million was allocated to future employee services and will be expensed as stock-based compensation on a straight-line basis over the remaining service periods of those awards. The adjustment to record the incremental stock-based compensation expense related to these restricted stock units is as follows (in thousands):

	Year Ended December 31, 2016	One Month Ended January 31, 2017
Cost of revenue	$ 558	$ 145
Research and development	2,729	665
Sales and marketing	929	250
General and administrative	350	86
Total	$ 4,566	$ 1,146

(d) Represents (i) the elimination of non-recurring transaction fees of $15.3 million and $12.4 million incurred by the Company in the year ended December 31, 2016 and the six months ended June 30, 2017, respectively, in connection with and prior to the Merger and recorded as general and administrative expense in the Company's historical unaudited consolidated statements of operations for those periods, and (ii) the elimination of costs incurred by GetGo in connection with the Merger of $21.9 million recorded as separation costs in GetGo's historical combined statement of operations for the year ended December 31, 2016 and of $1.2 million allocated to GetGo as separation costs in GetGo's historical unaudited condensed combined statement of operations prior to the Merger, because the expenses are not expected to have a continuing impact on the operations of the combined business.

(e) Represents an adjustment to eliminate Merger-related retention bonus expense of $0.9 million for the year ended December 31, 2016 and $6.7 million for the six months ended June 30, 2017 for employees of the Company contingent upon their continued employment through the closing date of the Merger or a specified period of three, six or nine months after the closing date of the Merger as those expenses are not expected to have a continuing impact on the operations of the combined business. The adjustment to record the reversal of retention bonus expense is as follows (in thousands):

	Year Ended December 31, 2016	Six Months Ended June 30, 2017
Cost of revenue	$ 36	$ 340
Research and development	136	1,585
Sales and marketing	435	1,558
General and administrative	336	3,195
Total	$ 943	$ 6,678

(f) Represents an aggregate adjustment of $42.3 million for the year ended December 31, 2016 and $1.1 million for the six months ended June 30, 2017 to record the income tax effect of the net pro forma adjustments related to the Merger, determined using an estimated blended federal, state and foreign statutory tax rate of 30%.

(g) The weighted average shares outstanding used to compute net loss per share for the year ended December 31, 2016 and the six months ended June 30, 2017 have been adjusted to give effect to the issuance of 26,868,518 shares of the Company's common stock in connection with the Merger, as if such issuance had occurred on January 1, 2016. The weighted average shares outstanding used to compute net loss per share for the six months ended June 30, 2017 has been adjusted to assume that the shares were outstanding for the entire period.

(h) The weighted average shares outstanding used to compute diluted net loss per share for the year ended December 31, 2016 has been adjusted by 859,000 shares due to net loss reported in that period on a pro forma basis.

Note 6—Items Not Included in the Unaudited Pro Forma Combined Financial Statements

The unaudited pro forma combined statements of operations do not include any adjustment for non-recurring transaction, transition or integration fees incurred by the Company or GetGo after January 31, 2017 and included in the Company's historical results for the six months ended June 30, 2017.

The unaudited pro forma combined statements of operations do not include an adjustment of the impacts of any revenue, cost or other operating synergies that may result from the Merger or the acquisition of Nanorep or of any related integration or restructuring costs incurred after the Merger or that may be contemplated.