



**ENDURANCE**  
International Group

**Investor Overview Presentation**

July 26, 2018

# FORWARD LOOKING STATEMENTS AND OTHER IMPORTANT CAUTIONS

*This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements concerning: our financial guidance for fiscal year 2018; expectations regarding our planned investment initiatives during 2018 and beyond, including expectations that these initiatives will contribute to a growing and competitive business over time; our ability to simplify our operations, integrate our capabilities, carry out our operating plans and lay the groundwork for growth in future years; our ability to drive improvements to user experience, product capabilities and integration of third-party functionality; our expectations regarding the financial performance of non-strategic assets; our ability to operate our platform at scale and deliver future value and growth; our expectations regarding capital expenditures and the anticipated reduction in our annual interest expense as a result of our recent term loan repricing; our plans to pay down debt and reduce our leverage over the medium-term; and our expected financial and operational performance in general. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts, and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “feels,” “seeks,” “future,” “strive,” “see,” “estimates,” “should,” “may,” “continue,” “confident,” “positions,” “committed,” “looking to,” “scheduled,” “long-term,” and variations of such words or words of similar meaning and the use of future dates. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that these plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, the possibility that our financial guidance may differ from expectations; the possibility that our planned investment initiatives will not result in the anticipated benefits to our business; the possibility that we will continue to experience decreases in our subscriber base; an adverse impact on our business from litigation or regulatory proceedings; an adverse impact on our business from our substantial indebtedness and the cost of servicing our debt; the rate of growth of the Small and Medium Business (“SMB”) market for our solutions; our inability to grow our subscriber base, increase sales to our existing subscribers, or retain our existing subscribers; system or Internet failures; our inability to maintain or improve our competitive position or market share; and other risks and uncertainties discussed in our filings with the SEC, including the “Risk Factors” in our Quarterly Report on Form 10-Q for the three months ended March 31, 2018 filed with the SEC on May 4, 2018 and other reports we file with the SEC. You can obtain copies of our filings with the SEC for free at the SEC’s website ([www.sec.gov](http://www.sec.gov)). We do not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.*

*This presentation includes data based on our internal estimates. While we believe that our internal estimates are reasonable, no independent source has verified such estimates.*

*The information on, or that can be accessed through, any of our websites is not deemed to be incorporated into, or part of, this presentation.*

**Non-GAAP Financial Measures:** *this presentation contains non-GAAP financial measures as defined by the SEC in Regulation G, including adjusted EBITDA, free cash flow, net debt, and bank adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to their comparable GAAP measures are included in our 2018 second quarter earnings release and in this presentation, each dated July 26, 2018, and available in the investor relations section of our website at [www.endurance.com](http://www.endurance.com).*

# **BUSINESS OVERVIEW**

# LARGE MARKET OPPORTUNITY

GLOBAL

75M  
SMBs

CURRENT  
CORE  
GEOGRAPHY

30M  
SMBs

TODAY

4.9M  
Subscribers

- ✓ *Almost 50% of SMBs do not have a website\**
- ✓ *~ 60% of SMBs do not use email to promote their business\*\**
- ✓ *Significant market opportunity for Endurance as SMBs continue to expand their online presence*

Sources: 30M SMBs from U.S. Small Business Administration (2014 data); includes firms <500 employees; approximately 24M of these are non-employer firms. 75M SMBs is from Access Markets International (AMI) Partners, as of February 12, 2014, and includes SMBs located worldwide expected by end of 2014.

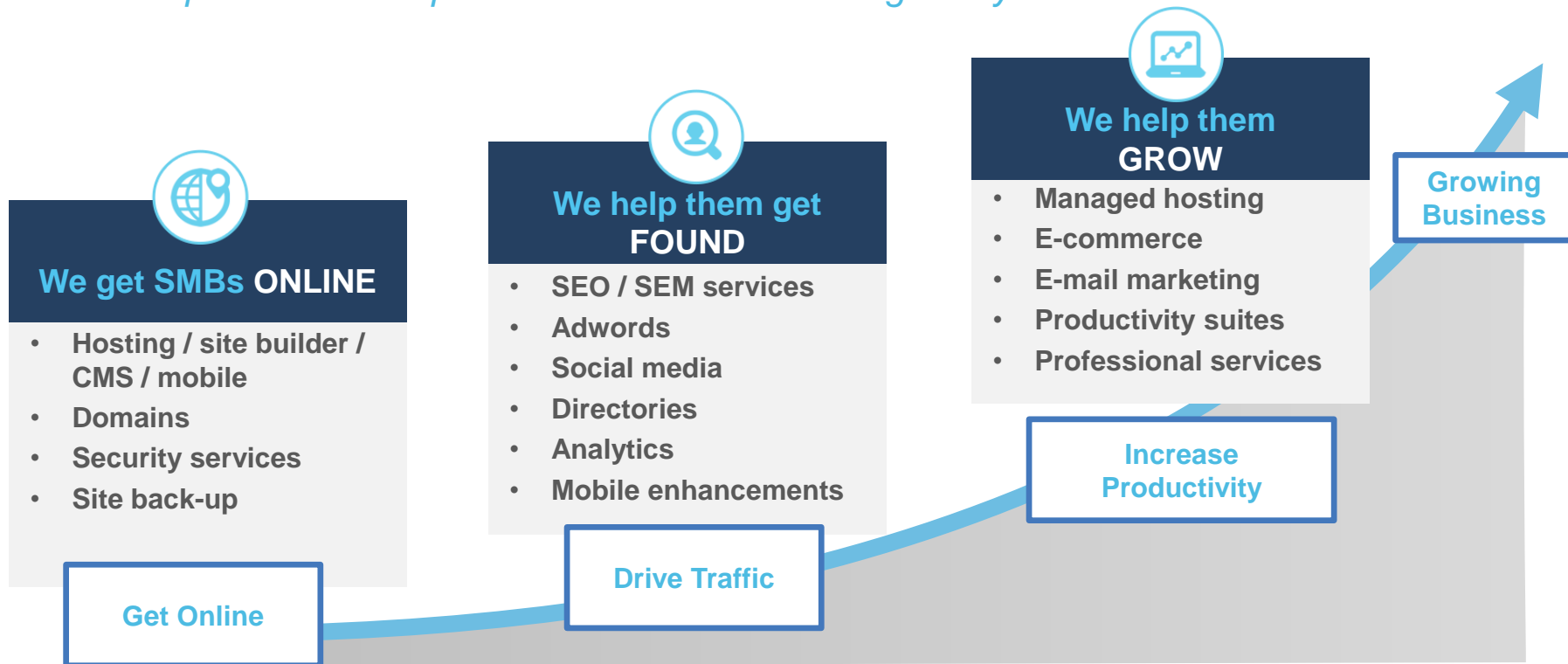
\* Clutch.co, "Small Business Websites in 2016: A Survey". Based on a survey of U.S. SMBs in which the majority of respondents were businesses with 1-10 employees.

\*\* BIA Kelsey Local Commerce Monitor™ (LCM) Wave 20, Q3/2016. Based on a survey of U.S. SMBs with 100 or fewer employees.

# HELPING SMBS GET ONLINE

## PRODUCT LIFECYCLE

*Become the premier online platform for small business globally*



# STRATEGIC FOCUS ON MARKET-LEADING ASSETS

## Email Marketing

Constant Contact 

 singleplatform

## Web Presence

 bluehost 

SiteBuilder.com

## Domain

  
DOMAIN.COM

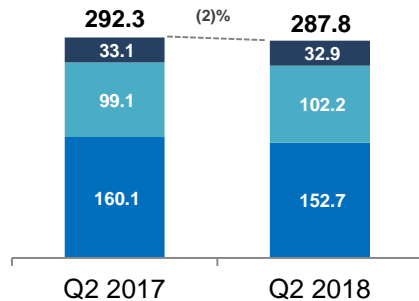
 BuyDomains  
 resellerclub

- Investing profit from non-strategic assets into Strategic Brands
- Focus on:
  - Simplification of operations
  - Scale operating model
  - Execution of 2018 integrated operating plan
- Increasing the value we deliver to customers across Strategic Brands

# FINANCIAL AND OPERATING METRICS

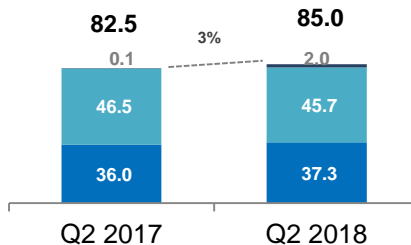
# Q2 2018 KEY FINANCIAL METRICS

## GAAP Revenue (\$M)

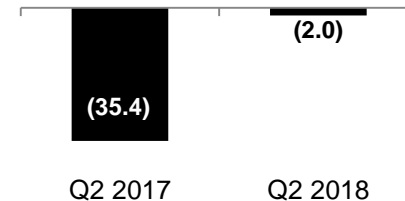


■ Web presence ■ Email marketing ■ Domain

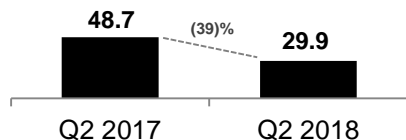
## Adjusted EBITDA (\$M)



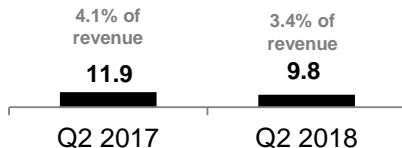
## Net Loss (\$M)



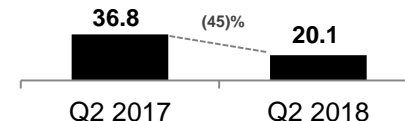
## Cash Flow from Operations (\$M)



## Capital Expenditures (incl. Capitalized Leases) (\$M)



## Free Cash Flow <sup>(1)</sup> (\$M)



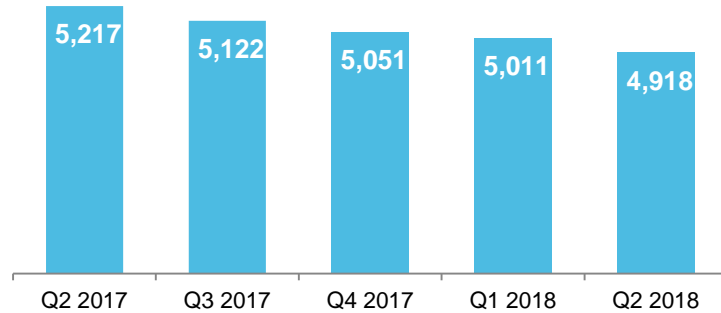
(1) Free cash flow defined as cash flow from operations, less capital expenditures and capitalized leases.

Note: Individual numbers may not add to total due to rounding.

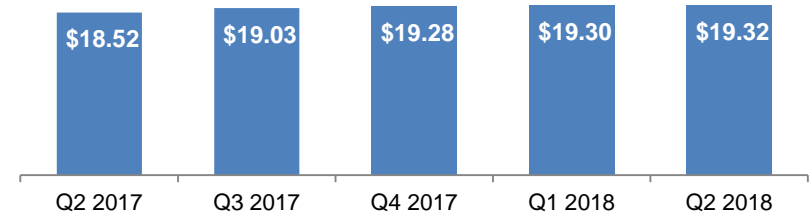


# Q2 2018 KEY OPERATING METRICS

## Quarterly Total Subscribers ('000s)



## Combined Quarterly ARPS (\$)

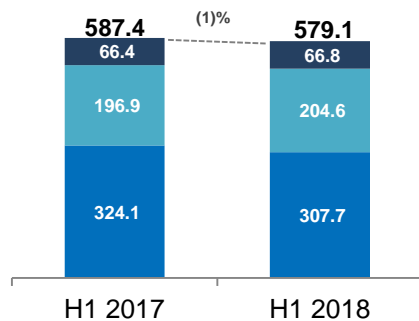


*Note: Please refer to Non-GAAP and Supplemental Information slides for definitions and other important information about total subscribers and ARPS.*

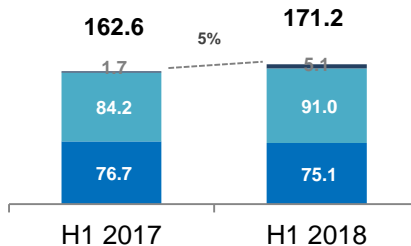
*\* Q2 2018 total subscriber count was impacted by a loss of 10,500 subscribers, which resulted from changes made to Constant Contact's account cancellation policy.*

# H1 2018 KEY FINANCIAL METRICS

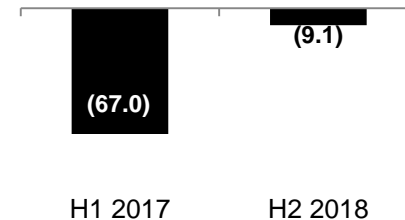
**GAAP Revenue (\$M)**



**Adjusted EBITDA (\$M)**

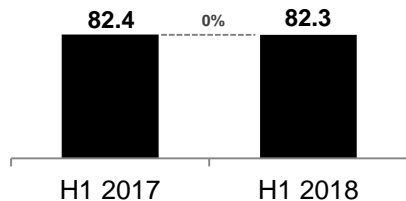


**Net Loss (\$M)**

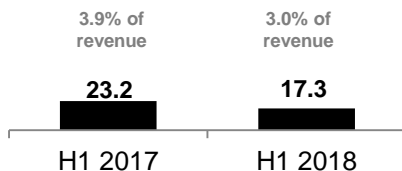


■ Web presence ■ Email marketing ■ Domain

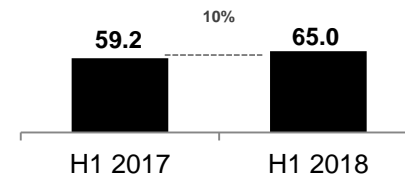
**Cash Flow from Operations (\$M)**



**Capital Expenditures (incl. Capitalized Leases) (\$M)**



**Free Cash Flow <sup>(1)</sup> (\$M)**



(1) Free cash flow defined as cash flow from operations, less capital expenditures and capitalized leases.

Note: Individual numbers may not add to total due to rounding.

# BALANCE SHEET KEY METRICS

Total Debt (in \$MM)	06/30/2017	09/30/2017	12/31/2017	03/31/2018	06/30/2018
Revised Incremental Term Loan	\$1,689	\$1,670	\$1,606	\$1,580	--
Repriced Term Loan					\$1,555
Unsecured Notes	350	350	350	350	350
Revolving Credit Facility	--	--	--	--	--
<b>Total Senior Debt</b>	<b>\$ 2,039</b>	<b>\$ 2,020</b>	<b>\$ 1,956</b>	<b>\$ 1,930</b>	<b>\$1,905</b>
Deferred Purchase Obligations	\$ 8	\$ 8	\$ 8	\$ 8	\$ 4
Capital Lease	6	5	15	13	11
<b>Total Debt</b>	<b>\$2,053</b>	<b>\$2,033</b>	<b>\$1,979</b>	<b>\$1,951</b>	<b>\$1,920</b>
<b>Total Ending Cash</b>	<b>\$ 85</b>	<b>\$ 73</b>	<b>\$ 69</b>	<b>\$ 88</b>	<b>\$ 77</b>
<b>Net Debt<sup>(1)</sup></b>	<b>\$1,968</b>	<b>\$1,960</b>	<b>\$1,910</b>	<b>\$1,863</b>	<b>\$1,844</b>

Maturity	Coupon
February 2023	L+400
February 2023	L+375
February 2024	10.875%
February 2021/June 2023	

LTM bank adjusted EBITDA as defined in credit agreement	<b>LTM 06/30/2018</b>	<b>Max. allowed</b>
	<b>\$368.2 million</b>	n/a
Total secured debt <sup>(2)</sup> to LTM bank adjusted EBITDA as defined in the credit agreement	<b>4.05x</b>	6.0x

## Q2 FY18

- Interest payments on senior debt of \$30.2 million (included term loan payment of \$24.1 million and accelerated interest payment of \$6.1 million)
- Principal term loan debt payment of \$24.9 million (included \$7.9 million in scheduled amortization and \$17.0 million additional payment)
- Deferred consideration and related payments of \$4.5 million
- Fees related to repricing in June 2018 of \$1.3 million

(1) Total net debt equals total debt less cash, cash equivalents, and restricted cash.

(2) Total secured debt as defined in the credit agreement.

Individual numbers may not add to totals shown due to rounding.

# **NON-GAAP AND OTHER SUPPLEMENTAL INFORMATION**

# GAAP TO NON-GAAP RECONCILIATION

## REVENUE, GROSS PROFIT, AND ADJUSTED EBITDA BY SEGMENT

The following table presents revenue, gross profit, and a reconciliation by segment of net income (loss) calculated in accordance with GAAP to adjusted EBITDA (all data in thousands):

	Three Months Ended June 30, 2017				Three Months Ended June 30, 2018			
	Web presence	Email marketing	Domain	Total	Web presence	Email marketing	Domain	Total
Revenue	\$ 160,122	\$ 99,086	\$ 33,050	\$ 292,258	\$ 152,715	\$ 102,154	\$ 32,901	\$ 287,770
Gross profit	\$ 74,284	\$ 63,123	\$ 8,268	\$ 145,675	\$ 75,702	\$ 71,376	\$ 9,946	\$ 157,024
Net (loss) income	\$ (27,805)	\$ (2,276)	\$ (5,334)	\$ (35,415)	\$ (8,243)	\$ 9,481	\$ (3,207)	\$ (1,969)
Interest expense, net <sup>(1)</sup>	19,801	25,179	493	45,473	18,385	17,329	2,405	38,119
Income tax expense (benefit)	3,354	(1,367)	641	2,628	870	581	199	1,650
Depreciation	9,583	3,526	942	14,051	8,391	3,406	999	12,796
Amortization of other intangible assets	14,996	18,565	1,379	34,940	11,863	13,239	876	25,978
Stock-based compensation	12,723	1,900	1,622	16,245	5,424	1,288	678	7,390
Restructuring expenses	3,348	769	351	4,468	788	420	87	1,295
Transaction expenses and charges	—	193	—	193	—	—	—	—
(Gain) loss of unconsolidated entities	(39)	—	—	(39)	(25)	—	—	(25)
Impairment of other long-lived assets	—	—	—	—	—	—	—	—
SEC investigations reserve	—	—	—	—	—	—	—	—
Shareholder litigation reserve	—	—	—	—	(197)	—	(43)	(240)
Adjusted EBITDA	\$ 35,961	\$ 46,489	\$ 94	\$ 82,544	\$ 37,256	\$ 45,744	\$ 1,994	\$ 84,994

(1) Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.

As disclosed in Q1 of 2018, we revised the allocation of our 2016 and 2017 full year and quarterly adjusted EBITDA between our web presence and domain segment to correct a misallocation of domain registration costs in our previously reported segment figures. This correction resulted in the reallocation of adjusted EBITDA from the domain segment to the web presence segment of \$1.8 million for the second quarter of 2017. Consolidated adjusted EBITDA figures for these periods were not affected by this correction.

# GAAP TO NON-GAAP RECONCILIATION

## REVENUE, GROSS PROFIT, AND ADJUSTED EBITDA BY SEGMENT

The following table presents revenue, gross profit, and a reconciliation by segment of net income (loss) calculated in accordance with GAAP to adjusted EBITDA (all data in thousands):

	Six Months Ended June 30, 2017				Six Months Ended June 30, 2018			
	Web presence	Email marketing	Domain	Total	Web presence	Email marketing	Domain	Total
Revenue	\$ 324,131	\$ 196,875	\$ 66,389	\$ 587,395	\$ 307,732	\$ 204,601	\$ 66,793	\$ 579,126
Gross profit	\$ 152,154	\$ 122,895	\$ 17,014	\$ 292,063	\$ 150,075	\$ 143,553	\$ 20,846	\$ 314,474
Net (loss) income	\$ (46,823)	\$ (10,228)	\$ (9,942)	\$ (66,993)	\$ (25,351)	\$ 24,610	\$ (8,316)	\$ (9,057)
Interest expense, net <sup>(1)</sup>	36,191	47,698	982	84,871	35,371	33,738	4,856	73,965
Income tax expense (benefit)	11,847	(6,144)	2,699	8,402	7,191	(5,026)	2,102	4,267
Depreciation	18,002	7,399	1,761	27,162	16,368	6,552	1,944	24,864
Amortization of other intangible assets	29,547	36,927	2,733	69,207	23,871	26,332	1,510	51,713
Stock-based compensation	22,513	3,724	2,932	29,169	10,497	2,696	1,189	14,382
Restructuring expenses	5,476	4,061	558	10,095	1,600	582	642	2,824
Transaction expenses and charges	—	773	—	773	—	—	—	—
(Gain) loss of unconsolidated entities	(39)	—	—	(39)	2	—	—	2
Impairment of other long-lived assets	—	—	—	—	—	—	—	—
SEC investigations reserve	—	—	—	—	—	—	—	—
Shareholder litigation reserve	—	—	—	—	5,548	1,500	1,212	8,260
Adjusted EBITDA	\$ 76,714	\$ 84,210	\$ 1,723	\$ 162,647	\$ 75,097	\$ 90,984	\$ 5,139	\$ 171,220

(1) Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.

As disclosed in Q1 of 2018, we revised the allocation of our 2016 and 2017 full year and quarterly adjusted EBITDA between our web presence and domain segment to correct a misallocation of domain registration costs in our previously reported segment figures. This correction resulted in the reallocation of adjusted EBITDA from the domain segment to the web presence segment of \$3.0 million for the six months ending June 30, 2017. Consolidated adjusted EBITDA figures for these periods were not affected by this correction.

# GAAP TO NON-GAAP RECONCILIATION

## FREE CASH FLOW

The following table reflects the reconciliation of cash flow from operations to free cash flow ("FCF") (all data in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
Cash flow from operations	\$ 48,748	\$ 29,892	\$ 82,422	\$ 82,252
Less:				
Capital expenditures and capital lease obligations <sup>(1)</sup>	(11,908)	(9,806)	(23,203)	(17,290)
Free cash flow	\$ 36,840	\$ 20,086	\$ 59,219	\$ 64,962

- (1) Capital expenditures during the three and six months ended June 30, 2017 and 2018 includes \$1.9 million and \$1.7 million, and \$3.9 million and \$3.9 million, respectively, of principal payments under a three year capital lease for software. The remaining balance on the capital lease is \$11.4 million as of June 30, 2018.

# GAAP TO NON-GAAP RECONCILIATION

## BANK ADJUSTED EBITDA

The following table presents a reconciliation of net income (loss) calculated in accordance with GAAP to bank adjusted EBITDA (all data in thousands except compliance and coverage ratio):

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	TTM
Net income (loss)	\$ (40,264)	\$ 7,473	\$ (7,088)	\$ (1,969)	\$ (41,848)
Interest expense	35,850	36,119	36,050	38,346	146,365
Income tax expense (benefit)	2,982	(28,665)	2,617	1,650	(21,416)
Depreciation	13,571	14,451	12,068	12,796	52,886
Amortization of other intangible assets	35,347	35,800	25,735	25,978	122,860
Stock-based compensation	19,580	11,252	6,992	7,390	45,214
Integration and restructuring costs	4,488	1,228	1,529	1,295	8,540
Transaction expenses and charges	-	-	-	-	-
(Gain) loss of unconsolidated entities	(33)	(38)	27	(25)	(69)
Impairment of long-lived assets	14,448	17,012	-	-	31,460
(Gain) loss on assets, not ordinary course	-	-	-	-	-
Legal advisory and related expenses	9,220	1,994	10,501	710	22,425
Billed revenue to GAAP revenue adjustment	(1,778)	(7,528)	11,098	(2,431)	(639)
Domain registration cost cash to GAAP adjustment	191	2,220	(1,222)	1,258	2,447
Currency translation	21	19	(6)	(17)	17
Adjustment for acquisitions on a pro forma basis	-	-	-	-	-
	<u>\$ 93,623</u>	<u>\$ 91,337</u>	<u>\$ 98,301</u>	<u>\$ 84,981</u>	<u>\$ 368,242</u>
Current portion of notes payable					\$ 31,606
Current portion of capital lease obligations					7,427
Notes payable - long term					1,815,221
Capital lease obligations - long term					4,013
Certain deferred consideration amounts					-
Original issue discounts and deferred financing costs					58,576
Less:					
Unsecured notes					(350,000)
Cash					(75,499)
Certain permitted restricted cash					(149)
Net Senior Secured Indebtedness					<u>\$ 1,491,195</u>
Debt coverage compliance ratio					<u>4.05</u>
Required maximum coverage ratio					<u>6.00</u>



# SUPPLEMENTAL INFORMATION

## CALCULATION OF AVERAGE REVENUE PER SUBSCRIBER (ARPS)

The following table presents the calculation of average revenue per subscriber (ARPS) on a consolidated basis and by segment (all data in thousands, except ARPS data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
Consolidated revenue	\$ 292,258	\$ 287,770	\$ 587,395	\$ 579,126
Consolidated total subscribers	5,217	4,918	5,217	4,918
Consolidated average subscribers for the period	5,261	4,965	5,294	4,985
Consolidated ARPS	\$ 18.52	\$ 19.32	\$ 18.49	\$ 19.36
Web presence revenue	\$ 160,122	\$ 152,715	\$ 324,131	\$ 307,732
Web presence subscribers	4,041	3,737	4,041	3,737
Web presence average subscribers for the period	4,088	3,774	4,120	3,793
Web presence ARPS	\$ 13.06	\$ 13.49	\$ 13.11	\$ 13.52
Email marketing revenue	\$ 99,086	\$ 102,154	\$ 196,875	\$ 204,601
Email marketing subscribers <sup>(1)</sup>	530	504	530	504
Email marketing average subscribers for the period	534	511	537	512
Email marketing ARPS	\$ 61.88	\$ 66.60	\$ 61.10	\$ 66.64
Domain revenue	\$ 33,050	\$ 32,901	\$ 66,389	\$ 66,793
Domain subscribers	646	677	646	677
Domain average subscribers for the period	639	680	637	680
Domain ARPS	\$ 17.23	\$ 16.13	\$ 17.36	\$ 16.36

(1) Total email marketing subscriber count for the three and six month periods ending June 30, 2018 was impacted by a loss of approximately 10,500 subscribers, which resulted from changes made to Constant Contact's account cancellation policy. Excluding this impact, the total subscribers at period end would have been approximately 514,000.

# SUPPLEMENTAL INFORMATION

## GAAP LINE ITEM DETAIL

The following tables provide the details of depreciation, amortization, stock-based compensation, restructuring expenses, transaction expenses and charges, impairment of other long-lived assets, and shareholder litigations reserve included in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) and the line items in which these amounts are reported.

\$ in thousands	Three months ended		Three months ended	
	March 31, 2017	June 30, 2017	March 31, 2018	June 30, 2018
<b>Depreciation</b>				
Cost of Revenue	\$ 10,947	\$11,951	\$ 11,126	\$ 10,889
Sales & Marketing	952	902	609	740
Engineering & Development	730	733	(134)	694
General & Administrative	482	465	467	473
<b>Total Depreciation</b>	<b>\$ 13,111</b>	<b>\$14,051</b>	<b>\$ 12,068</b>	<b>\$ 12,796</b>
<b>Amortization</b>				
Cost of Revenue	\$ 34,267	\$34,940	\$ 25,735	\$ 25,978
Sales & Marketing	—	—	—	—
Engineering & Development	—	—	—	—
General & Administrative	—	—	—	—
<b>Total Amortization</b>	<b>\$ 34,267</b>	<b>\$34,940</b>	<b>\$ 25,735</b>	<b>\$ 25,978</b>
<b>Stock-Based Compensation</b>				
Cost of Revenue	\$ 1,506	\$1,661	\$ 1,543	\$ 852
Sales & Marketing	1,854	2,911	1,096	1,434
Engineering & Development	1,170	1,728	1,145	1,137
General & Administrative	8,394	9,945	3,207	3,968
<b>Total Stock-Based Compensation</b>	<b>\$ 12,924</b>	<b>\$16,245</b>	<b>\$ 6,992</b>	<b>\$ 7,391</b>
<b>Restructuring Expenses</b>				
Cost of Revenue	\$2,743	\$700	\$ 548	\$ 858
Sales & Marketing	1,374	875	13	104
Engineering & Development	652	426	308	48
General & Administrative	858	2,467	660	283
<b>Total Restructuring Expenses</b>	<b>\$ 5,627</b>	<b>\$4,468</b>	<b>\$ 1,529</b>	<b>\$ 1,295</b>
<b>Transaction Expenses and Charges</b>	<b>\$ 580</b>	<b>\$ 193</b>	<b>—</b>	<b>—</b>
<b>Shareholder Litigation Reserve</b>			<b>\$ 8,500</b>	<b>\$ (240)</b>
General & Administrative	—	—	\$ 8,500	\$ (240)

Individual numbers may not add to the totals shown due to rounding.

# SUPPLEMENTAL INFORMATION

## NON-GAAP & KEY OPERATING MEASURES

In addition to our financial information presented in accordance with GAAP, we use adjusted EBITDA, free cash flow, net debt, and bank adjusted EBITDA, which are non-GAAP financial measures, to evaluate the operating and financial performance of our business, identify trends affecting our business, develop projections, make strategic business decisions, evaluate our capital structure, and monitor our liquidity and compliance with the financial covenant in our credit agreement. A non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flow that excludes amounts that are included from the most directly comparable measure calculated and presented in accordance with GAAP, or includes amounts that are excluded from the most directly comparable measure calculated and presented in accordance with GAAP.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently. In addition, there are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP and exclude expenses that may have a material impact on our reported financial results. For example, adjusted EBITDA excludes interest expense, which has been and will continue to be for the foreseeable future a significant recurring expense in our business. The presentation of non-GAAP financial information is not meant to be considered in isolation from, or as a substitute for, the most directly comparable financial measures prepared in accordance with GAAP. We urge you to review the reconciliations of our non-GAAP financial measures to their comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

**Adjusted EBITDA** is a non-GAAP financial measure that we calculate as net (loss) income, excluding the impact of interest expense (net), income tax expense (benefit), depreciation, amortization of other intangible assets, stock-based compensation, restructuring expenses, transaction expenses and charges, (gain) loss of unconsolidated entities, impairment of other long-lived assets, SEC investigations reserve (with respect to fiscal year and third quarter 2017), and shareholder litigation reserve. We view adjusted EBITDA as a performance measure and believe it helps investors evaluate and compare our core operating performance from period to period.

**Free Cash Flow**, or FCF, is a non-GAAP financial measure that we calculate as cash flow from operations less capital expenditures and capital lease obligations. We believe that FCF provides investors with an indicator of our ability to generate positive cash flows after meeting our obligations with regard to capital expenditures (including capital lease obligations).

**Net Debt** is a non-GAAP financial measure that we calculate as total debt (which is the sum of short and long term notes payable, deferred consideration and capital lease obligations) less cash, cash equivalents, and restricted cash. We use net debt to evaluate our capital structure.

# SUPPLEMENTAL INFORMATION

## NON-GAAP & KEY OPERATING MEASURES

**Bank Adjusted EBITDA** is a non-GAAP financial measure defined in our credit agreement as net income (loss) adjusted to exclude interest expense, income tax expense (benefit), depreciation and amortization. Bank Adjusted EBITDA also adjusts net income (loss) by excluding certain non-cash foreign exchange gains (losses), certain gains (losses) from sale of assets, stock-based compensation, unusual and non-recurring expenses (including acquisition related costs, gains or losses on early extinguishment of debt, and loss on impairment of tangible or intangible assets). It also adjusts net income (loss) for revenue on a billed basis, changes in deferred domain costs, share of loss (profit) of unconsolidated entities, and certain integration related costs. Finally, it adjusts net income (loss) for pro forma adjusted EBITDA on a twelve-month lookback period for acquisitions made in any given quarter. We use bank adjusted EBITDA to monitor our liquidity and compliance with the financial covenant in our credit agreement.

### Key Operating Metrics

**Total Subscribers** - We define total subscribers as the approximate number of subscribers that, as of the end of a period, are identified as subscribing directly to our products on a paid basis, excluding accounts that access our solutions via resellers or that purchase only domain names from us. Subscribers of more than one brand, and subscribers with more than one distinct billing relationship or subscription with us, are counted as separate subscribers. Total subscribers for a period reflects adjustments to add or subtract subscribers as we integrate acquisitions and/or are otherwise able to identify subscribers that meet, or do not meet, this definition of total subscribers. There were no adjustments for the first quarter of 2018. In the second quarter of 2018, these adjustments had a net negative impact of approximately 800 subscribers on our total subscriber count.

**Average Revenue Per Subscriber (ARPS)** - We calculate ARPS as the amount of revenue we recognize in a period, including marketing development funds and other revenue not received from subscribers, divided by the average of the number of total subscribers at the beginning of the period and at the end of the period, which we refer to as average subscribers for the period, divided by the number of months in the period. See definition of "Total Subscribers" above. ARPS does not represent an exact measure of the average amount a subscriber spends with us each month, since our calculation of ARPS is impacted by revenues generated by non-subscribers.