



ENDURANCE

International Group

Investor Overview Presentation

October 25, 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; our investment and operational plans for 2018 and beyond, including our ability to execute these plans and expectations that these plans will increase customer value, simplify our business, and deliver future value and growth; our ability to operate our business at scale; our ability to improve the customer experience including customer support, expand our product offerings, leverage our capabilities across brands, and integrate third-party functionality; our ability to expand our customer acquisition funnel; our ability to generate cash flow and our plans to pay down debt; our ability to attract higher lifetime revenue customers; our beliefs and expectations with respect to a return to revenue growth, as well as similar statements regarding setting a path to, or foundation for, a return to revenue growth; our expectations for revenue growth in our strategic brands; 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,” “strives,” “sees,” “estimates,” “should,” “may,” “will,” “continues,” “confident,” “positions,” “invests,” “commits,” 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 we may not be able to execute our investment or operational plans or that these plans 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 June 30, 2018 filed with the SEC on August 2, 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). 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 third quarter earnings release and in this presentation, each dated October 25, 2018, and available in the investor relations section of our website at 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.

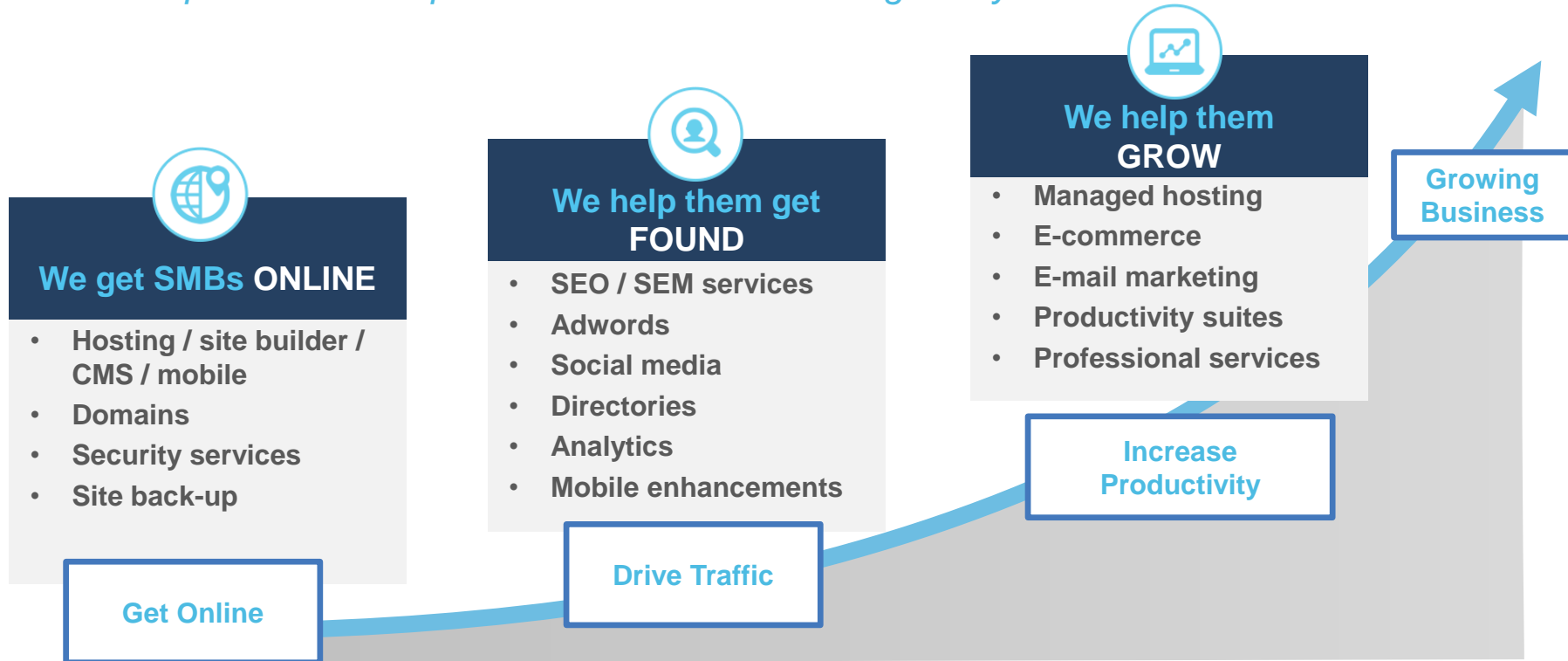
* Clutch.co, "Small Business Websites in 2016: A Survey". Based on a survey of U.S. SMBs in which the majority of respondents were businesses with 1-10 employees.

** 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



INVESTMENT IN OUR STRATEGIC ASSETS

Email Marketing



Web Presence



Domain



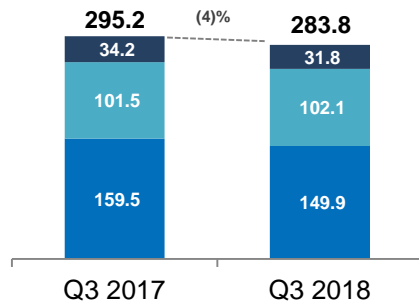
Focus on

- Simplification of operations
- Scale multi-brand operating model
- Increasing the value we deliver to customers
- Driving a return to revenue growth

FINANCIAL AND OPERATING METRICS

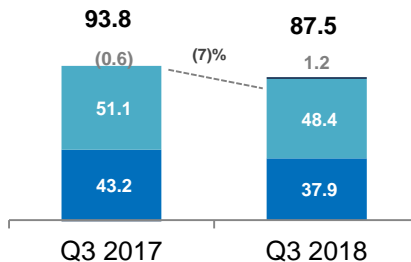
Q3 2018 KEY FINANCIAL METRICS

GAAP Revenue (\$M)

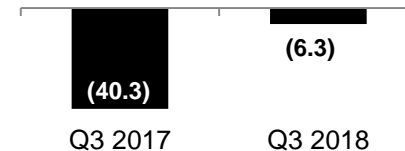


■ Web presence ■ Email marketing ■ Domain

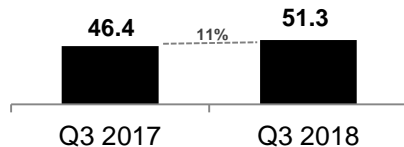
Adjusted EBITDA (\$M)



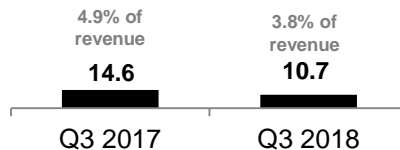
Net Loss (\$M)



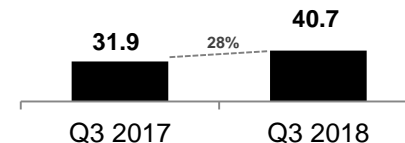
Cash Flow from Operations (\$M)



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



Free Cash Flow ⁽¹⁾ (\$M)

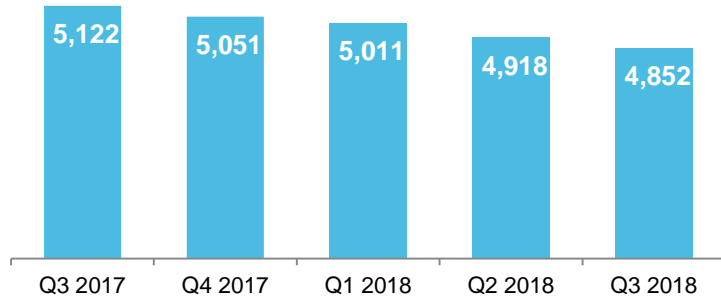


(1) Free cash flow defined as cash flow from operations, less capital expenditures and capitalized leases.

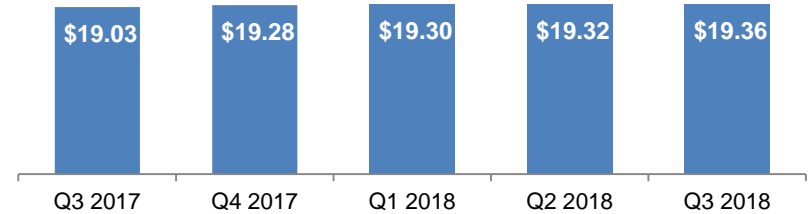
Note: Individual numbers may not add to total due to rounding.

Q3 2018 KEY OPERATING METRICS

Quarterly Total Subscribers ('000s)



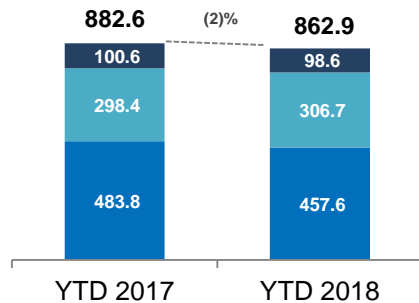
Combined Quarterly ARPS (\$)



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

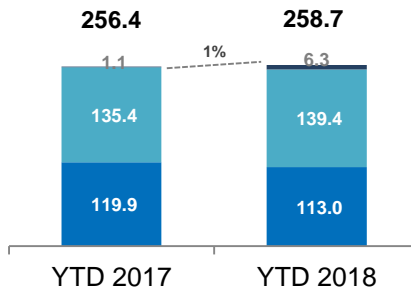
YTD 2018 KEY FINANCIAL METRICS

GAAP Revenue (\$M)

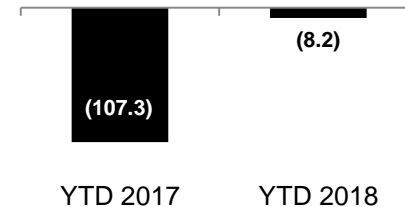


■ Web presence ■ Email marketing ■ Domain

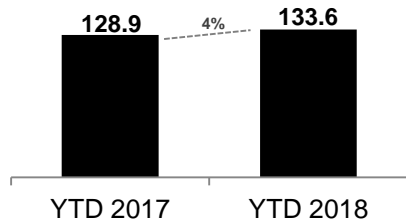
Adjusted EBITDA (\$M)



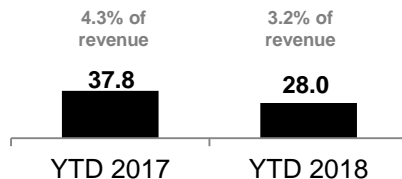
Net Loss (\$M)



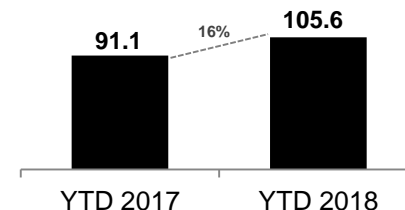
Cash Flow from Operations (\$M)



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



Free Cash Flow ⁽¹⁾ (\$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)	09/30/2017	12/31/2017	03/31/2018	06/30/2018	09/30/2018
Revised Incremental Term Loan	\$1,670	\$1,606	\$1,580	--	--
Repriced Term Loan	--	--	--	\$1,555	\$1,530
Unsecured Notes	350	350	350	350	350
Revolving Credit Facility	--	--	--	--	--
Total Senior Debt	\$ 2,020	\$ 1,956	\$ 1,930	\$ 1,905	\$ 1,880
Deferred Purchase Obligations	\$ 8	\$ 8	\$ 8	\$ 4	\$ 4
Capital Lease	5	15	13	11	10
Total Debt	\$2,033	\$1,979	\$1,951	\$1,920	\$1,894
Total Ending Cash	\$ 73	\$ 69	\$ 88	\$ 77	\$ 92
Net Debt⁽¹⁾	\$1,960	\$1,910	\$1,863	\$1,844	\$1,802

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	LTM 09/30/2018 \$359.0 million	Max. allowed n/a
Total secured debt ⁽²⁾ to LTM bank adjusted EBITDA as defined in the credit agreement	4.04x	6.0x

- | | |
|-----------------|---|
| Q3 2018 | <ul style="list-style-type: none"> Interest payments on senior debt of \$37.5 million (included term loan payment of \$18.5 million and high-yield interest payment of \$19 million) Principal term loan debt payment of \$25.4 million (included \$7.9 million in scheduled amortization and \$17.5 million additional payment) |
| YTD 2018 | <ul style="list-style-type: none"> Interest payments on senior debt of \$109.5 million (included term loan payment of \$65.3 million, accelerated interest payment of \$6.1 million, and high-yield interest payment of \$38.1 million) Principal term loan debt payment of \$75.8 million (included \$24.3 million in scheduled amortization and \$51.5 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 September 30, 2017				Three Months Ended September 30, 2018			
	Web presence	Email marketing	Domain Revised ⁽²⁾	Total	Web presence	Email marketing	Domain	Total
Revenue	\$ 159,530	\$ 101,526	\$ 34,166	\$ 295,222	\$ 149,871	\$ 102,111	\$ 31,788	\$ 283,770
Gross profit	\$ 77,032	\$ 65,286	\$ (5,961)	\$ 136,357	\$ 75,074	\$ 71,356	\$ 8,395	\$ 154,825
Net (loss) income	\$ (20,403)	\$ 2,202	\$ (22,063)	\$ (40,264)	\$ (7,565)	\$ 6,596	\$ (5,366)	\$ (6,335)
Interest expense, net ⁽¹⁾	14,686	20,514	445	35,645	18,132	17,128	1,978	37,238
Income tax expense (benefit)	798	1,323	861	2,982	6,136	4,179	1,400	11,715
Depreciation	9,399	3,233	939	13,571	8,401	2,538	950	11,889
Amortization of other intangible assets	14,884	18,770	1,693	35,347	11,941	13,384	852	26,177
Stock-based compensation	15,510	1,668	2,402	19,580	1,569	4,472	1,509	7,550
Restructuring expenses	3,468	682	339	4,489	54	141	2	197
Transaction expenses and charges	—	—	—	—	—	—	—	—
(Gain) loss of unconsolidated entities	(33)	—	—	(33)	—	—	—	—
Impairment of other long-lived assets	600	—	13,848	14,448	—	—	—	—
SEC investigations reserve	4,323	2,751	926	8,000	—	—	—	—
Shareholder litigation reserve	—	—	—	—	(768)	—	(167)	(935)
Adjusted EBITDA	\$ 43,232	\$ 51,143	\$ (610)	\$ 93,765	\$ 37,900	\$ 48,438	\$ 1,158	\$ 87,496

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

(2) As disclosed in the first quarter of 2018, we revised the allocation of our 2017 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 \$1.9 million for the three months ending September 30, 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):

	Nine Months Ended September 30, 2017				Nine Months Ended September 30, 2018			
	Web presence	Email marketing	Domain	Total	Web presence	Email marketing	Domain	Total
			Revised ⁽²⁾					
Revenue	\$ 483,661	\$ 298,401	\$ 100,555	\$ 882,617	\$ 457,603	\$ 306,712	\$ 98,581	\$ 862,896
Gross profit	\$ 229,186	\$ 188,181	\$ 11,053	\$ 428,420	\$ 225,149	\$ 214,909	\$ 29,241	\$ 469,299
Net (loss) income	\$ (67,226)	\$ (8,026)	\$ (32,005)	\$ (107,257)	\$ (20,549)	\$ 22,350	\$ (10,037)	\$ (8,236)
Interest expense, net ⁽¹⁾	50,877	68,212	1,427	120,516	53,503	50,866	6,834	111,203
Income tax expense (benefit)	12,645	(4,821)	3,560	11,384	960	8,009	(143)	8,826
Depreciation	27,401	10,632	2,700	40,733	24,769	9,090	2,894	36,753
Amortization of other intangible assets	44,431	55,697	4,426	104,554	35,812	39,716	2,362	77,890
Stock-based compensation	38,023	5,392	5,334	48,749	12,066	7,168	2,698	21,932
Restructuring expenses	8,944	4,743	897	14,584	1,654	723	644	3,021
Transaction expenses and charges	—	773	—	773	—	—	—	—
(Gain) loss of unconsolidated entities	(72)	—	—	(72)	2	—	—	2
Impairment of other long-lived assets	600	—	13,848	14,448	—	—	—	—
SEC investigations reserve	4,323	2,751	926	8,000	—	—	—	—
Shareholder litigation reserve	—	—	—	—	4,780	1,500	1,045	7,325
Adjusted EBITDA	\$ 119,946	\$ 135,353	\$ 1,113	\$ 256,412	\$ 112,997	\$ 139,422	\$ 6,297	\$ 258,716

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

(2) As disclosed in the first quarter of 2018, we revised the allocation of our 2017 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 \$4.9 million for the nine months ending September 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 September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Cash flow from operations	\$ 46,444	\$ 51,341	\$ 128,866	\$ 133,593
Less:				
Capital expenditures and capital lease obligations ⁽¹⁾	(14,571)	(10,662)	(37,774)	(27,952)
Free cash flow	\$ 31,873	\$ 40,679	\$ 91,092	\$ 105,641

(1) Capital expenditures during the three and nine months ended September 30, 2017 and 2018 includes \$1.8 million and \$1.7 million, and \$5.7 million and \$5.6 million, respectively, of principal payments under a three year capital lease for software. The remaining balance on the capital lease is \$9.7 million as of September 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):

	<u>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>TTM</u>
Net income (loss)	\$ 7,473	\$ (2,528)	\$ 627	\$ (6,335)	\$ (763)
Interest expense	\$ 36,119	\$ 36,050	\$ 38,346	\$ 37,527	\$ 148,042
Income tax expense (benefit)	\$ (28,665)	\$ (1,943)	\$ (946)	\$ 11,715	\$ (19,839)
Depreciation	\$ 14,451	\$ 12,068	\$ 12,796	\$ 11,889	\$ 51,204
Amortization of other intangible assets	\$ 35,800	\$ 25,735	\$ 25,978	\$ 26,177	\$ 113,690
Stock-based compensation	\$ 11,252	\$ 6,992	\$ 7,390	\$ 7,550	\$ 33,184
Integration and restructuring costs	\$ 1,228	\$ 1,529	\$ 1,295	\$ 197	\$ 4,250
Transaction expenses and charges	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss of unconsolidated entities	\$ (38)	\$ 27	\$ (25)	\$ -	\$ (36)
Impairment of long-lived assets	\$ 17,012	\$ -	\$ -	\$ -	\$ 17,012
(Gain) loss on assets, not ordinary course	\$ -	\$ -	\$ -	\$ -	\$ -
Legal advisory and related expenses	\$ 1,994	\$ 10,501	\$ 710	\$ (832)	\$ 12,373
Billed revenue to GAAP revenue adjustment	\$ (7,528)	\$ 11,098	\$ (2,431)	\$ (4,834)	\$ (3,695)
Domain registration cost cash to GAAP adjustment	\$ 2,220	\$ (1,222)	\$ 1,258	\$ 1,299	\$ 3,555
Currency translation	\$ 19	\$ (6)	\$ (17)	\$ (17)	\$ (21)
Adjustment for acquisitions on a pro forma basis	-	-	-	-	-
Bank adjusted EBITDA	\$ 91,337	\$ 98,301	\$ 84,981	\$ 84,336	\$ 358,955
Current portion of notes payable				\$	31,606
Current portion of capital lease obligations					7,595
Notes payable - long term					1,792,436
Capital lease obligations - long term					2,067
Certain deferred consideration amounts					-
Original issue discounts and deferred financing costs					55,960
Less:					
Unsecured notes					(350,000)
Cash					(89,674)
Certain permitted restricted cash					(101)
Net Senior Secured Indebtedness					\$ 1,449,889
Debt coverage compliance ratio					4.04
Required maximum coverage ratio					6.00

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 September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Consolidated revenue	\$ 295,222	\$ 283,770	\$ 882,617	\$ 862,896
Consolidated total subscribers	5,122	4,852	5,122	4,852
Consolidated average subscribers for the period	5,170	4,885	5,247	4,951
Consolidated ARPS	\$ 19.03	\$ 19.36	\$ 18.69	\$ 19.36
Web presence revenue	\$ 159,530	\$ 149,871	\$ 483,661	\$ 457,603
Web presence subscribers	3,957	3,682	3,957	3,682
Web presence average subscribers for the period	3,999	3,709	4,079	3,765
Web presence ARPS	\$ 13.30	\$ 13.47	\$ 13.18	\$ 13.50
Email marketing revenue	\$ 101,526	\$ 102,111	\$ 298,401	\$ 306,712
Email marketing subscribers ⁽¹⁾	523	499	523	499
Email marketing average subscribers for the period	527	502	533	509
Email marketing ARPS	\$ 64.26	\$ 67.88	\$ 62.16	\$ 66.97
Domain revenue	\$ 34,166	\$ 31,788	\$ 100,555	\$ 98,581
Domain subscribers	642	671	642	671
Domain average subscribers for the period	644	674	635	677
Domain ARPS	\$ 17.68	\$ 15.71	\$ 17.59	\$ 16.18

(1) Total email marketing subscriber count was impacted by a loss of approximately 10,500 subscribers, which resulted from changes made to Constant Contact's account cancellation policy. These changes took place in the three months ended June 30, 2018, as previously disclosed.

SUPPLEMENTAL INFORMATION

GAAP LINE ITEM DETAIL

The following tables provide the details of depreciation, amortization, stock-based compensation, restructuring expenses, transaction expenses and charges, and shareholder litigation 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	September 30, 2017	March 31, 2018	June 30, 2018	September 30, 2018
Depreciation						
Cost of Revenue	\$ 10,947	\$11,951	\$11,603	\$ 11,126	\$ 10,889	\$ 10,433
Sales & Marketing	952	902	746	609	740	566
Engineering & Development	730	733	791	(134)	694	540
General & Administrative	482	465	431	467	473	360
Total Depreciation	\$ 13,111	\$14,051	\$13,571	\$ 12,068	\$ 12,796	\$ 11,889
Amortization						
Cost of Revenue	\$ 34,267	\$34,940	\$35,347	\$ 25,735	\$ 25,978	\$ 26,177
Sales & Marketing	—	—	—	—	—	—
Engineering & Development	—	—	—	—	—	—
General & Administrative	—	—	—	—	—	—
Total Amortization	\$ 34,267	\$34,940	\$35,347	\$ 25,735	\$ 25,978	
Stock-Based Compensation						
Cost of Revenue	\$ 1,506	\$1,661	\$ 1,553	\$ 1,543	\$ 852	\$ 828
Sales & Marketing	1,854	2,911	2,263	1,096	1,434	1,478
Engineering & Development	1,170	1,728	1,808	1,145	1,137	1,237
General & Administrative	8,394	9,945	13,957	3,207	3,968	4,006
Total Stock-Based Compensation	\$ 12,924	\$16,245	\$19,581	\$ 6,992	\$ 7,391	\$ 7,550
Restructuring Expenses						
Cost of Revenue	\$2,743	\$700	\$449	\$ 548	\$ 858	\$ 37
Sales & Marketing	1,374	875	1,011	13	104	17
Engineering & Development	652	426	271	308	48	33
General & Administrative	858	2,467	2,758	660	283	112
Total Restructuring Expenses	\$ 5,627	\$4,468	\$ 4,489	\$ 1,529	\$ 1,295	\$ 197
Transaction Expenses and Charges	\$ 580	\$ 193	—	—	—	—
SEC /Shareholder Litigation Reserve			\$8,000	\$ 8,500	\$ (240)	\$ (935)
General & Administrative	—	—	\$8,000	\$ 8,500	\$ (240)	\$ (935)

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. In the third quarter of 2018, these adjustments had a negligible impact 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.