



# Company Overview

August 2023



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Myriam Marcela  
[MYRIAMMERCELA.COM](http://MYRIAMMERCELA.COM)

# Forward-looking statements and non-GAAP financial measures

This presentation contains forward-looking statements which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Statements in this presentation involve risks, uncertainties and assumptions. If the risks or uncertainties materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements, including, but not limited to any statements regarding: launches of new or expansion of existing products or services, any projections of product or service availability, technology developments and innovation, customer growth, or other future events; historical results that may suggest future trends for our business; our plans, strategies or objectives with respect to future operations, partner integrations and marketing strategy; future financial results; GoDaddy's ability to integrate its acquisitions and achieve desired synergies and vertical integration; and assumptions underlying any of the foregoing.

Actual results could differ materially from our current expectations as a result of many factors, including, but not limited to: the unpredictable nature of our rapidly evolving market; fluctuations in our financial and operating results; our rate of growth; interruptions or delays in our service or our web hosting; breaches of our security measures; the impact of any previous or future acquisitions; our ability to continue to release, and gain customer acceptance of, our existing and future products and services; our ability to manage our growth; our ability to hire, retain and motivate employees; the effects of competition; technological, regulatory and legal developments; intellectual property litigation; macroeconomic conditions and developments in the economy, financial markets and credit markets, continued escalation of geopolitical tensions and increasing interest rates and inflationary pressures; and execution of share repurchases.

Additional risks and uncertainties that could affect GoDaddy's business and financial results are included in the filings we make with the SEC from time to time, including those described in "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, which are available on GoDaddy's website at <https://investors.godaddy.net> and on the SEC's website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in subsequent filings that GoDaddy makes with the SEC from time to time. All forward-looking statements in this presentation are based on information available to GoDaddy as of the date specified or as of the date hereof. Except to the extent required by law, GoDaddy does not assume any obligation to update forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

In addition to our financial results prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), this presentation includes certain non-GAAP financial measures and other operating metrics. We believe that these non-GAAP financial measures and other operating metrics are useful as a supplement in evaluating our ongoing operational performance and enhancing an overall understanding of our past financial performance. The non-GAAP financial measures included in this presentation should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. In addition, similarly titled measures may be calculated differently by other companies and may not be comparable. A reconciliation between each non-GAAP financial measure and its nearest GAAP equivalent is included at the end of this presentation. We use both GAAP and non-GAAP measures to evaluate and manage our operations. GoDaddy does not provide reconciliations from non-GAAP guidance to GAAP, because projections of changes in individual balance sheet amounts are not possible without unreasonable effort, and presentation of such reconciliations would imply an inappropriate degree of precision.

References in this presentation to financial guidance are based on GoDaddy's 2023 Q2 Earnings Release dated August 3, 2023, and are not updated or reaffirmed by this presentation.





# Who we are



Ben Jammin & Jeremy Strebel  
Jammin On  
JAMMINON.COM



# Empowering entrepreneurs everywhere

Making opportunity  
more inclusive for all

Ben Jammin  
Jammin On  
JAMMINON.COM





**Our vision** is to radically shift the global economy toward life-fulfilling entrepreneurial ventures

**Our mission** is to empower entrepreneurs everywhere, making opportunity more inclusive for all

Jeremy Strebel  
Jammin On  
JAMMINON.COM

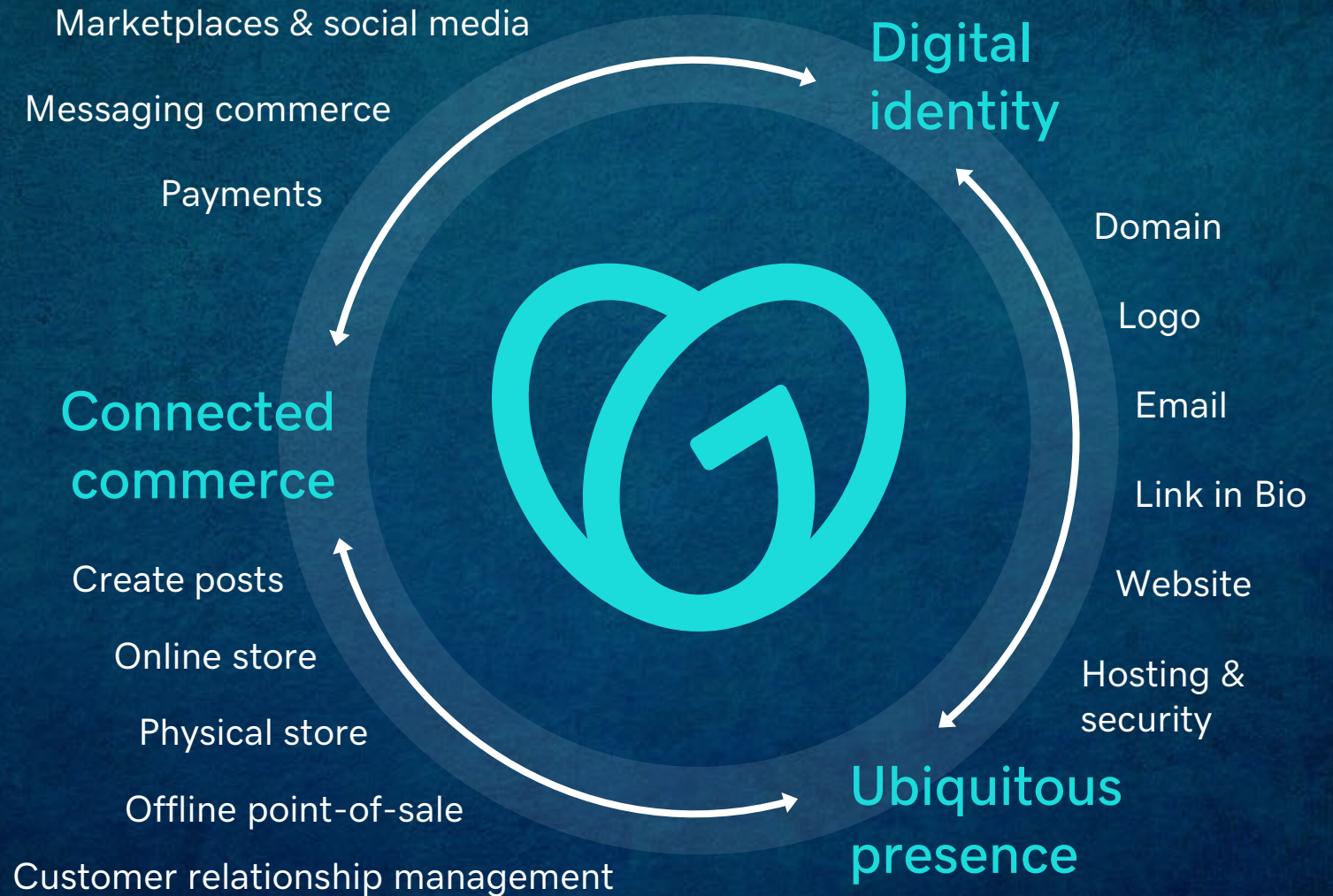


# Our strategy

We champion everyday entrepreneurs by empowering them with sage guidance set in seamlessly intuitive experiences to securely name, create, and grow their ventures in select markets; leveraging the exponential power of our community at global scale to deliver profitable revenue growth.



**At GoDaddy,  
our goal is to  
partner with  
our customers  
at every point  
on the  
Entrepreneur's  
Wheel**

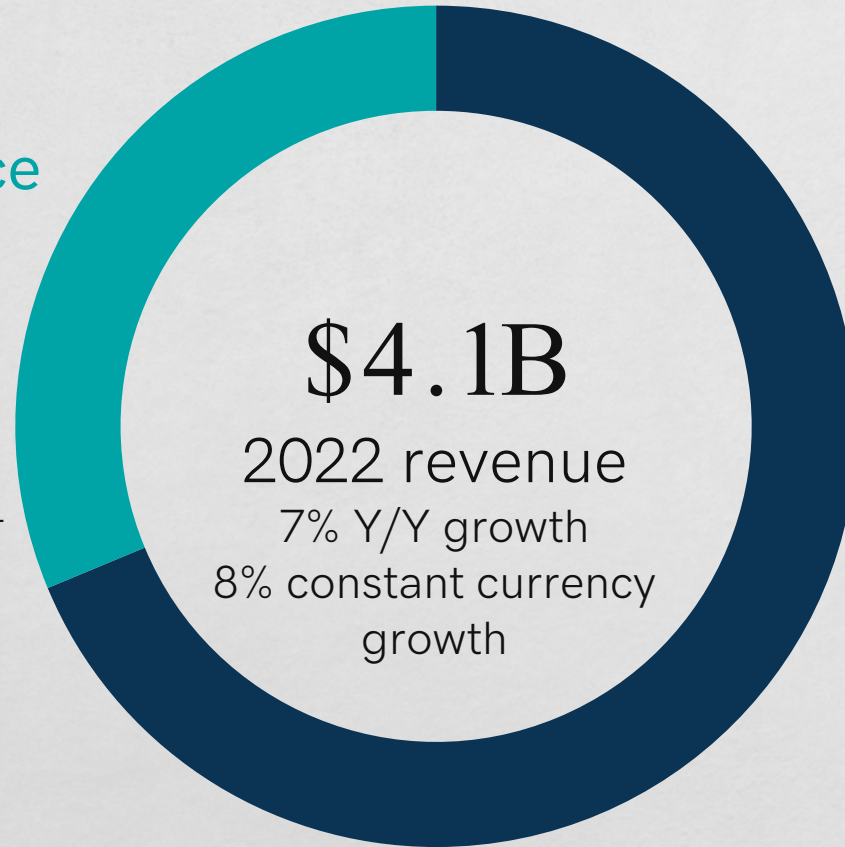


# What we do

Applications & Commerce  
31%

**\$1.3B**  
13% Y/Y growth

Website building + Commerce +  
Payments + Productivity



**\$4.1B**  
2022 revenue  
7% Y/Y growth  
8% constant currency  
growth

Core platform  
69%

**\$2.8B**  
5% Y/Y growth

Domains + Hosting + Security



# Durable and differentiated strategic position

trusted by customers for over 25 years with industry leading brand awareness

**21M**

paying  
customers

**85%**

customer  
retention

**11%**

applications & commerce  
growth

**11%**

ARR growth in  
Create + Grow products

**\$33B+**

gross merchandise volume  
(GMV)



# Customer Care: Our Special Sauce

## 6,100+

Customer Care Pros  
around the world

Dedicated to providing a personalized care experience to each of our 21M customers

Localized care agents to optimize efficiency around the globe

14M+\* human-guided moments with customers per month

Generated 10% of 2022 total bookings

Incentivized by customer satisfaction and increased NPS

Maintaining goal of delivering best-in-class service with a 65+ NPS

As of December 31, 2022

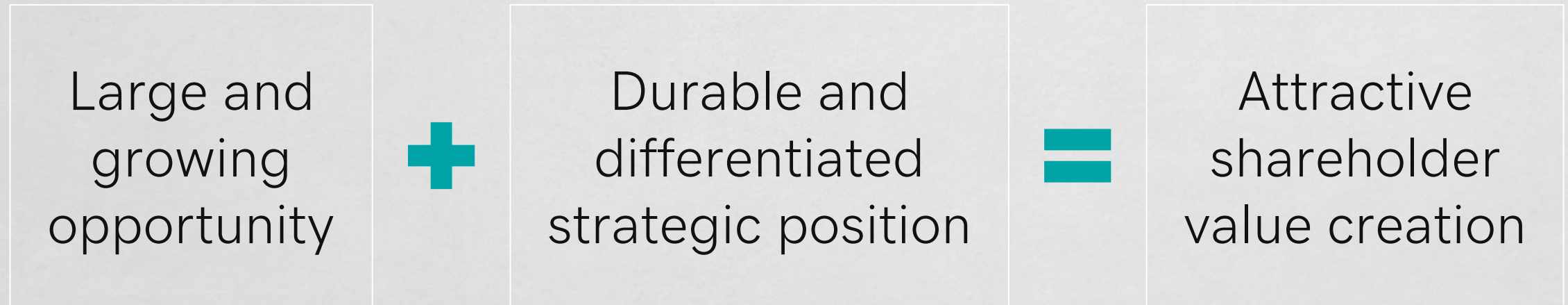
\*Annual number of chat and voice contacts responded to by our Care guides.



Jacob R.  
GoDaddy Guide



# Unique, differentiated and highly profitable model



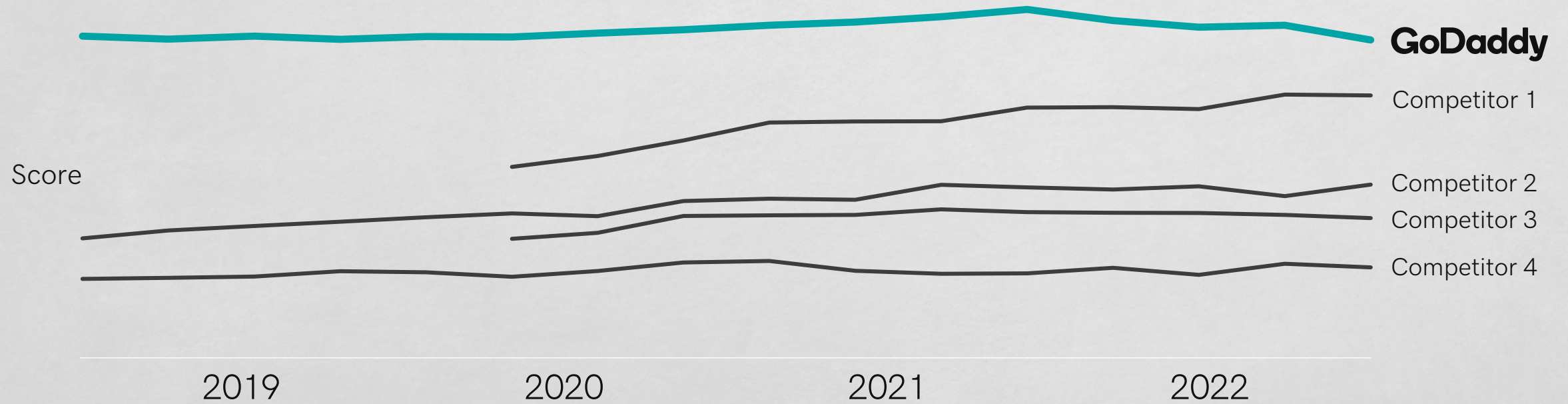
Diverse, durable revenue growth, attractive unit economics and a management team committed to delivering free cash flow (FCF) per share and normalized EBITDA (NEBITDA) margin growth to shareholders



# High brand awareness

Our brand awareness remains strong and steady

## GoDaddy's high brand awareness sets us apart from the competition







# Our business model



Creighton Elinski  
Hinterland Skis  
[HINTERLANDSKIS.COM](https://www.hinterlandskis.com)



# Key Investment Highlights

Loyal base of 21M customers expanding their digital identities with upside to attach more solutions, increase customer lifetime value, and customer retention of 85%

Focused on delivering a balanced combination of durable top-line growth, 15%+ NEBITDA CAGR, and 20% FCF per share CAGR

Experienced management team to execute strategy with relentless focus on creating long-term value for shareholders

AI-powered solutions for small businesses with a one-stop shop experience

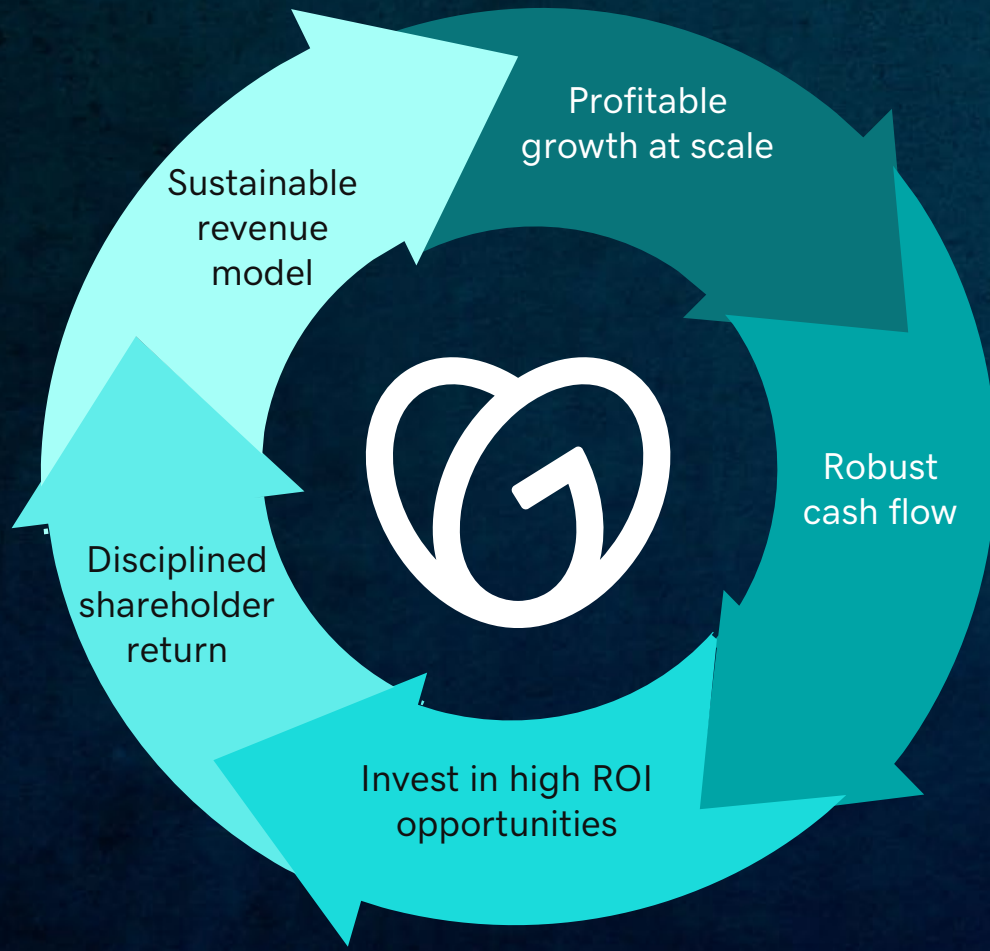
As of June 30, 2023



Creighton Elinski  
Hinterland Skis  
HINTERLANDSKIS.COM



# Our strengths enable our disciplined approach



Our 25-year history of supporting entrepreneurs  
High brand and product awareness  
Expanding international presence  
Large, loyal and growing customer base  
Exceptional customer guidance and support  
Focus on rigorous experimentation and scale



# Strategic objectives are key to value creation

**Redefine existing categories while disruptively entering adjacencies**

Key metrics

Attach and usage rates

Gross payment volume (GPV)

**Move up market; serve customers from idea to single digit millions in sales**

Key metrics

Care NPS

Brand awareness & affinity

**Maximize our customers' success through presence and commerce**

Key metrics

Gross merchandise volume (GMV)

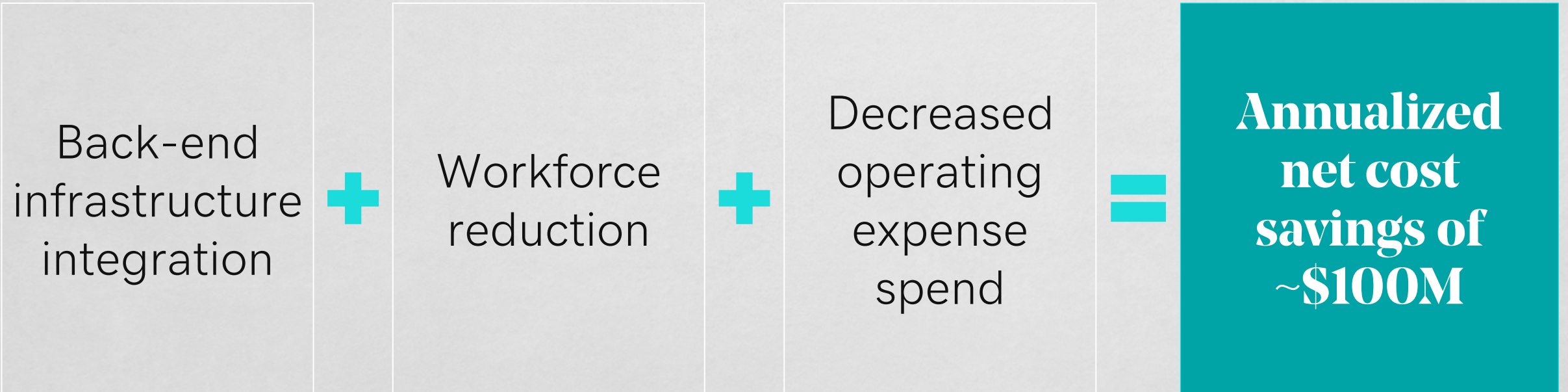
Cross-selling into existing customer base of 21M customers

Share of application-built websites

Email seats



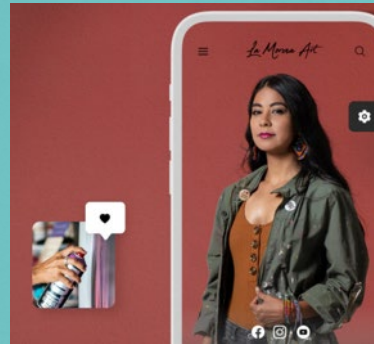
# 2023 cost savings plan



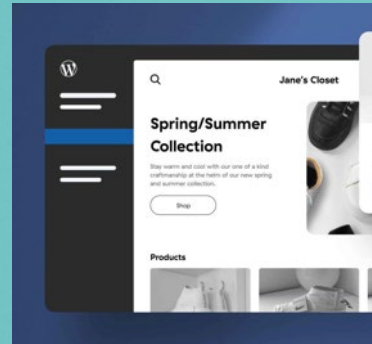


# Two segments aligned with our strategic vision

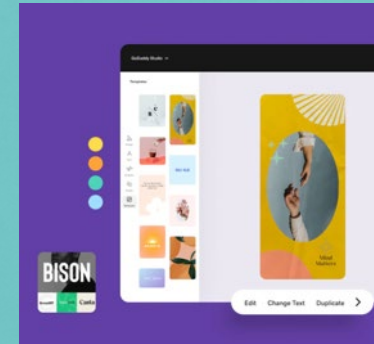
## Applications & commerce



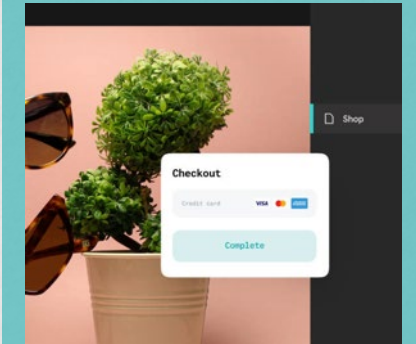
Websites + Marketing



Managed WordPress



Productivity apps

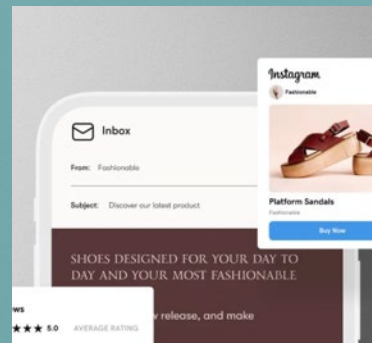


Payments & commerce

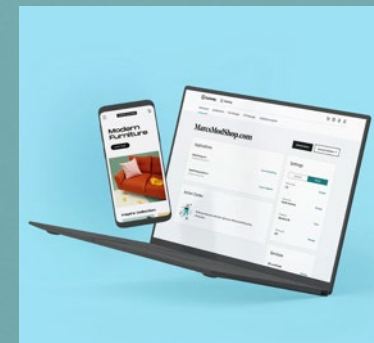
## Core platform



Domains



Aftermarket



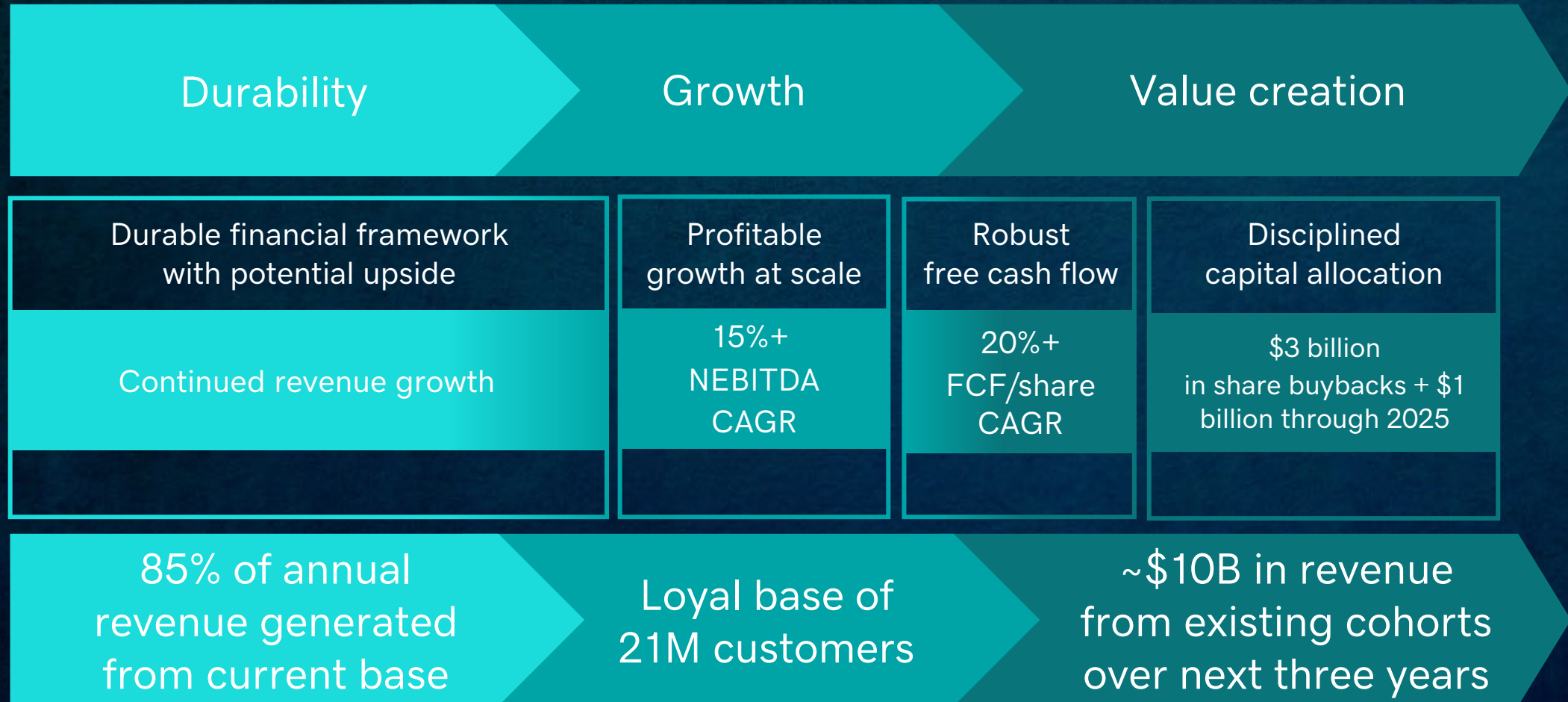
Hosting



Security



# GoDaddy investment thesis







# Product excellence



Sofia Car  
SOFIACARHAIR.COM

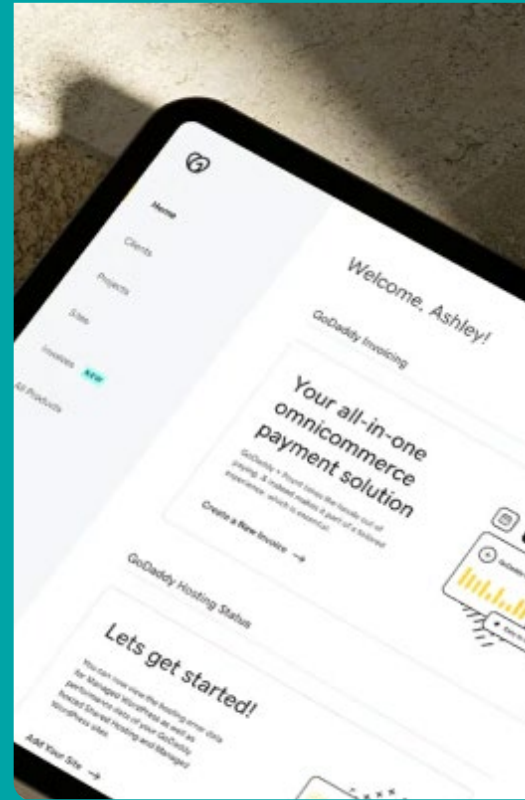


# GoDaddy priorities

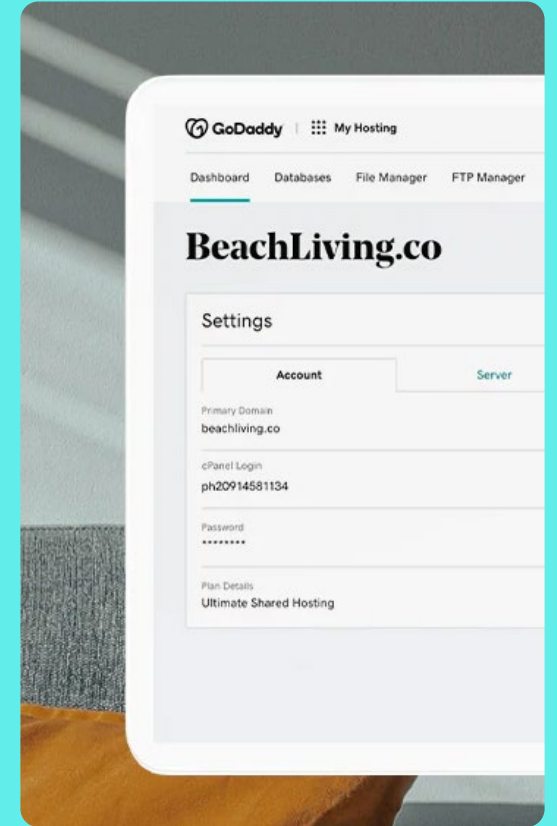
## Driving commerce through presence



## Delivering for GoDaddy Pros



## Innovating in domains



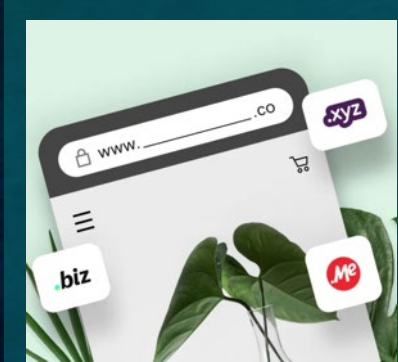


# Revolutionizing the domain with the power of AI

Every new domain purchase now includes a fully enabled, AI-generated website and personalized logo for your business. **Created automatically by GoDaddy's AI Digital Guide**

**From**

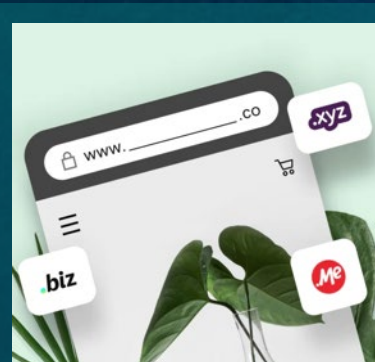
Purchasing a domain equals...



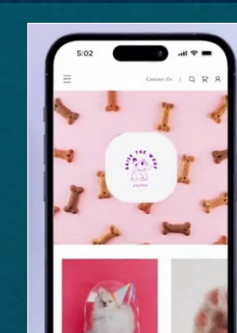
A Domain

**To**

Purchasing a domain equals...



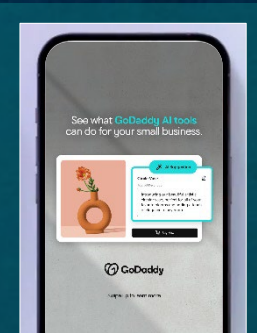
A Domain



Auto-generated Website



Auto-generated Logo

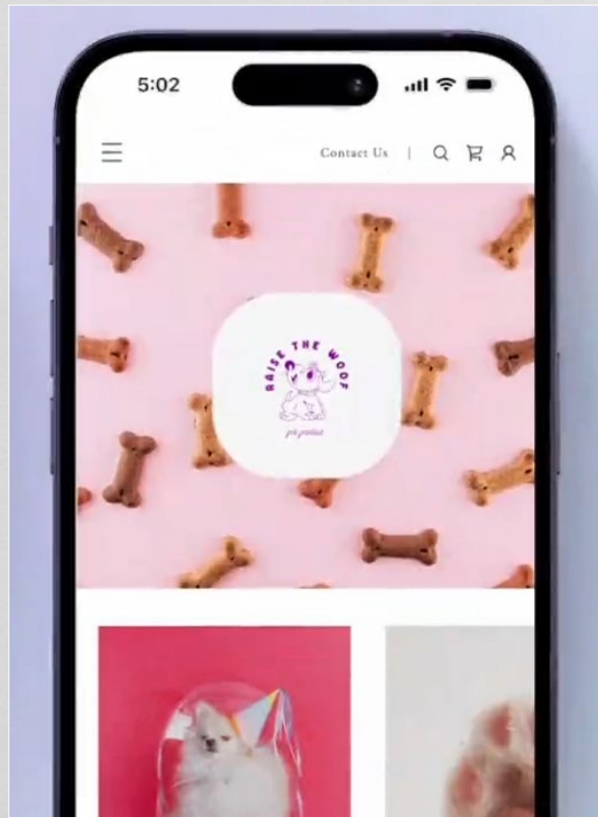


And much more



# GoDaddy's AI-powered Digital Guide: Our unique opportunity to deliver a one-stop shop

Commerce-enabled  
personalized website



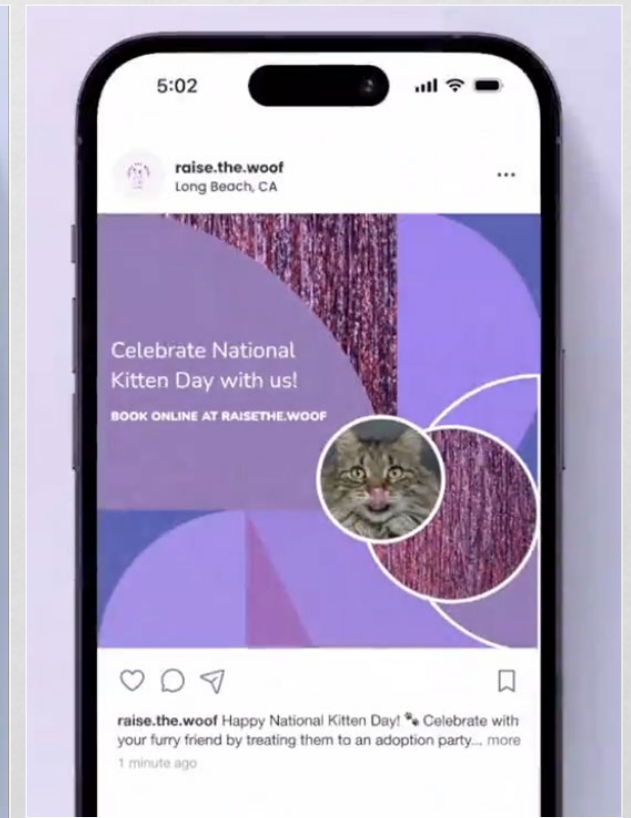
Branding



Logo



Social media  
marketing messages



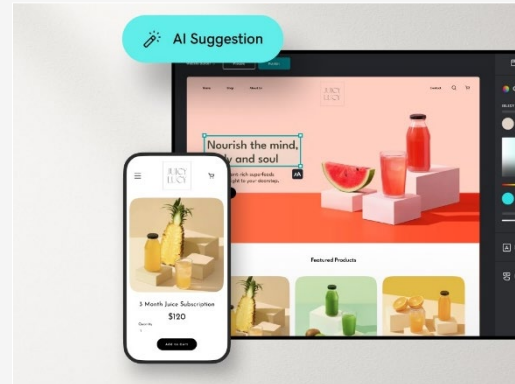


# Leveraging the power of generative AI

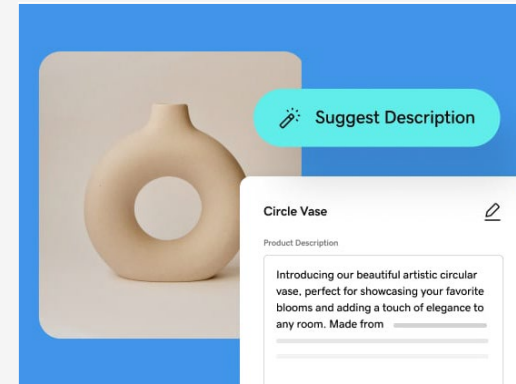
- Build a simple website with our **website copy tool**, a tool to create business and industry-specific content for your website, so you can build it from the ground up in just a few minutes
- Generate AI custom **product descriptions** that inspire customers to buy more of what you sell
- Create **social ads** with pre-populated ad titles, descriptions and captions, as well a suggested ad budget and duration
- Use the **Social calendar** to track upcoming promo opportunities, and create content based on your past posts and your industry
- Turn simple responses into natural-sounding long-form responses with **customer conversations**

# GoDaddy.AI

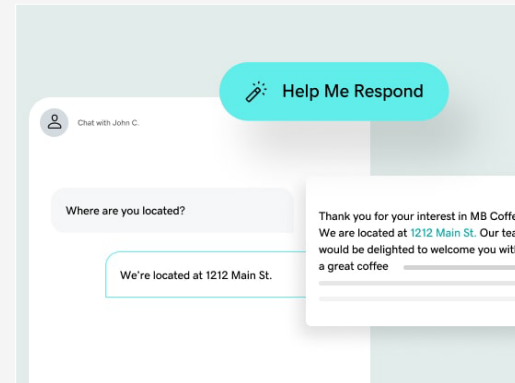
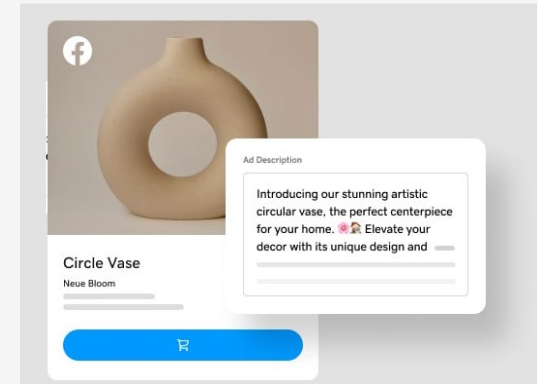
## Website copy tool



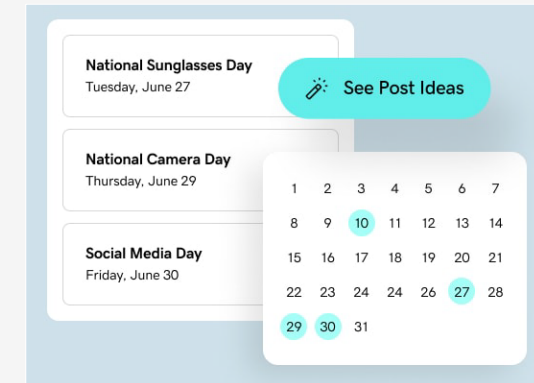
## Product descriptions



## Social ads



## Customer conversations



## Social calendar



# Driving commerce through presence

## One stop-shop solution:

- Saving our customers time and money
- Empowering small businesses to pursue their dreams and grow their businesses

## Enabling commerce on every surface through our continuously expanding eCommerce solution:

- Seamless OmniCommerce solution for online and in-store
- Point-Of-Sale hardware & software
- Payable Domains, Pay Links & Pay Buttons
- Apple Pay/Google Pay & Apple Tap-to-Pay

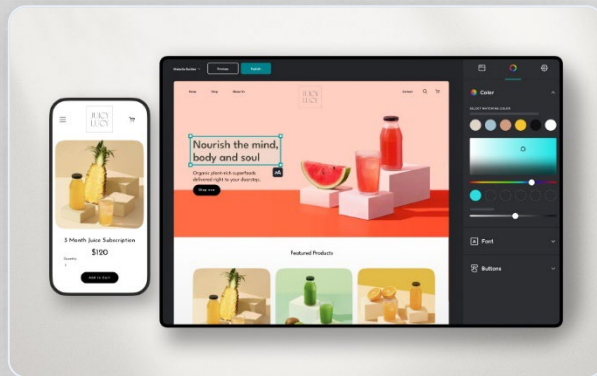




# Commerce Revenue Drivers

## GoDaddy Payments

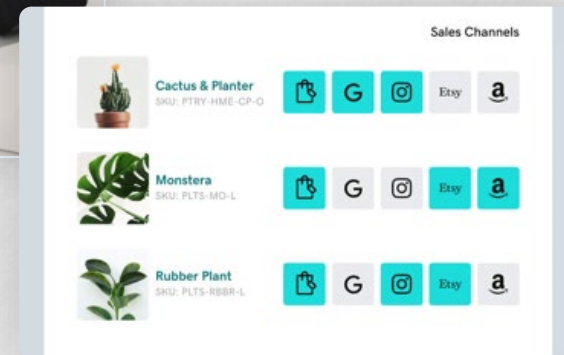
2.3% + \$0.30 online  
2.3% in store



Attach in Websites +  
Marketing &  
Managed WordPress



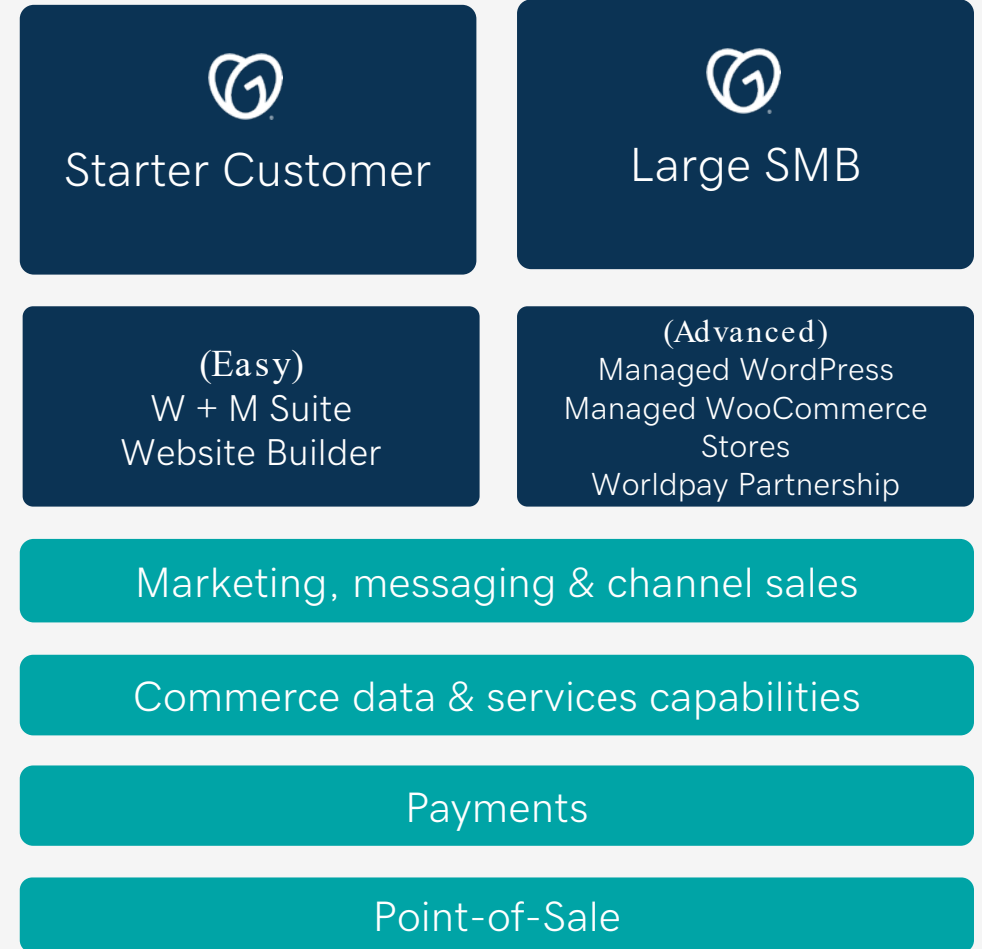
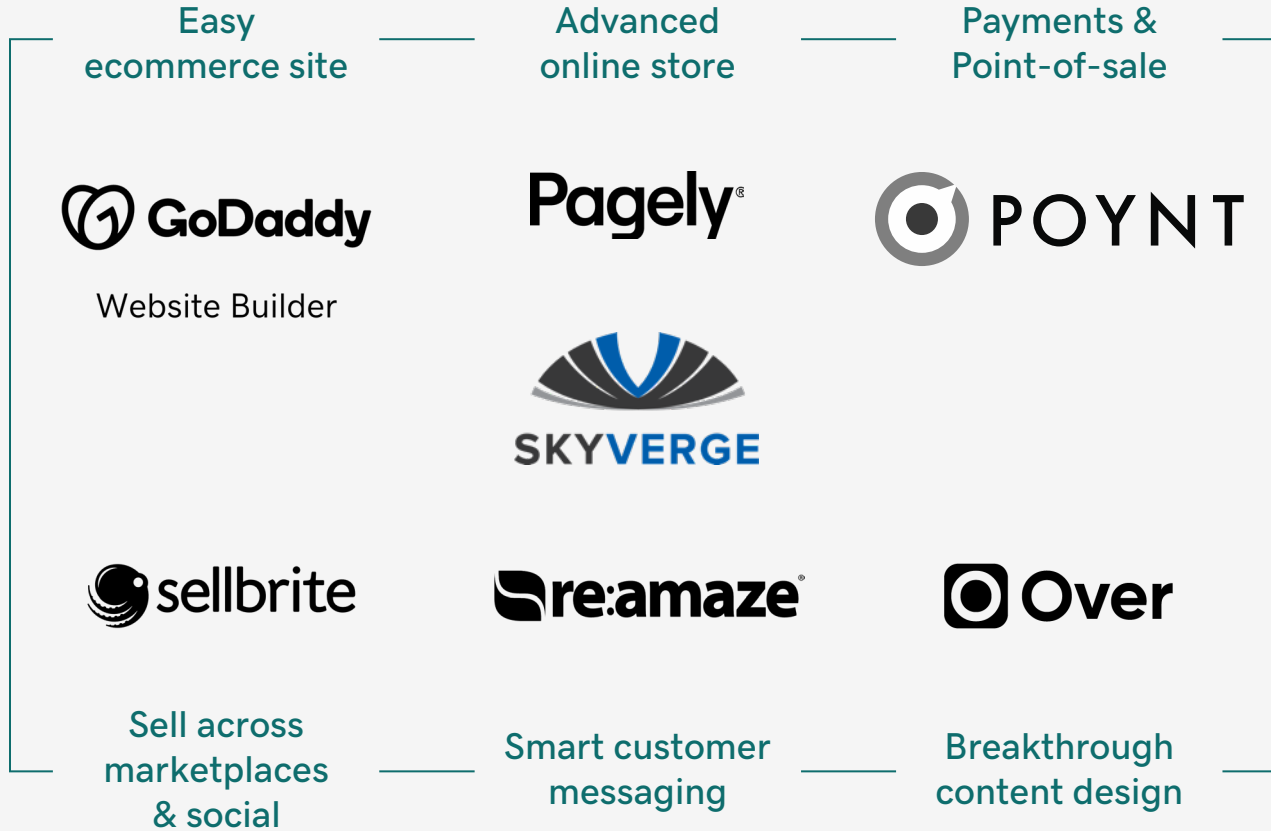
Hardware &  
Software Sales



Partnership & Reseller  
Agreements



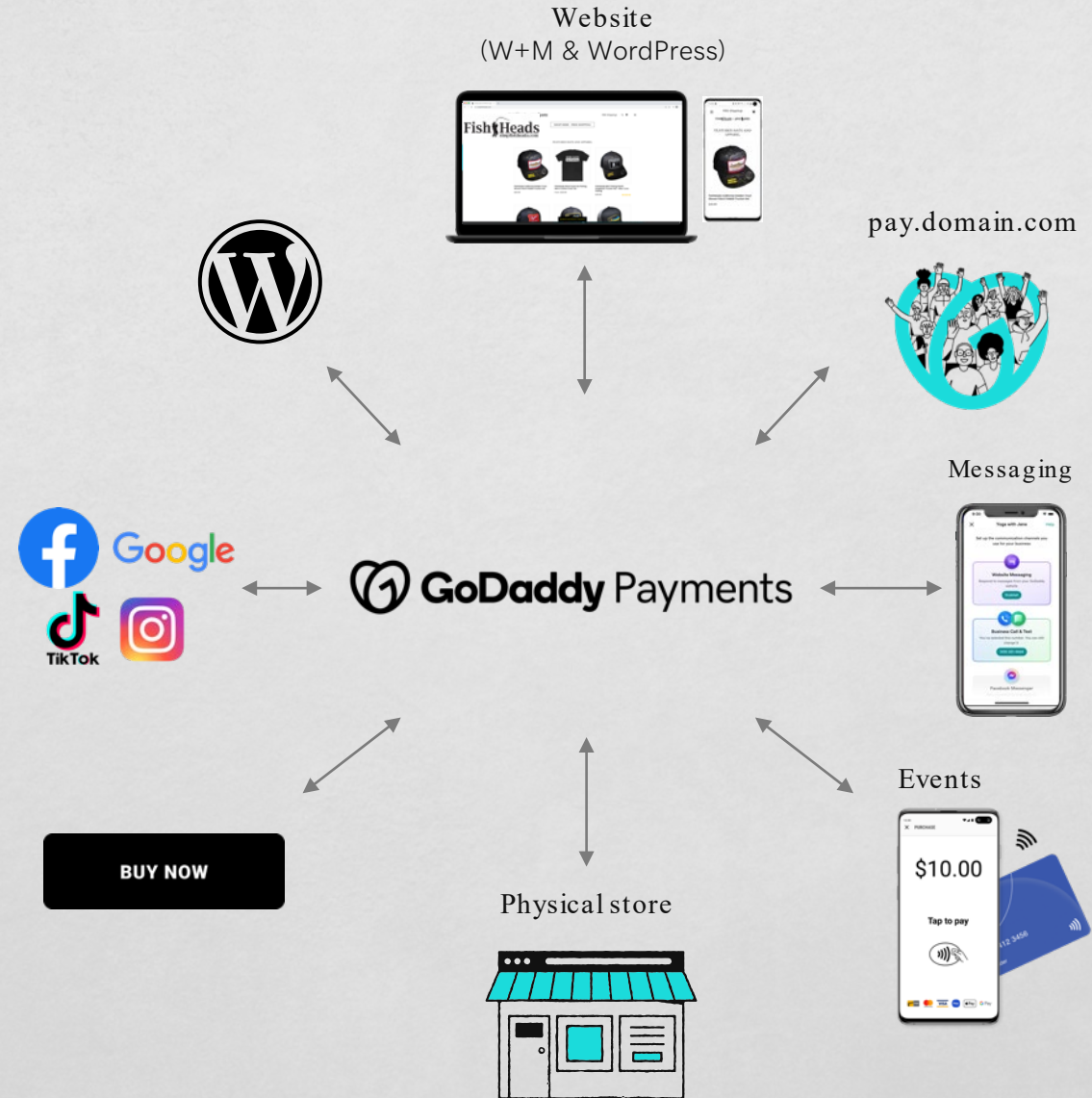
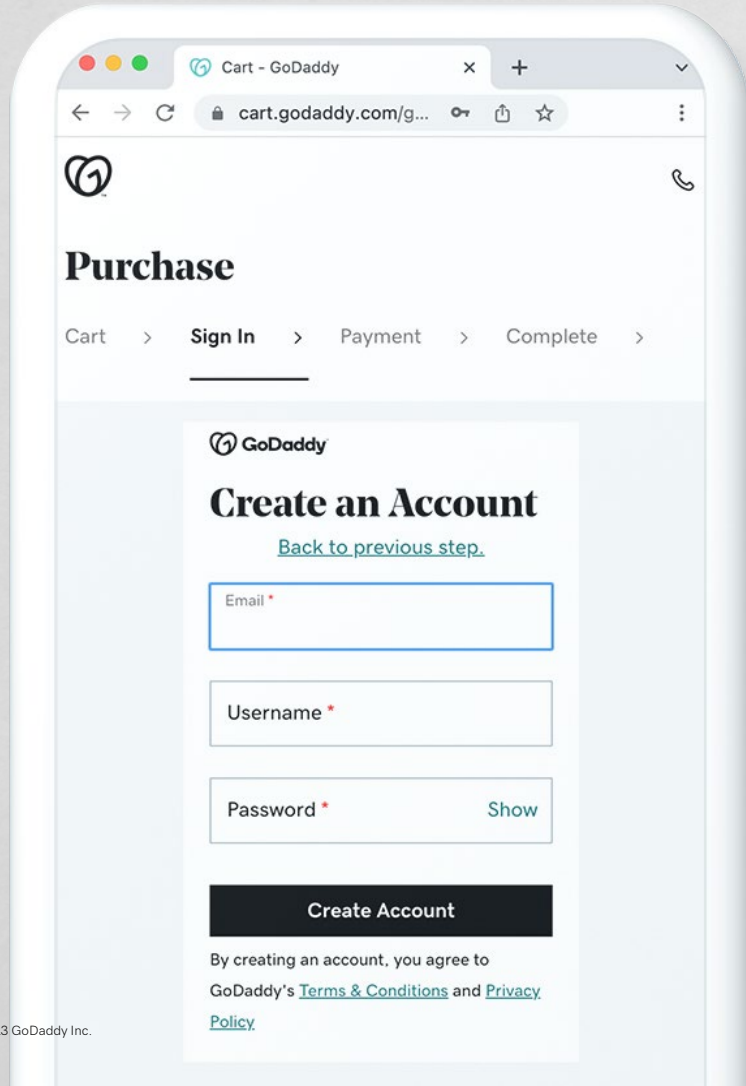
# Any channel, one solution





# Commerce launched in the U.S. on every surface

Planned Q3 payments launch in Canada



# Delivering for GoDaddy Pros

Centralized, AI integrated Hub with one main dashboard to manage clients

Fast, always-on and secure sites

Capabilities to build, manage and collaborate with clients, enabling Pro's to grow their business

Drive speed, performance, and availability through our Hosting products

Help GoDaddy customers better secure their websites

The screenshot displays the GoDaddy Pro dashboard interface. On the left, a client profile card for Hannah Turner is shown, featuring a profile picture and contact information. On the right, a main dashboard area is visible with a 'Clients' section containing a list of clients: Sheila Webb (with a 'RENEWAL PENDING' status), Hanna Turner, Ashley Jones, and Bill Lewis. Below this, there are sections for 'Hosting (2)' and 'Domains (1)', each listing specific services and their details.

**Clients**

Hannah Turner Authentic Jewlery  
Email: hturner@ajewelry.com

Products Projects Sites

**Hosting (2)**

Deluxe Managed WordPress Websites  
Site: jewelry.com      Renews: 08/2021      Billed to: You

Basic Managed WordPress Websites  
Site: authentic-jewelry.com      Renews: 21/2021      Billed to: You

**Domains (1)**

**Clients**

- SW **Sheila Webb**  
RENEWAL PENDING
- HT **Hanna Turner**
- AJ **Ashley Jones**
- BL **Bill Lewis**



# Innovating in domains

Expanded bundling offerings:

- Increased product attach for both new and existing customers

Payable Domains enabled by default to all US domains customers:

- Creates an immediate commerce channel for customers

Robust aftermarket for domains buyers and sellers:

- Newly integrated 'List for Sale' feature to registrar partners







# The numbers

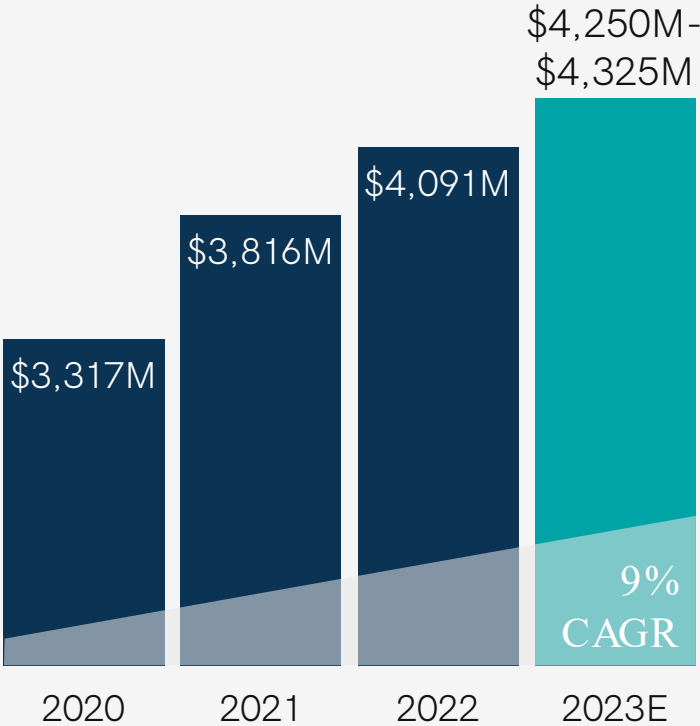


Tina Lagdameo  
Honest Junk  
MYHONESTJUNK.COM

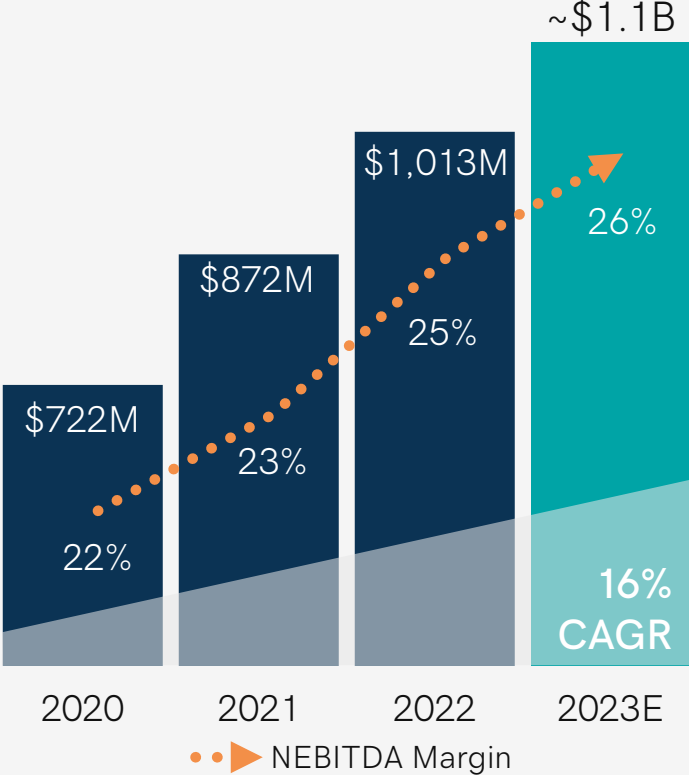


# GoDaddy investment thesis 4 Year lookback

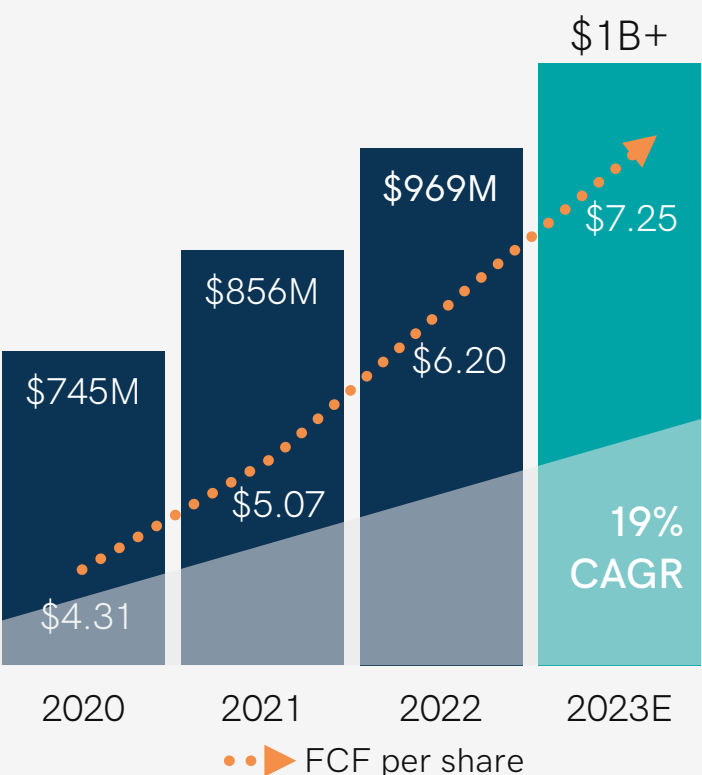
Sustainable revenue growth



Growing NEBITDA and expanding margins



Durable FCF growth

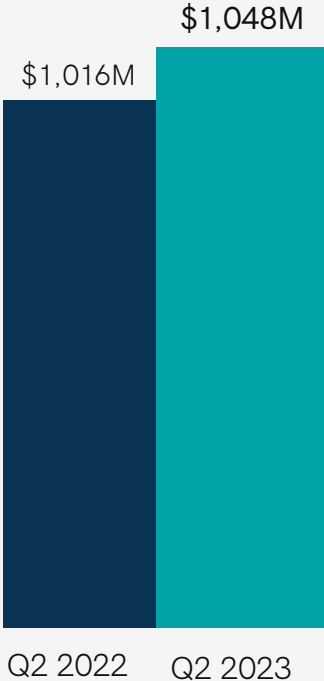


# Q2 2023 results

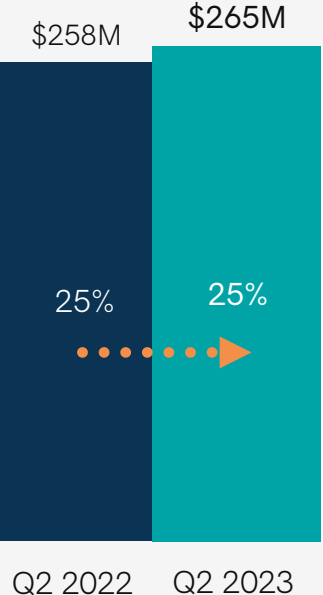
Bookings  
2% increase  
3% constant  
currency



Revenue  
3% increase  
4% constant currency



Normalized EBITDA  
(NEBITDA)  
2% increase



●●▶ NEBITDA Margin

Unlevered Free  
Cash Flow (uFCF)  
3% increase



Free Cash Flow  
(FCF)  
14% per share  
increase

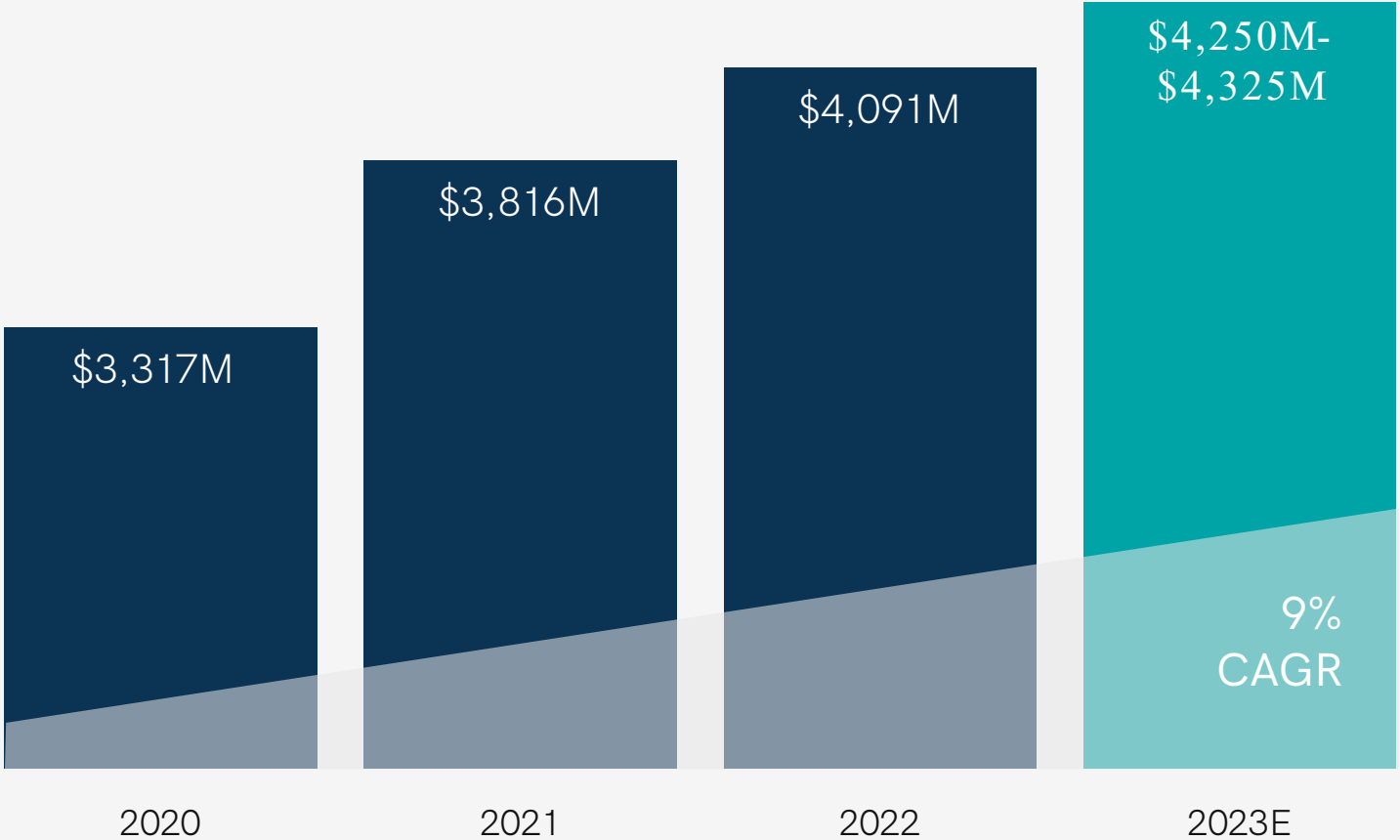
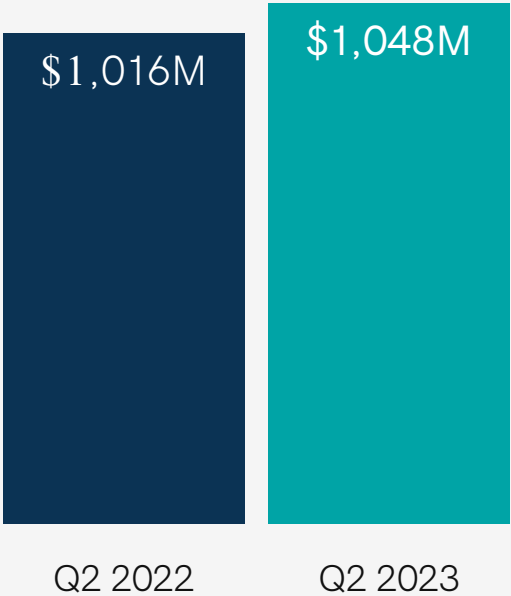


●●▶ TTM FCF per share



# Sustainable revenue growth

3% increase  
4% constant currency



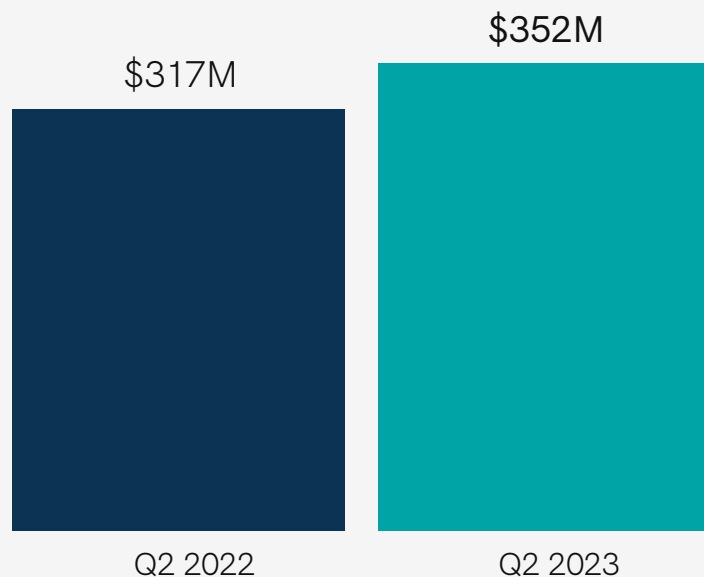
Represents revenue CAGR.

# Applications & commerce

ARR: \$1.3B (+10% ) | Create & Grow ARR: \$465M (+11% )

## Q2 2023 revenue

11% increase | 41% segment EBITDA margin



Create + Grow | Productivity Applications | Commerce

## Growth levers

New customers

International expansion

Average revenue per user (ARPU)

Annualized recurring revenue (ARR)

GMV/GPV

Subscriptions

Create + Grow software includes Websites + Marketing and Managed WordPress, as well as integrated products such as GoDaddy Studio and Sellbrite.

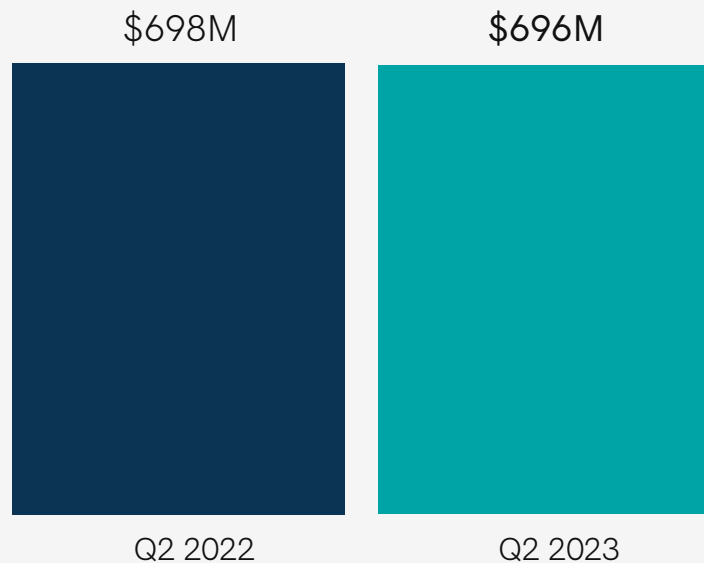


# Core platform

ARR: \$2.3B (~Flat)

## Q2 2023 revenue

~Flat | 27% segment EBITDA margin



Domains | Aftermarket | Hosting | Security

## Growth levers

New customers

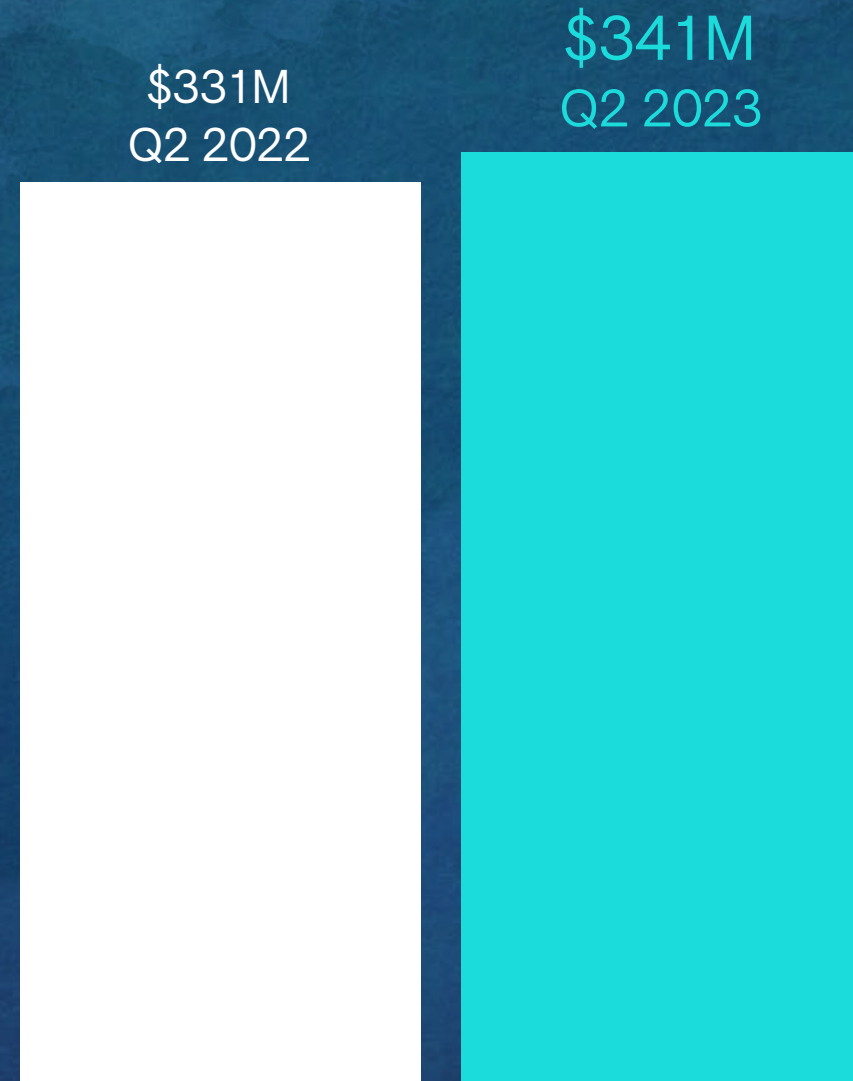
ARPU

Leveraging market-leading position in domain registration

International expansion

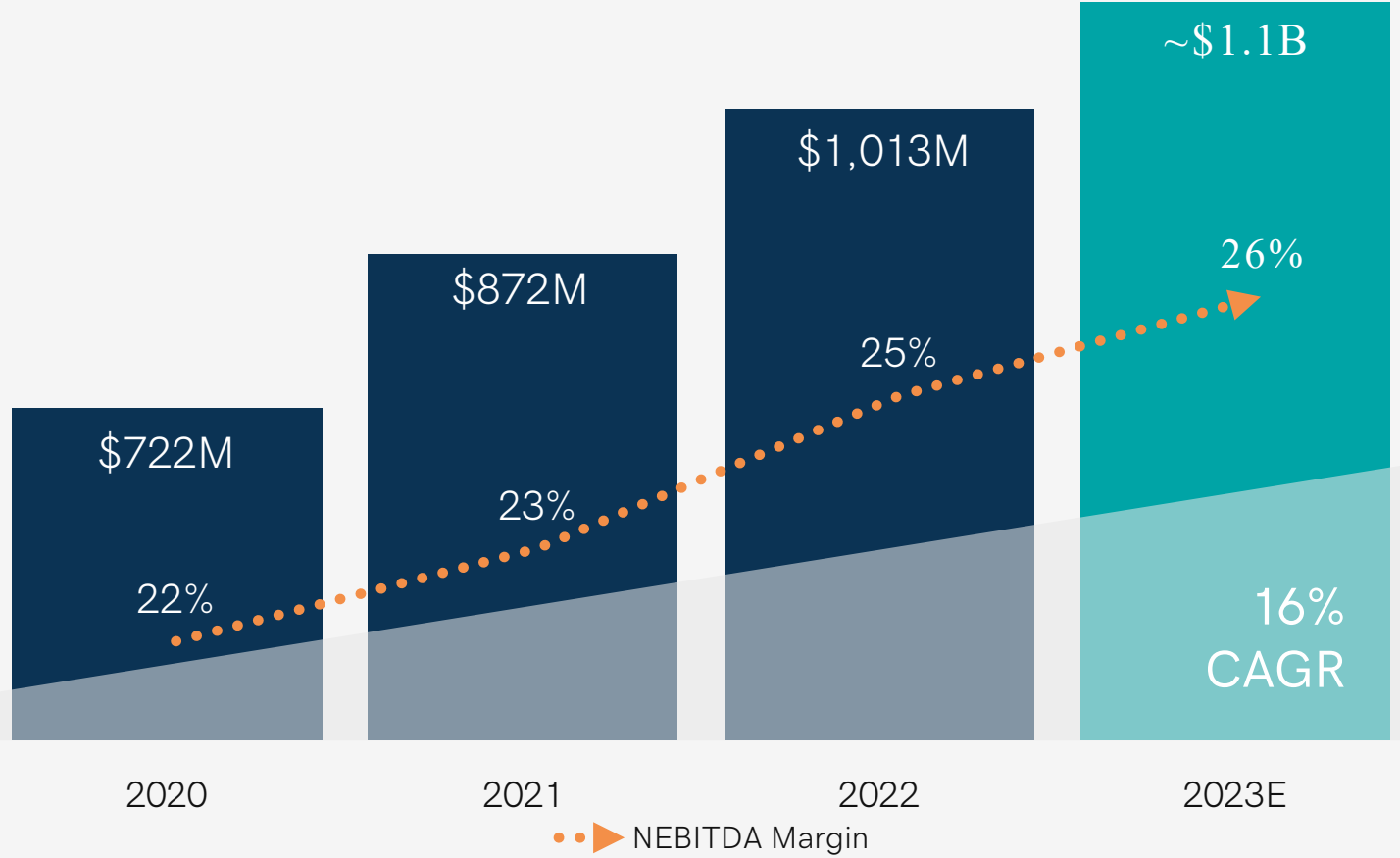
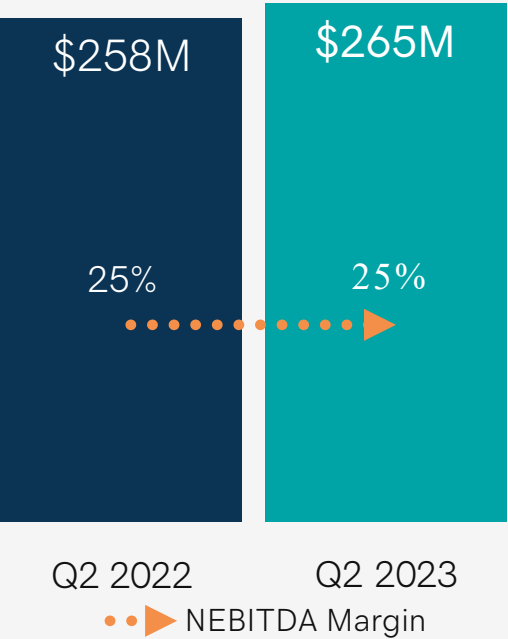
# Global footprint

Q2 2023 International revenue  
3% increase | 6% constant currency





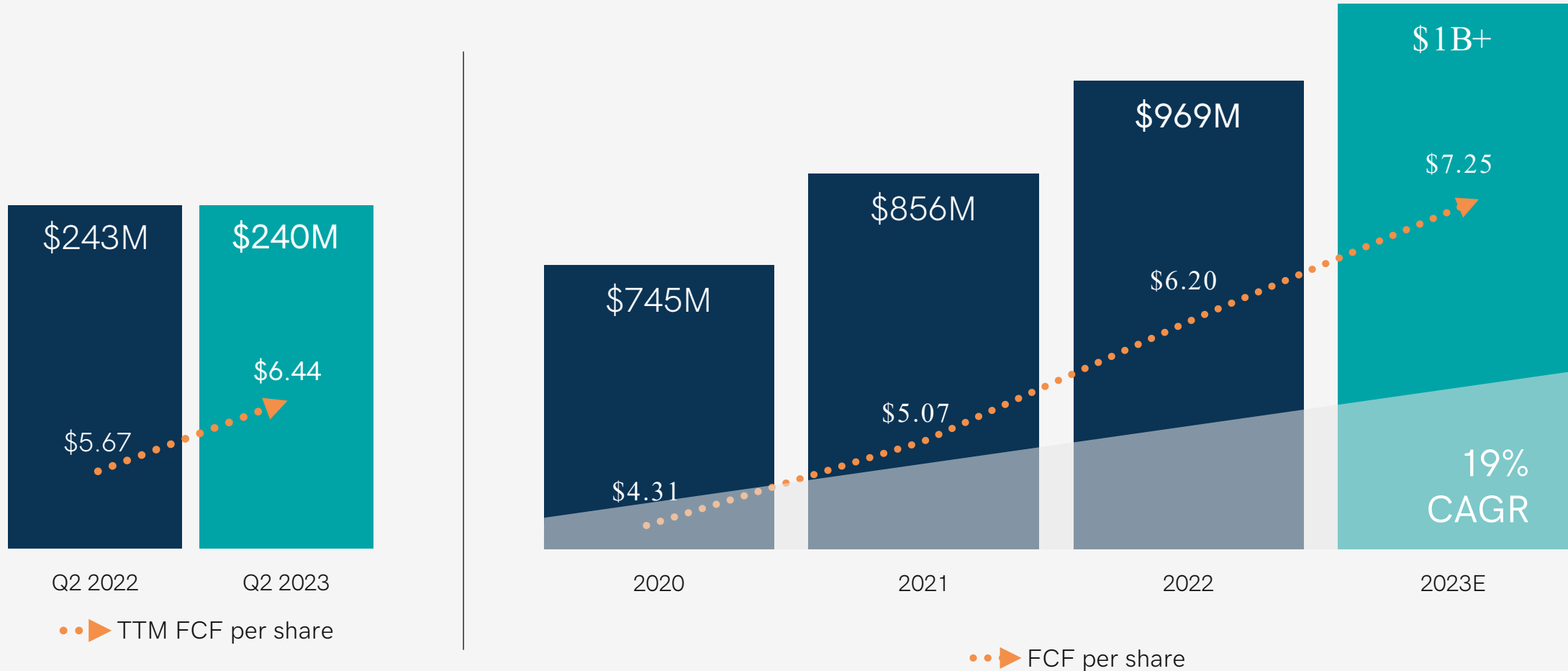
# Growing NEBITDA and expanding margins



Represents Normalized EBITDA CAGR.

# Durable FCF growth

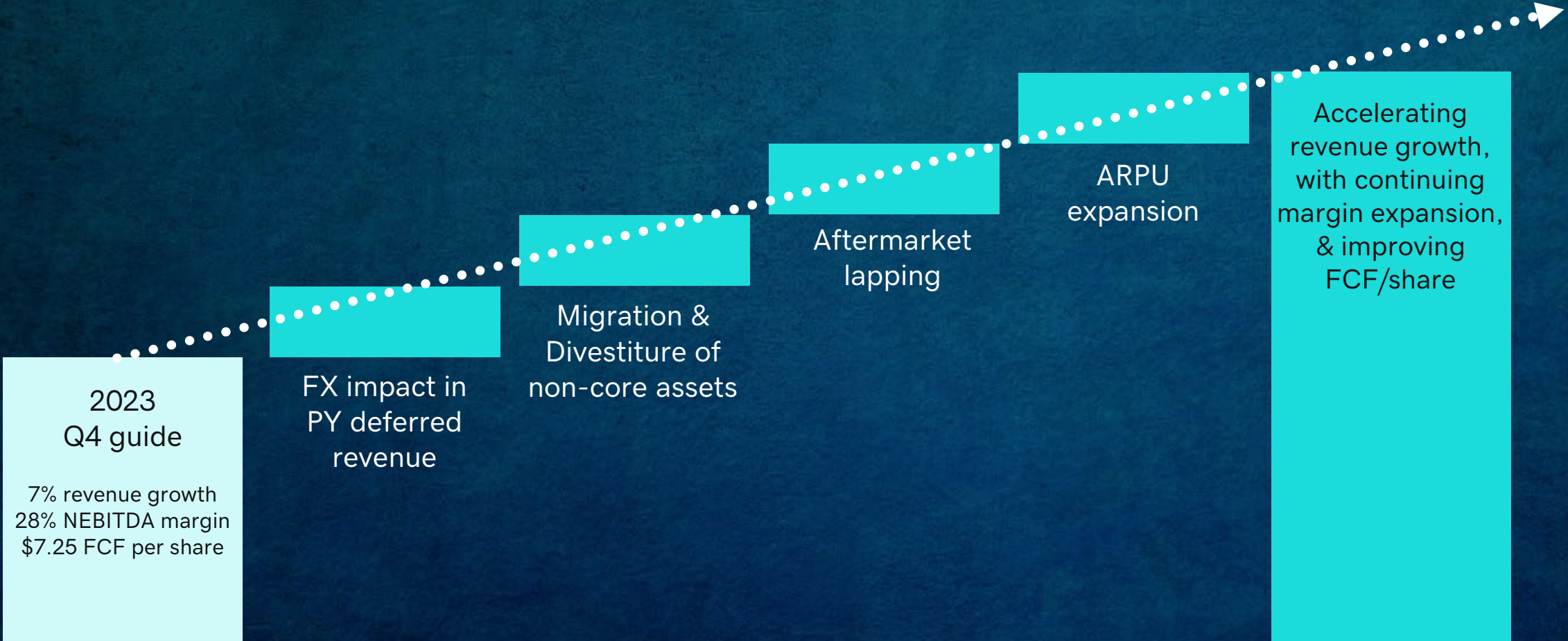
Multi-year track record of delivering strong FCF per share growth



Represents free cash flow per share CAGR.



# Bridge to continuing long-term value creation



Illustrative depiction.

As of August 3, 2023

40 © 2023 GoDaddy Inc. Assumes no material change in FX.

# Driving innovation while delivering margin accretion

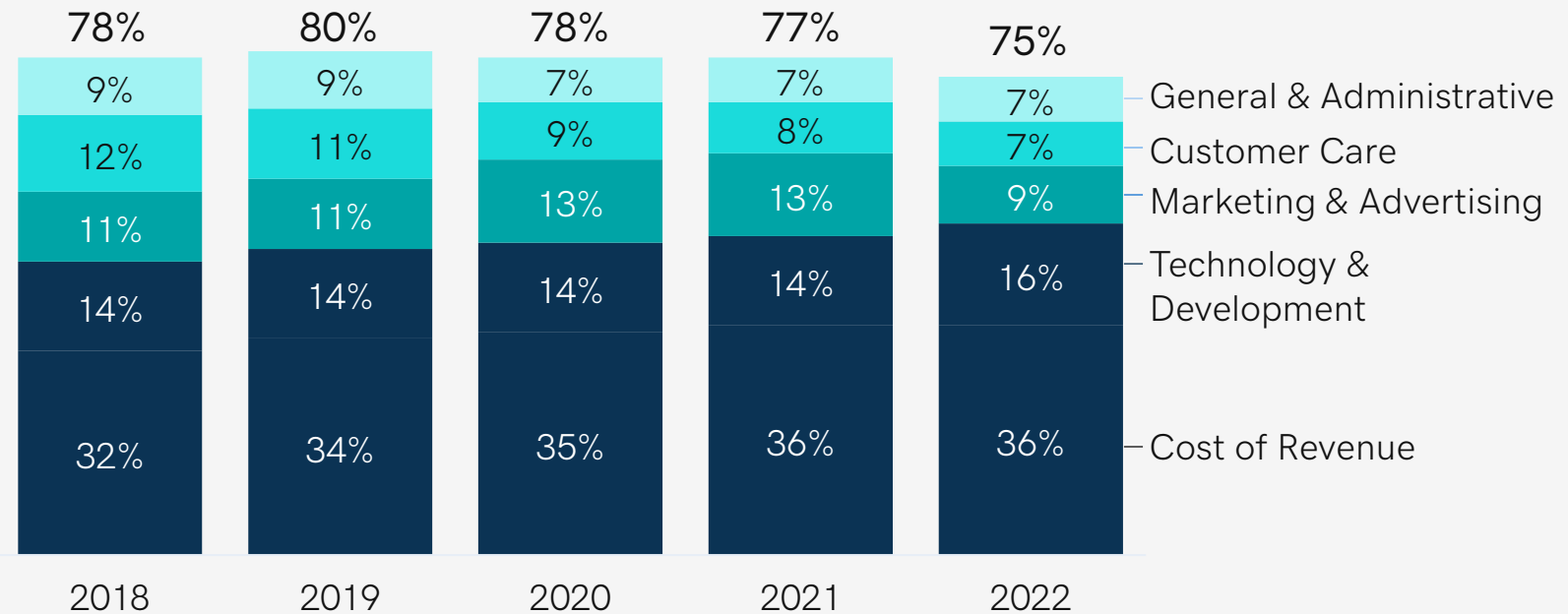
Sources of operating leverage:

- Cash flow positive business model
- High brand awareness
- Scale in Care
- Expanding product mix
- Sophisticated in-house search algorithm

# Growth model – operating leverage

Investing in future growth and delivering margin expansion

Operating expenses — % of revenue





# Balance sheet and liquidity

Total liquidity of \$1.6 billion

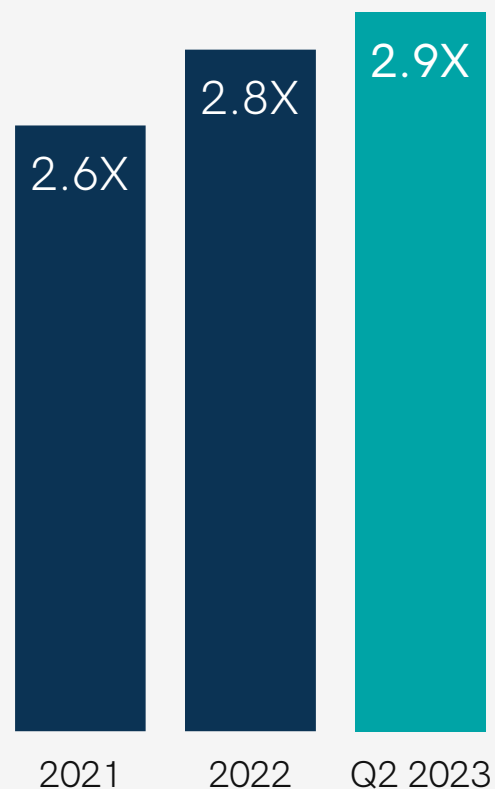
- \$583M in cash and cash equivalents
- \$1.0B undrawn revolver

Reduced interest rate by 75 bps on \$1.8B of outstanding principal

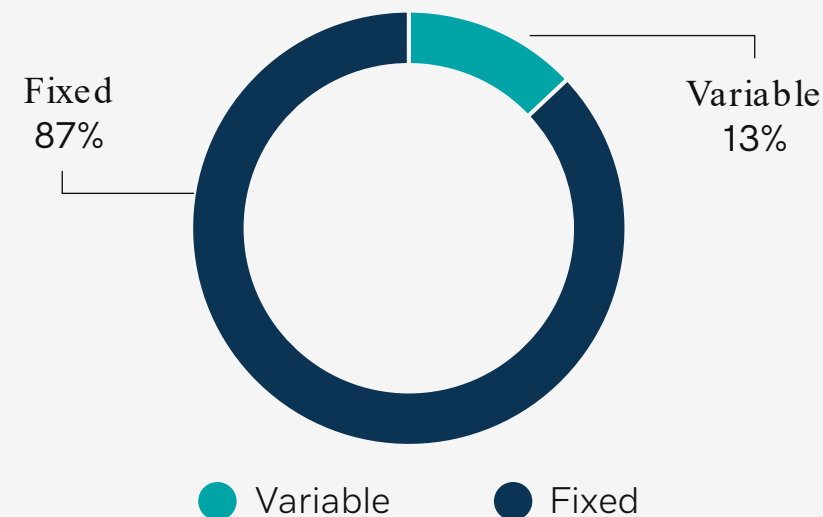
\$3.3B in net debt; net leverage 2.9x

Committed to maintaining leverage ratio of 2x-4x

## Leverage ratio



## Interest rate exposure



| Term loan       | Maturity |
|-----------------|----------|
| \$728M          | 2027     |
| \$1.8B          | 2029     |
| Unsecured notes | Maturity |
| \$600M          | 2027     |
| \$800M          | 2029     |

# Capital return strategy

Our capital allocation strategy remains unchanged

Completed \$2.0B in share buybacks under current authorization

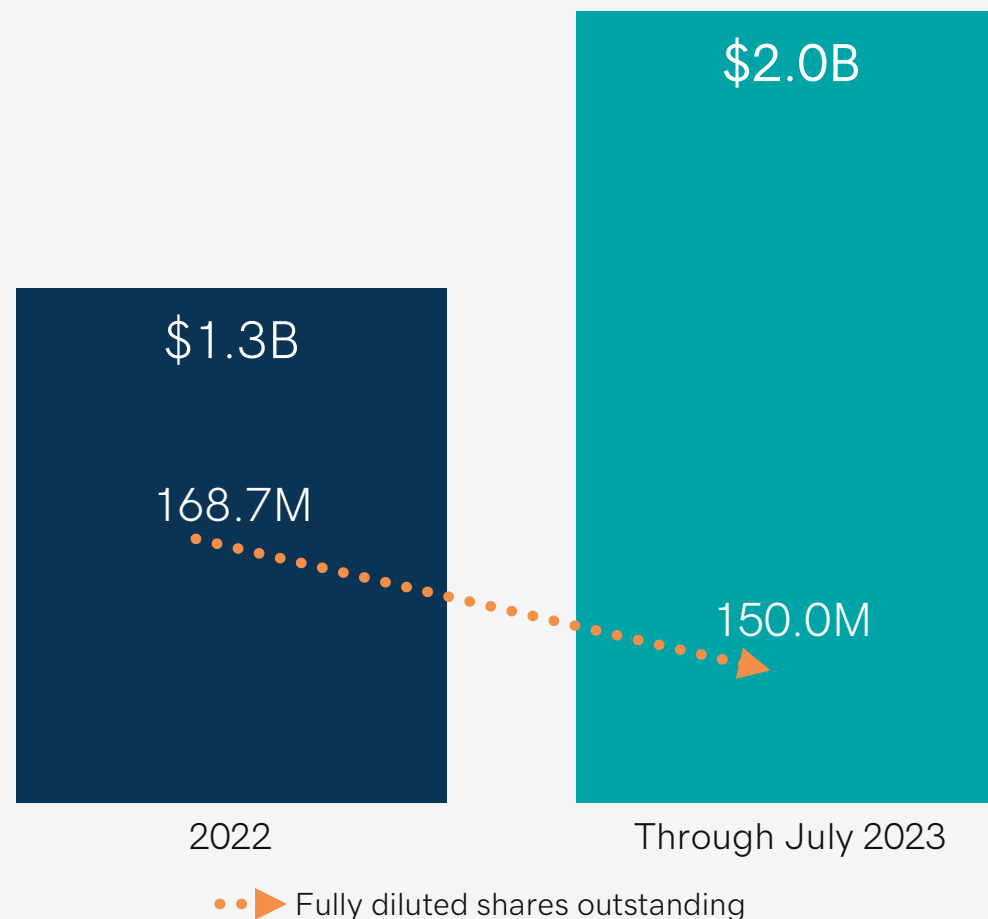
Reduced fully diluted share count by approximately 16% since \$3B authorization

On target for 15% - 20% net share reduction through 2024

Continue to evaluate strategic acquisition opportunities that could accelerate growth and innovation

Additional \$1B share buyback authorization through 2025

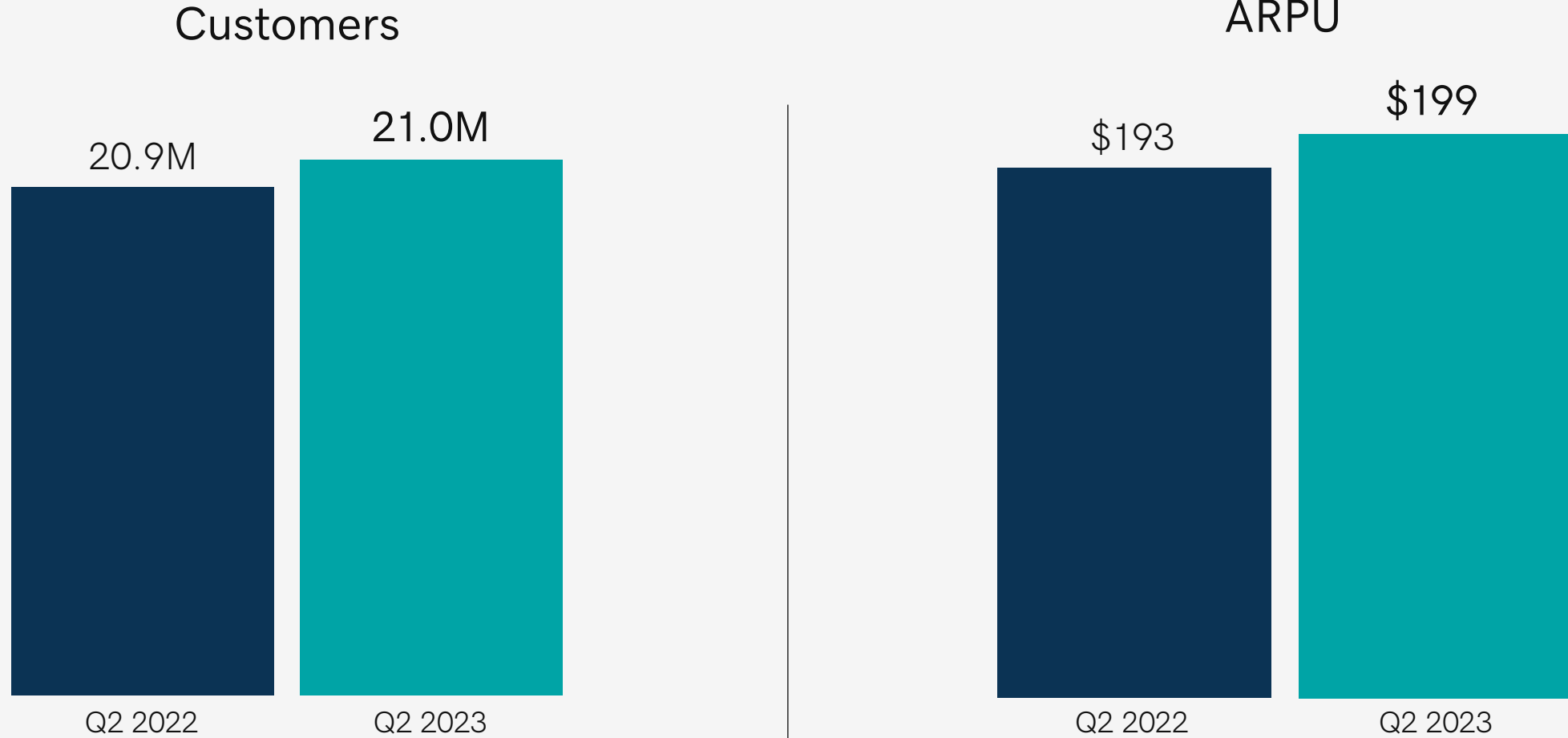
## Cumulative shares repurchased





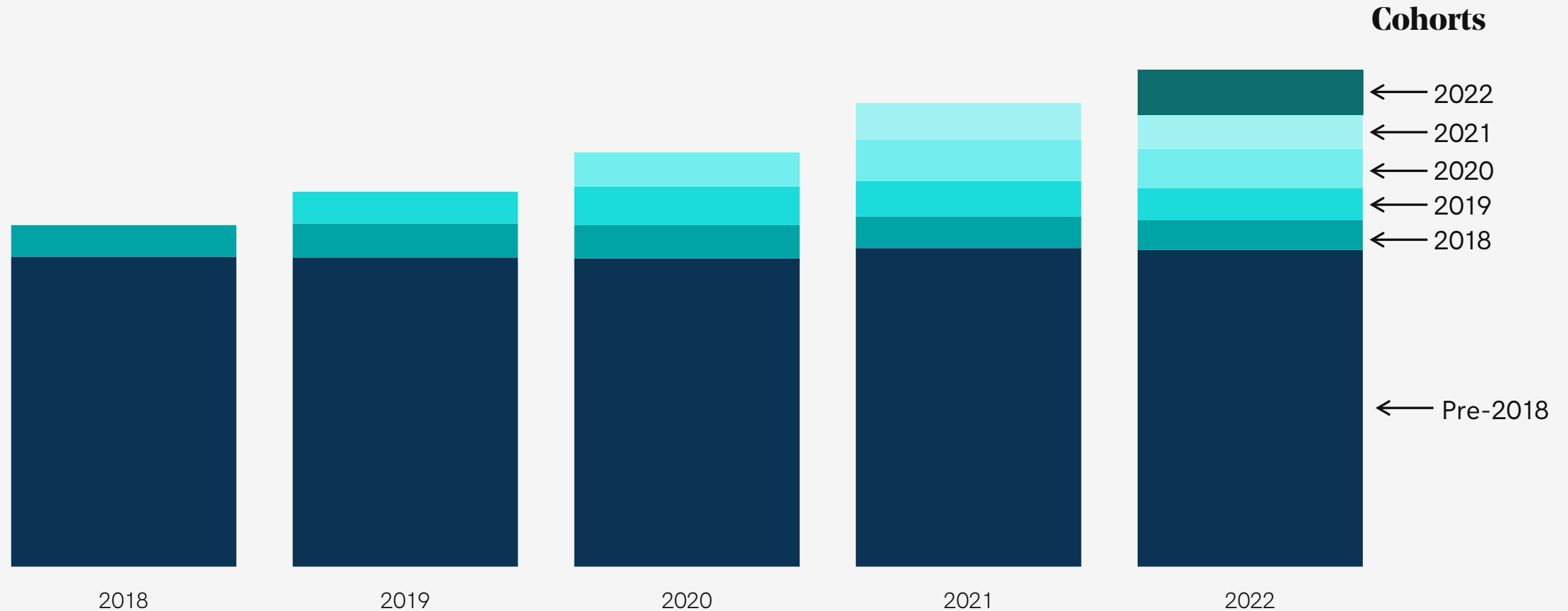
# Strong customer base and growing ARPU

85% of total revenue is generated from customers in our base



# Solid cohort performance continues to provide durable growth and cash flow generation

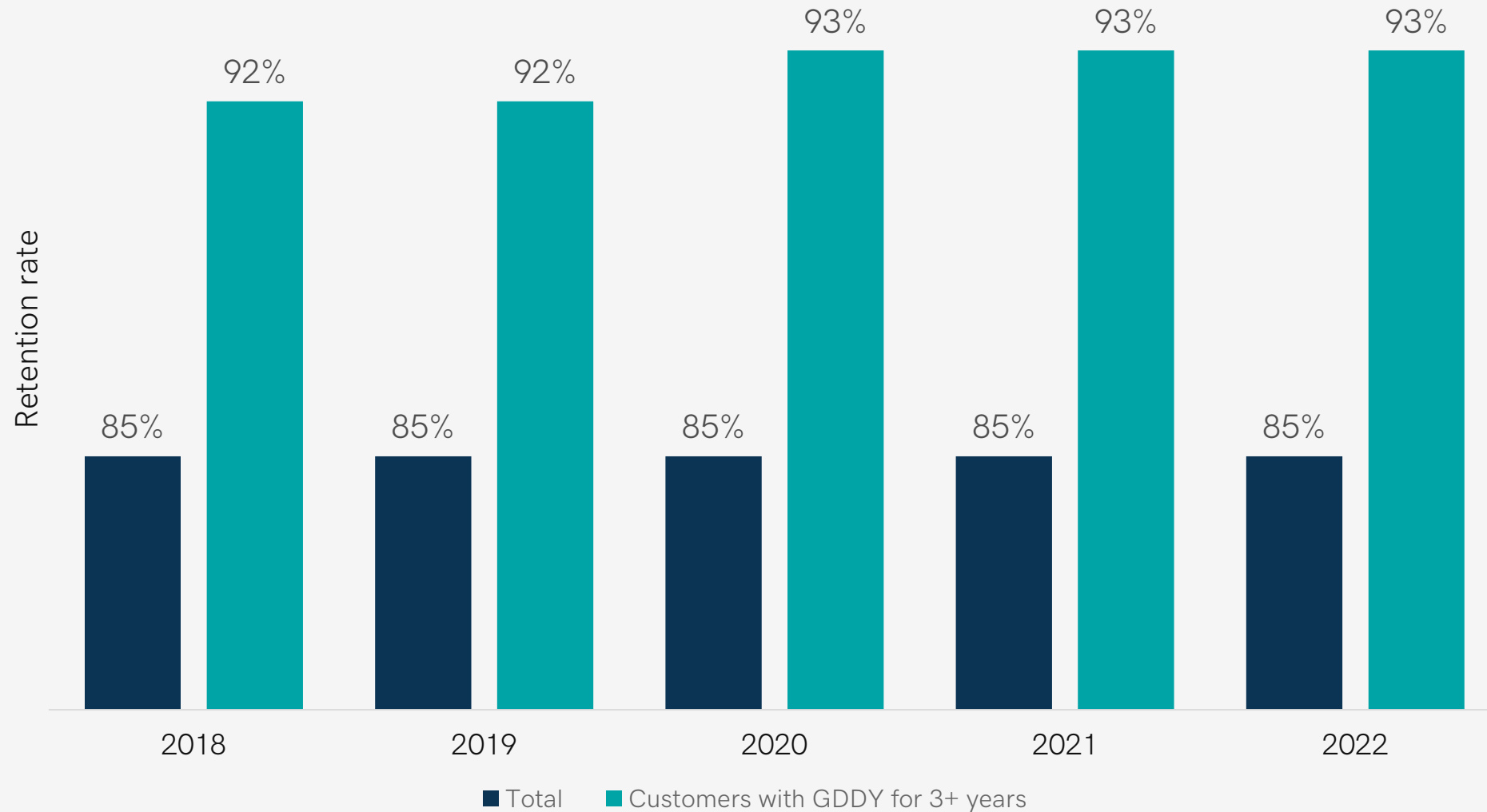
85% of total revenue generated from customers in our base





# Consistent cohort retention

Stable customer retention rates, with retention of 3+ year customers increasing



As of December 31, 2022



Nichole Sullivan  
Keppel & Kismet  
KEPPELANDKISMET.COM

# Outlook

|                          | Q3 2023             | 2023                |
|--------------------------|---------------------|---------------------|
| Revenue                  | \$1.055B - \$1.075B | \$4.250B - \$4.325B |
| Segment growth rates     |                     |                     |
| Applications & commerce  | 9% - 11%            | 9% - 11%            |
| Core platform            | ~Flat               | ~1%                 |
| NEBITDA margin           | ~26%                | ~26%                |
| Unlevered free cash flow |                     | \$1.2B+             |
| Free cash flow           |                     | \$1.0B+             |
| Share repurchase target  |                     | \$1.0B              |





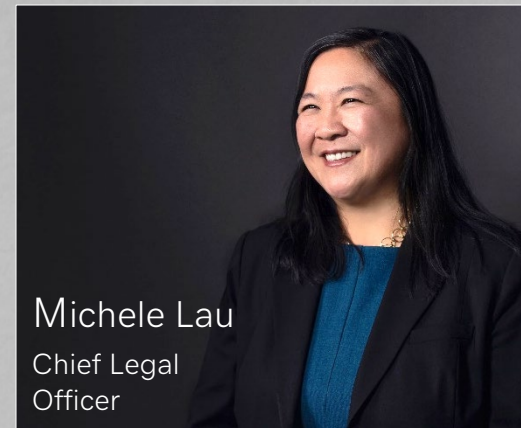
# Our leadership team



Aman Bhutani  
Chief Executive  
Officer



Mark McCaffrey  
Chief Financial  
Officer



Michele Lau  
Chief Legal  
Officer



Monica Bailey  
Chief People  
Officer



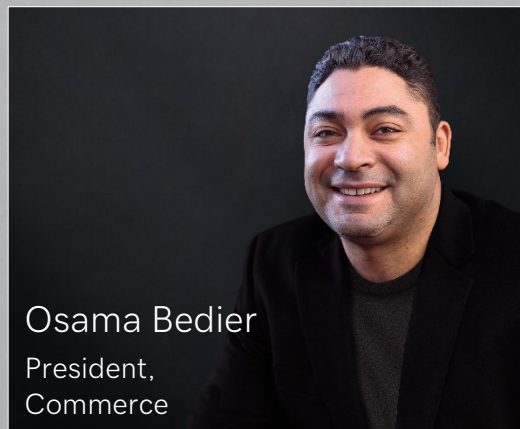
Roger Chen  
Chief Operating  
Officer



Fara Howard  
Chief Marketing  
Officer



Charles Beadnall  
Chief Technology  
Officer



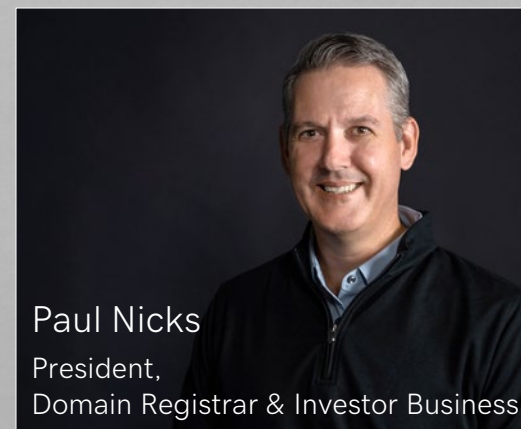
Osama Bedier  
President,  
Commerce



Auguste Goldman  
President,  
Care & Services



Gourav Pani  
President,  
US Independents



Paul Nicks  
President,  
Domain Registrar & Investor Business





# Appendix



Bluu Cauthen  
InoarG  
INOARG.COM



# Non-GAAP reconciliation: NEBITDA

| Reconciliation of NEBITDA (\$M)        | Three months ended June 30 |                | Six months ended June 30 |                |
|--|----------------------------|----------------|--------------------------|----------------|
|  | 2023                       | 2022           | 2023                     | 2022           |
| Net income                             | \$83.1                     | \$90.5         | \$130.5                  | \$159.1        |
| Depreciation and amortization          | 43.5                       | 48.4           | 92.0                     | 96.6           |
| Equity-based compensation <sup>1</sup> | 77.5                       | 66.7           | 149.1                    | 127.9          |
| Interest expense, net                  | 37.4                       | 33.6           | 75.4                     | 66.8           |
| Acquisition-related expenses           | 4.7                        | 10.6           | 9.7                      | 18.3           |
| Restructuring and other <sup>2</sup>   | 20.7                       | 10.6           | 59.7                     | 11.3           |
| Provision (benefit) for income taxes   | (2.3)                      | (2.0)          | (2.1)                    | 4.3            |
| <b>Total NEBITDA</b>                   | <b>\$264.6</b>             | <b>\$258.4</b> | <b>\$514.3</b>           | <b>\$484.3</b> |

<sup>1</sup> The six months ended June 30, 2023 excludes \$2.3 million of equity-based compensation expense associated with our restructuring plan, which is included within restructuring and other.

<sup>2</sup> In addition to the restructuring and other in our statements of operations, other charges included are primarily composed of lease-related expenses associated with closed facilities, charges related to certain legal matters and adjustments to the fair value of our equity investments.

# Non-GAAP reconciliation: Trailing twelve-months NEBITDA

| Reconciliation (\$M)                   | Q1 2022        | Q2 2022        | Q3 2022          | Q4 2022          | Q1 2023          | Q2 2023        |
|--|----------------|----------------|------------------|------------------|------------------|----------------|
| Net income (loss)                      | \$300.6        | \$344.2        | \$346.5          | \$352.9          | \$331.7          | \$324.3        |
| Depreciation and amortization          | 198.8          | 197.3          | 195.0            | 194.6            | 194.9            | 190.0          |
| Equity-based compensation <sup>1</sup> | 216.5          | 231.9          | 246.3            | 264.4            | 274.8            | 285.6          |
| Interest expense, net                  | 129.7          | 131.0          | 130.8            | 135.0            | 139.8            | 143.6          |
| Acquisition-related expenses           | 39.0           | 40.8           | 39.5             | 35.1             | 32.4             | 26.5           |
| Restructuring and other <sup>2</sup>   | 3.4            | 12.4           | 37.3             | 27.4             | 65.7             | 75.8           |
| Provision (benefit) for income taxes   | 17.9           | 8.4            | 5.6              | 3.6              | (2.5)            | (2.8)          |
| <b>Total NEBITDA</b>                   | <b>\$905.9</b> | <b>\$966.0</b> | <b>\$1,001.0</b> | <b>\$1,013.0</b> | <b>\$1,036.8</b> | <b>1,043.0</b> |

<sup>1</sup> The six months ended June 30, 2023 excludes \$2.3 million of equity-based compensation expense associated with our restructuring plan, which is included within restructuring and other.

<sup>2</sup> In addition to the restructuring and other in our statements of operations, other charges included are primarily composed of lease-related expenses associated with closed facilities, charges related to certain legal matters and adjustments to the fair value of our equity investments.



# Non-GAAP reconciliation: Free cash flow and unlevered free cash flow

| Reconciliation (\$M)                                       | Three months ended June 30 |                | Six months ended June 30 |                |
|--|----------------------------|----------------|--------------------------|----------------|
|  | 2023                       | 2022           | 2023                     | 2022           |
| Net cash provided by operating activities                  | \$198.0                    | \$250.9        | \$468.3                  | \$501.8        |
| Capital expenditures                                       | (5.8)                      | (17.9)         | (28.6)                   | (30.2)         |
| Cash paid for acquisition-related costs                    | 8.5                        | 7.4            | 11.6                     | 25.5           |
| Cash paid for restructuring and other charges <sup>1</sup> | 39.2                       | 2.4            | 47.8                     | 4.4            |
| <b>Free cash flow</b>                                      | <b>\$239.9</b>             | <b>\$242.8</b> | <b>\$499.1</b>           | <b>\$501.5</b> |
| Cash paid for interest on long-term debt                   | 43.7                       | 31.5           | 88.4                     | 59.6           |
| <b>Unlevered free cash flow</b>                            | <b>\$283.6</b>             | <b>\$274.3</b> | <b>\$587.5</b>           | <b>\$561.1</b> |

<sup>1</sup> In addition to payments made pursuant to our February 2023 restructuring plan, cash paid for restructuring and other charges includes a payment related to the termination of a revenue sharing agreement as well as lease-related payments associated with closed facilities.

# Non-GAAP reconciliation: Trailing twelve months free cash flow

| Reconciliation (\$M)                             | Q1 2022        | Q2 2022        | Q3 2022        | Q4 2022        | Q1 2023        | Q2 2023        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Net cash provided by operating activities        | \$858.9        | \$900.4        | \$943.9        | \$979.7        | \$999.1        | \$946.2        |
| Capital expenditures                             | (54.4)         | (60.2)         | (60.1)         | (59.7)         | (70.2)         | (58.1)         |
| Cash paid for acquisition-related costs          | 44.3           | 43.4           | 42.1           | 37.9           | 22.9           | 24.0           |
| Cash paid for restructuring charges <sup>1</sup> | 12.4           | 14.1           | 14.5           | 10.7           | 17.3           | 54.1           |
| <b>Free cash flow</b>                            | <b>\$861.2</b> | <b>\$897.7</b> | <b>\$940.4</b> | <b>\$968.6</b> | <b>\$969.1</b> | <b>\$966.2</b> |

<sup>1</sup> In addition to payments made pursuant to our February 2023 restructuring plan, cash paid for restructuring and other charges includes a payment related to the termination of a revenue sharing agreement as well as lease-related payments associated with closed facilities.



# Non-GAAP reconciliation: net debt

## Reconciliation (\$M)

June 30, 2023

Current portion of long-term debt

\$18.2

Long-term debt

3,806.0

Unamortized original issue discount and debt issuance costs

64.5

**Total debt**

**\$3,888.7**

Less: cash & cash equivalents

(582.6)

**Net debt**

**\$3,306.1**

# Constant currency reconciliation

| Reconciliation (\$M)              | June 30, 2023    |
|-----------------------------------|------------------|
| Bookings                          | \$1,141.1        |
| Constant currency adjustment      | 6.9              |
| <b>Constant currency bookings</b> | <b>\$1,148.0</b> |
| Revenue                           | \$1,048.1        |
| Constant currency adjustment      | 8.9              |
| <b>Constant currency revenue</b>  | <b>\$1,057.0</b> |



# Non-GAAP reconciliation: Operating expenses

| Reconciliation of Operating Expense (\$M)                                   | 2018    | 2019      | 2020      | 2021      | 2022      |
|---|---------|-----------|-----------|-----------|-----------|
| <b>Cost of revenue</b>  | \$839.9 | \$1,026.8 | \$1,158.6 | \$1,372.2 | \$1,484.5 |
| Equity-based compensation: cost of revenue                                  | —       | (0.4)     | (0.7)     | (0.9)     | (1.5)     |
| Cost of revenue, net  | \$839.9 | \$1,026.4 | \$1,157.9 | \$1,371.3 | \$1,483.0 |
| <b>Technology and development</b>   | \$434.0 | \$492.6   | \$560.4   | \$706.3   | \$794.0   |
| Equity-based compensation: technology and development                       | (57.8)  | (70.3)    | (90.2)    | (110.0)   | (140.3)   |
| Acquisition-related costs   | —       | —         | —         | (44.1)    | (19.1)    |
| Technology and development, net   | \$376.2 | \$422.3   | \$470.2   | \$552.2   | \$634.6   |
| <b>Marketing and advertising</b>  | \$291.4 | \$345.6   | \$438.5   | \$503.9   | \$412.3   |
| Equity-based compensation: marketing and advertising                        | (10.3)  | (15.4)    | (21.7)    | (24.8)    | (29.1)    |
| Acquisition-related costs   | —       | —         | —         | (0.1)     | (0.2)     |
| Marketing and advertising, net  | \$281.1 | \$330.2   | \$416.8   | \$479.0   | \$383.0   |
| <b>Customer care</b>  | \$323.1 | \$348.7   | \$316.9   | \$306.1   | \$305.9   |
| Equity-based compensation: customer care                                    | (6.2)   | (9.3)     | (12.0)    | (14.1)    | (20.0)    |
| Acquisition-related costs   | —       | —         | —         | (1.7)     | (0.4)     |
| Customer care, net  | \$316.9 | \$339.4   | \$304.9   | \$290.3   | \$285.5   |
| <b>General and administrative (excluding depreciation and amortization)</b> | \$334.0 | \$362.1   | \$323.8   | \$345.8   | \$385.5   |
| Equity-based compensation: general and administrative                       | (51.2)  | (51.6)    | (66.9)    | (58.1)    | (73.5)    |
| Acquisition-related costs   | (32.7)  | (9.4)     | (25.0)    | (32.3)    | (15.4)    |
| Other one-time costs  | —       | (18.1)    | (10.0)    | —         | (5.0)     |
| General and administrative, net   | \$250.1 | \$283.0   | \$241.9   | \$255.4   | \$291.6   |
| <b>Restructuring and other</b>  | —       | \$14.9    | \$46.8    | \$8.1     | \$22.4    |
| <b>Depreciation and amortization</b>  | \$234.1 | \$209.7   | \$202.7   | \$199.6   | \$194.6   |

# Non-GAAP financial measures and other operating and business metrics

## Total bookings

Total bookings is an operating metric representing the total value of customer contracts entered into during the period, excluding refunds. We believe total bookings provides additional insight into the performance of our business and the effectiveness of our marketing efforts since we typically collect payment at the inception of a customer contract but recognize revenue ratably over the term of the contract.

## Constant currency

Constant currency is calculated by translating bookings and revenue for each month in the current period using the foreign currency exchange rates for the corresponding month in the prior period, excluding any hedging gains or losses realized during the period. We believe constant currency information is useful in analyzing underlying trends in our business by eliminating the impact of fluctuations in foreign currency exchange rates and allows for period-to-period comparisons of our performance.

## Annualized recurring revenue (ARR)

ARR is an operating metric defined as quarterly recurring revenue (QRR) multiplied by four. QRR represents the quarterly recurring GAAP revenue, net of refunds, from new and renewed subscription-based services. ARR is exclusive of any revenue that is non-recurring, including, without limitation, domain aftermarket, domain transfers, one-time set-up or migration fees and non-recurring professional website services fees. We believe ARR helps illustrate the scale of certain of our products and facilitates comparisons to other companies in our industry.

## Normalized EBITDA (NEBITDA)

NEBITDA is a supplemental measure of our operating performance used by management and investors to evaluate our business. We calculate NEBITDA as net income excluding depreciation and amortization, interest expense (net), provision or benefit for income taxes, equity-based compensation expense, acquisition related costs, restructuring-related expenses and certain other items. We believe that the inclusion or exclusion of certain recurring and non-recurring items provides a supplementary measure of our core operating results and permits useful alternative period-over-period comparisons of our operations but should not be viewed as a substitute for comparable GAAP measures.



# Non-GAAP financial measures and other operating and business metrics

## Net debt

We define net debt as total debt less cash and cash equivalents. Total debt consists of the current portion of long-term debt plus long-term debt and unamortized original issue discount and debt issuance costs. Our management reviews net debt as part of its management of our overall liquidity, financial flexibility, capital structure and leverage and we believe such information is useful to investors. Furthermore, certain analysts and debt rating agencies monitor our net debt as part of their assessments of our business.

## Gross merchandise volume (GMV)

GMV is a business metric calculated by annualizing the total quarterly dollar value of orders facilitated by our customers through our Commerce platform, including shipping and handling, and taxes, and is shown net of discounts, and returns (where visibility exists). While GMV is not indicative of our performance, we believe it is an indicator of the strengths of our products and platforms.

## Gross payments volume (GPV)

GPV is an operating metric calculated by annualizing the total quarterly dollar value of transactions processed through our payments platform. GPV is representative of the volume of transactions in which we record transaction revenue based on our payment processing rate.

## Unlevered free cash flow

Unlevered free cash flow is a measure of our liquidity used by management to evaluate our business prior to the impact of our capital structure and restructuring and after purchases of property and equipment. Such liquidity can be used by us for strategic opportunities and strengthening our balance sheet. However, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.

## Free cash flow

Free cash flow is defined as our unlevered free cash flow less interest payments for the period. We use free cash flow as a supplemental measure of our liquidity, including our ability to generate cash flow in excess of capital requirements and return cash to shareholders, though it should not be considered as an alternative to, or more meaningful than, comparable GAAP measures. Free cash flow per share is calculated by dividing free cash flow for the period presented by the fully dilutive shares outstanding as of the period presented.

# Non-GAAP financial measures and other operating and business metrics

## Average revenue per user (ARPU)

We calculate ARPU as total revenue during the preceding 12-month period divided by the average of the number of total customers at the beginning and end of the period. ARPU provides insight into our ability to sell additional products to customers, though the impact to date has been muted due to our continued growth in total customers.

## Total customers

We define a customer as an individual or entity with paid transactions in the trailing twelve months or with paid subscriptions as of the end of the period. A single user may be counted as a customer more than once if they maintain paid subscriptions or transactions in multiple accounts. Total customers is one way we measure the scale of our business and is an important part of our ability to increase our revenue base.