

GoDaddy Inc.
Consolidated Balance Sheets
(In millions, except shares in thousands and per share amounts)

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 582.7	\$ 566.1
Short-term investments	12.3	6.6
Accounts and other receivables	18.4	8.0
Registry deposits	34.7	20.6
Prepaid domain name registry fees	351.5	307.0
Prepaid expenses and other current assets	59.9	24.5
Total current assets	1,059.5	932.8
Property and equipment, net	297.9	231.0
Prepaid domain name registry fees, net of current portion	180.8	172.1
Goodwill	2,859.9	1,718.4
Intangible assets, net	1,326.0	716.5
Other assets	14.2	16.1
Total assets	<u>\$ 5,738.3</u>	<u>\$ 3,786.9</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 59.6	\$ 61.7
Accrued expenses and other current liabilities	469.6	143.0
Payable to related parties for tax distributions	—	10.0
Deferred revenue	1,264.8	1,043.5
Long-term debt	16.7	4.0
Total current liabilities	1,810.7	1,262.2
Deferred revenue, net of current portion	596.8	532.7
Long-term debt, net of current portion	2,410.8	1,035.7
Payable to related parties pursuant to tax receivable agreements	153.0	202.6
Other long-term liabilities	75.0	39.5
Deferred tax liabilities	145.5	—
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value - 50,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.001 par value - 1,000,000 shares authorized; 132,993 and 88,558 shares issued and outstanding as of December 31, 2017 and 2016, respectively	0.1	0.1
Class B common stock, \$0.001 par value - 500,000 shares authorized; 35,006 and 78,554 shares issued and outstanding as of December 31, 2017 and 2016, respectively	—	0.1
Additional paid-in capital	484.4	608.3
Retained earnings (accumulated deficit)	87.7	(48.7)
Accumulated other comprehensive income (loss)	(85.7)	2.7
Total stockholders' equity attributable to GoDaddy Inc.	486.5	562.5
Non-controlling interests	60.0	151.7
Total stockholders' equity	546.5	714.2
Total liabilities and stockholders' equity	<u>\$ 5,738.3</u>	<u>\$ 3,786.9</u>

See accompanying notes to consolidated financial statements.

GoDaddy Inc.
Consolidated Statements of Operations
(In millions, except shares in thousands and per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenue:			
Domains	\$ 1,057.2	\$ 927.8	\$ 840.8
Hosting and presence	847.9	678.7	592.0
Business applications	326.8	241.4	174.5
Total revenue	2,231.9	1,847.9	1,607.3
Costs and operating expenses ⁽¹⁾ :			
Cost of revenue (excluding depreciation and amortization)	775.5	657.8	565.9
Technology and development	355.8	287.8	270.2
Marketing and advertising	253.2	228.8	202.2
Customer care	292.3	242.1	221.5
General and administrative	282.4	221.2	219.7
Depreciation and amortization	205.8	160.1	158.8
Total costs and operating expenses	2,165.0	1,797.8	1,638.3
Operating income (loss)	66.9	50.1	(31.0)
Interest expense	(83.0)	(57.2)	(69.2)
Loss on debt extinguishment	(7.3)	—	(21.4)
Tax receivable agreements liability adjustment	123.2	(12.5)	—
Other income (expense), net	7.0	(1.9)	1.0
Income (loss) from continuing operations before income taxes	106.8	(21.5)	(120.6)
Benefit (provision) for income taxes	18.9	(0.4)	0.2
Income (loss) from continuing operations	125.7	(21.9)	(120.4)
Income from discontinued operations, net of income taxes (includes \$33.2 gain on disposal, net of tax)	14.1	—	—
Net income (loss)	139.8	(21.9)	(120.4)
Less: net income (loss) attributable to non-controlling interests	3.4	(5.4)	(44.8)
Net income (loss) attributable to GoDaddy Inc.	\$ 136.4	\$ (16.5)	\$ (75.6)
Net income (loss) attributable to GoDaddy Inc. per share of Class A common stock—basic ⁽²⁾ :			
Continuing operations	\$ 1.17	\$ (0.21)	\$ (0.81)
Discontinued operations	0.08	—	—
Net income (loss) attributable to GoDaddy Inc.	\$ 1.25	\$ (0.21)	\$ (0.81)
Net income (loss) attributable to GoDaddy Inc. per share of Class A common stock—diluted ⁽²⁾ :			
Continuing operations	\$ 0.71	\$ (0.21)	\$ (0.81)
Discontinued operations	0.08	—	—
Net income (loss) attributable to GoDaddy Inc.	\$ 0.79	\$ (0.21)	\$ (0.81)
Weighted-average shares of Class A common stock outstanding ⁽²⁾ :			
Basic	108,779	79,835	58,676
Diluted	177,054	79,835	58,676

⁽¹⁾ Costs and operating expenses include equity-based compensation expense as follows:

Technology and development	\$ 37.1	\$ 23.2	\$ 18.2
Marketing and advertising	7.3	8.1	6.1
Customer care	3.6	3.9	2.9
General and administrative	28.4	21.6	13.2

⁽²⁾ Amounts for periods prior to our April 1, 2015 initial public offering have been retrospectively adjusted to give effect to the organizational transactions described in Note 1. The prior period amounts do not consider the 26,000 shares of Class A common stock sold in our initial public offering. See Note 16.

See accompanying notes to consolidated financial statements.

GoDaddy Inc.
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2017	2016	2015
Operating activities			
Net income (loss)	\$ 139.8	\$ (21.9)	\$ (120.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	205.8	160.1	158.8
Equity-based compensation	76.4	56.8	40.4
Loss on debt extinguishment	7.3	—	21.4
Deferred taxes	(34.5)	(3.8)	(3.0)
Tax receivable agreements liability adjustment	(123.2)	12.5	—
Domain portfolio cost of revenue	4.4	10.7	3.7
Gain on sale of PlusServer	(33.2)	—	—
Other	8.9	9.8	8.0
Changes in operating assets and liabilities, net of amounts acquired:			
Registry deposits	(10.1)	(1.9)	(0.9)
Prepaid domain name registry fees	(13.5)	(22.8)	(30.7)
Accounts payable	(8.4)	19.6	13.5
Accrued expenses and other current liabilities	32.6	10.0	9.5
Deferred revenue	220.0	160.8	165.6
Other operating assets and liabilities	3.3	(3.4)	(6.7)
Net cash provided by operating activities	475.6	386.5	259.2
Investing activities			
Purchases of short-term investments	(28.3)	(10.5)	(7.3)
Maturities of short-term investments	22.6	8.4	5.8
Business acquisitions, net of cash acquired	(1,876.9)	(118.5)	(64.7)
Purchases of intangible assets	(52.0)	(1.3)	(23.5)
Proceeds received from sale of PlusServer	447.7	—	—
Purchases of property and equipment	(83.2)	(61.5)	(55.8)
Other investing activities, net	—	—	1.1
Net cash used in investing activities	(1,570.1)	(183.4)	(144.4)
Financing activities			
Proceeds received from:			
Acquisition Term Loan	1,421.4	—	—
Bridge Loan	531.7	—	—
Sales of Class A common stock, net of expenses	22.9	—	482.4
Option and warrant exercises	61.1	55.0	12.7
Issuance of Class A common stock under employee stock purchase plan	17.4	5.0	11.5
Payments made for:			
Repurchases of LLC Units and distributions to holders of LLC Units	(285.0)	(18.8)	(0.8)
Repayment of Bridge Loan	(596.6)	—	—
Repayment of term loans	(15.3)	(11.0)	(11.0)
Repayment of senior note	—	—	(300.0)
Repayment of revolving credit loan	—	—	(75.0)
Financing-related costs	(39.7)	—	(13.5)
Capital leases and other financing obligations	(10.4)	(15.1)	(11.9)
Net cash provided by financing activities	1,107.5	15.1	94.4
Effect of exchange rate changes on cash and cash equivalents	3.6	(0.1)	(0.2)
Net increase in cash and cash equivalents	16.6	218.1	209.0
Cash and cash equivalents, beginning of period	566.1	348.0	139.0
Cash and cash equivalents, end of period	\$ 582.7	\$ 566.1	\$ 348.0

GoDaddy, Inc.
Consolidated Statements of Cash Flows (continued)
(In millions)

	Year Ended December 31,		
	2017	2016	2015
Supplemental cash flow information:			
Cash paid during the period for:			
Interest on long-term debt, net of swap benefit	\$ 88.3	\$ 46.5	\$ 59.1
Income taxes, net of refunds received	\$ 16.6	\$ 4.0	\$ 2.3
Supplemental information for non-cash investing and financing activities:			
Acquisition date fair value of contingent consideration	\$ 11.6	\$ 5.6	\$ 0.9
Accrued capital expenditures at period end	\$ 7.4	\$ 13.1	\$ 5.0
Property and equipment acquired under capital leases	\$ 6.3	\$ 7.1	\$ 11.1

See accompanying notes to consolidated financial statements.