



SOLARWINDS®

# SolarWinds Investor Presentation

Second Quarter 2024

August 1, 2024



# Safe Harbor and Other Information



## Forward-Looking Statements

This presentation and the accompanying oral presentation contain “forward-looking” statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding our financial outlook, our market opportunities, our evolution to a subscription-first mentality, the SolarWinds Platform, our product development in 2024 and beyond, expectations regarding customer retention, revenue growth and market expansion, and the impact of the global economic and geopolitical environment on our business.

These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements that are not historical facts and may be identified by terms such as “aim,” “anticipate,” “believe,” “can,” “could,” “seek,” “should,” “feel,” “expect,” “will,” “would,” “plan,” “project,” “intend,” “estimate,” “continue,” “may,” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the following (a) risks related to the Cyber Incident, including with respect to (1) litigation and investigation risks related to the Cyber Incident, including as a result of the pending civil complaint filed by the Securities and Exchange Commission against us and our Chief Information Security Officer, including that we have and may continue to incur significant costs in defending ourselves and may be unsuccessful in doing so, resulting in exposure to potential penalties, judgements, fines, settlement-related costs and other costs and liabilities related thereto, (2) numerous financial, legal, reputational and other risks to us related to the Cyber Incident, including risks that the incident, SolarWinds’ response thereto or litigation related to the Cyber Incident has and may in the future result in the loss of business as a result of termination or non-renewal of agreements, or reduced purchases or upgrades of our products, reputational damage adversely affecting customer, partner, and vendor relationships and investor confidence, increased attrition of personnel and distraction of key and other personnel, indemnity obligations, damages for contractual breach, penalties for violation of applicable laws or regulations, significant costs for remediation, and the incurrence of other liabilities and risks related to the impact of any such costs and liabilities, and (3) the possibility that our steps to secure our internal environment, improve our product development environment, and ensure the security and integrity of the software that we deliver to our customers may not be successful or sufficient to protect against future threat actors or attacks, or be perceived by existing and prospective customers as sufficient to address the harm caused by the Cyber Incident; (b) other risks related to cybersecurity, including that we have experienced and may in the future experience other security incidents and have had and may in the future have vulnerabilities in our systems and services, including to a greater degree, with respect to our legacy products, which vulnerabilities have been and may in the future be exploited, whether through the actions or inactions of our employees, our customers, insider threats or otherwise, which may result in compromises or breaches of our and our customers’ systems or, theft or misappropriation of our and our customers’ confidential, proprietary or personal information, as well as exposure to legal and other liabilities, including the related risk of higher customer, employee and partner attrition and the loss of key personnel, as well as negative impacts to our sales, renewals and upgrades; (c) risks related to the evolving breadth of our sales motion and challenges, investments and additional costs associated with increased selling efforts toward enterprise customers and adopting a subscription first approach; (d) risks relating to increased investments in, and the timing and success of, our ongoing transformation from monitoring to observability; (e) risks related to any shifts in our revenue mix and the timing of how we recognize revenue as we transition to subscription; (f) risks related to using artificial intelligence (“AI”) in our business and our solutions, including risks related to evolving regulation of AI, machine learning and the receipt, collection, storage, processing and transfer of data as well as the threat of cyberattacks created through AI or leveraging AI; (g) potential foreign exchange gains and losses related to expenses and sales denominated in currencies other than the functional currency of an associated entity; (h) any of the following factors either generally or as a result of the impacts of global macroeconomic conditions, including the wars in Israel and Ukraine, geopolitical tensions involving China, disruptions in the global supply chain and energy markets, inflation, uncertainty over liquidity concerns in the broader financial services industry and foreign currency exchange rates and their impact on the global economy or on our business operations and financial condition or on the business operations and financial conditions of our customers, their end-customers and our prospective customers: (1) reductions in information technology spending or delays in purchasing decisions by our customers, their end-customers and our prospective customers, (2) the inability to sell products to new customers or to sell additional products or upgrades to our existing customers or to convert our maintenance customers to subscription products, (3) any decline in our renewal or net retention rates or any delay or loss of U.S. government sales, (4) the inability to generate significant volumes of high quality sales leads from our digital marketing initiatives and convert such leads into new business at acceptable conversion rates, (5) the timing and adoption of new products, product upgrades or pricing model changes by us or our competitors, (6) changes in interest rates, (7) risks associated with our international operations and any international expansion efforts and (8) ongoing sanctions and export controls; (i) the possibility that our operating income could fluctuate and may decline as percentage of revenue as we make further expenditures to expand our infrastructure, product offerings and sales motion in order to support additional growth in our business; (j) our ability to compete effectively in the markets we serve and the risks of increased competition as we enter new markets; (k) our ability to attract, retain and motivate employees; (l) any violation of legal and regulatory requirements or any misconduct by our employees or partners; (m) risks associated with increased efforts and costs to comply with ongoing changes in applicable laws and regulations; (n) our inability to successfully identify, complete, and integrate acquisitions and manage our growth effectively; (o) risks associated with our status as a controlled company; and; and (p) such other risks and uncertainties described more fully in documents filed with or furnished to the Securities and Exchange Commission, including the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed on February 16, 2024, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 that SolarWinds anticipates filing on or before August 9, 2024. All information provided in this presentation is as of the date hereof, and SolarWinds undertakes no duty to update this information except as required by law.

# Non-GAAP Financial Measures



This presentation includes the following non-GAAP financial measures: adjusted EBITDA, adjusted EBITDA margin, and unlevered free cash flow. We use these non-GAAP financial measures to clarify and enhance our understanding and aid in the period-to-period comparison of our performance. We believe that these non-GAAP financial measures provide supplemental information that is meaningful when assessing our operating performance because they exclude the impact of certain amounts that our management and board of directors do not consider part of core operating results when assessing our operational performance, allocating resources, preparing annual budgets, and determining compensation. The non-GAAP measures have limitations and should not be considered in isolation or as a substitute for the most comparable GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, do not reflect a comprehensive system of accounting, and may not be completely comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation between companies. See Definitions for information on how we define these non-GAAP financial measures and the Appendix to this presentation for a reconciliation of the non-GAAP financial measures presented to their most comparable GAAP equivalents. A reconciliation of forward-looking non-GAAP financial measures used in this presentation to their most comparable GAAP measures is not available without unreasonable effort due to the uncertainty regarding, and the potential variability of, certain of the adjustments made to such measures that may be incurred in the future.

UNLESS OTHERWISE STATED, YOU MAY ASSUME ALL FINANCIAL MEASURES DISCUSSED IN THIS PRESENTATION, INCLUDING STATEMENTS REGARDING PROFIT AND PROFITABILITY, ARE PRESENTED ON A NON-GAAP BASIS.

# Definitions



**Adjusted EBITDA and Adjusted EBITDA Margin.** We define adjusted EBITDA as net income or loss, excluding the impact of amortization of acquired intangible assets and developed technology, depreciation expense, stock-based compensation expense and related employer-paid payroll taxes, restructuring costs, acquisition and other costs, Cyber Incident costs, net, goodwill and indefinite-lived intangible asset impairment, interest expense, net, debt-related costs including fees related to our credit agreements, debt extinguishment and refinancing costs, unrealized foreign currency (gains) losses, and income tax expense (benefit). We define adjusted EBITDA margin as adjusted EBITDA divided by total revenue.

**Unlevered Free Cash Flow (uFCF).** Unlevered free cash flow is a measure of our liquidity used by management to evaluate cash flow from operations after the deduction of capital expenditures and prior to the impact of our capital structure, acquisition and other costs, Cyber Incident costs, net, restructuring costs, employer-paid payroll taxes on stock awards and other one-time items, that 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.

**Subscription Annual Recurring Revenue (Subscription ARR).** Subscription ARR represents the annualized recurring value of all active subscription contracts at the end of a reporting period.

**Total Annual Recurring Revenue (Total ARR).** Total ARR represents the sum of Subscription ARR and the annualized value of all maintenance contracts related to perpetual licenses active at the end of a reporting period assuming those contracts are renewed at their existing terms.

**Maintenance Renewal Rate.** Maintenance renewal rate represents sales of maintenance services for all existing maintenance contracts expiring in a period, divided by the sum of previous sales of maintenance services corresponding to those services expiring in the current period. Customers who transition from maintenance contracts to subscription offerings are excluded from both the numerator and denominator of the calculation. Sales of maintenance services include sales of maintenance renewals for a previously purchased product and the amount allocated to maintenance revenue from a license purchase.

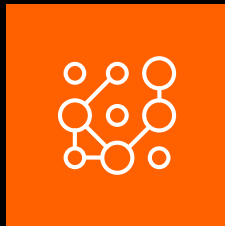
**Non-GAAP Net Income (Loss) Per Diluted Share.** We define non-GAAP net income (loss) per diluted share as non-GAAP net income (loss) divided by the weighted average outstanding diluted common shares. Non-GAAP net income (loss) is calculated as net income (loss) excluding amortization of acquired intangible assets, stock-based compensation expense and related employer-paid payroll taxes, acquisition and other costs, restructuring costs, and Cyber Incident costs, net, goodwill and indefinite-lived intangible asset impairment, losses on extinguishment of debt, certain other non-operating gains and losses, and the income tax effect of the non-GAAP exclusions.

# Transformation Across Organizations of All Sizes Requires New Solutions



## Business Transformation Is Accelerating

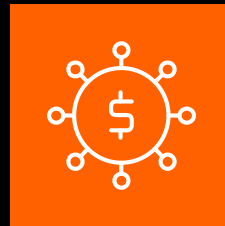
## Creating New Customer Needs



Complexity, security, and productivity challenges abound



Hybrid work is here to stay



IT budgets and resource constraints remain



Modernization of operations, apps, and databases



Multi-cloud deployments



Flexible consumption models



Hybrid visibility of cloud and self-hosted deployments, accelerating issue detection and remediation with AIOps for improved productivity



# Our mission is to help customers accelerate business transformation

through simple, powerful, secure solutions designed for multi-cloud environments.

# Customers Prioritize Hybrid Visibility, Productivity, Security, and Cost Effectiveness



EASE-OF-USE

## Tool consolidation

Companies use **fragmented monitoring and observability tools** leading to swollen IT budgets, security gaps and operational challenges—tool consolidation alleviates the situation



HYBRID VISIBILITY

## Cloud modernization

Flexible infrastructures enable **higher organizational performance**—in a hybrid world observability spanning self-hosted and cloud workloads leads to better efficiencies



EFFICIENCY GAINS

## Productivity

Growing complexity in customer environments necessitates gains in efficiency—observability with intelligent automation **accelerates mean time to detect and remediate issues**

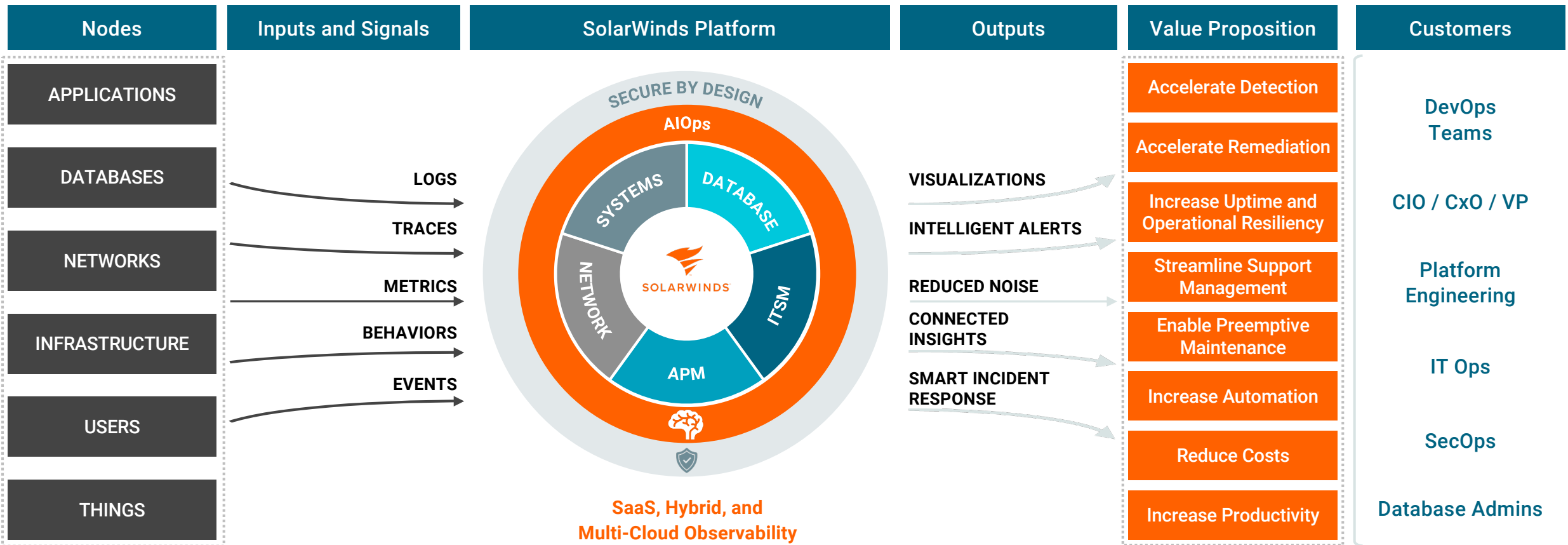


OPERATING LEVERAGE

## Cost management

Customers continually look to optimize and proactively manage their environments to help **control costs, drive scale, increase operating leverage, and improve their competitiveness**

# We Believe Our Platform Addresses Customer Needs; Accelerates Time to Value, Detect, Respond







Note: Represents SolarWinds goals for product development for the remainder of 2024 and is subject to change. Product development goals represent forward-looking statements.



# We Create Value via Simple, Powerful, Secure Solutions



Solutions	Monitoring Solutions	Observability Platform	Enterprise Service Management	Database
	 <p>Networks, Systems, and Applications Monitoring</p>	 <p>Full-Stack Observability</p>	 <p>Cloud End-User Support and Intelligent Automation</p>	 <p>Comprehensive Database Management</p>
Description	Comprehensive and customizable network, server, and application management	Integration and correlation of signals and telemetry across the full hybrid environment tech stack to accelerate MTTD/MTTR	SaaS-based help desk ticketing, IT asset management, AI Assistant, and end-user support	Multi-platform database performance monitoring and tuning for both on-premises and cloud-hosted deployments and workloads
Buyer Persona	<ul style="list-style-type: none"> <li>✓ Director / VP</li> <li>✓ DevOps</li> <li>✓ DBA / Developer</li> </ul>	<ul style="list-style-type: none"> <li>✓ CIO / CxO</li> <li>✓ Director / VP</li> <li>✓ DevOps</li> <li>✓ IT Ops</li> <li>✓ DBA / Developer</li> </ul>	<ul style="list-style-type: none"> <li>✓ Director</li> <li>✓ IT Ops</li> </ul>	<ul style="list-style-type: none"> <li>✓ DBA / Developer</li> </ul>

# Target Strong Growth and Margin Expansion

Our goal: retain the best of what made us a compelling company; evolve with customer needs; GROW predictably and profitably



## 2023

### Portfolio:

- SaaS observability with AIOps for applications, networks, infrastructure, and databases
- Hybrid Cloud Observability
- Database extensions
- Advanced services
- Evolving Secure by Design

### GTM:

- Grow channel partnerships
- Customer Success expansion (LAER)
- Further hone customer segmentation to capture market share
- Community expansion

### Financial Goals:

- Margin expansion
- Diversified growth
- Subscription recurring revenue acceleration

## 2024

### Portfolio:

- Accelerate SolarWinds Platform
- Hybrid Visibility
- Evolving AIOps and AI virtual agent
- Evolving Secure by Design

### GTM:

- Accelerate and scale with partners, GSIs, and cloud service partners
- Amplify our velocity motion
- Continue product-led growth (PLG)
- Hone digital sales and E-commerce

### Financial Goals:

- Margin expansion
- Operating leverage
- Subscription recurring revenue growth
- Customer retention across product lines
- < 3X net leverage

## 2025+

### Portfolio:

- Continue SolarWinds Platform growth with third-party ecosystem extensions
- Observe, visualize, automate, and remediate hybrid- and multi-cloud environments
- Vertical-specific solutions to further differentiate
- Evolving Secure by Design

### GTM:

- Accelerate product-led growth (PLG)
- Further grow digital sales and E-commerce
- Continue nurturing motions with a focus on outbound acceleration

### Financial Goals:

- \$1B of ARR and mid-40s margins
- > 90% recurring revenue

# SolarWinds at a Glance

Second quarter 2024 financial highlights



**\$193M**

Total Quarterly Revenue  
(vs. Q2 Outlook Midpoint of \$188.5M)



**\$719M**

Total TTM Recurring Revenue



**1,042**

Customers With \$100K+ Total ARR



**\$92M**

Quarterly Adjusted EBITDA  
(vs. Q2 Outlook Midpoint of \$86.5M)



**\$270M**

Subscription Annual Recurring Revenue (ARR)



**97%**

TTM Maintenance Renewal Rate



**48%**

Quarterly Adjusted EBITDA Margin



**36%**

Subscription Annual Recurring Revenue (ARR) Growth



**\$111M**

Year-to-Date Unlevered Free Cash Flow

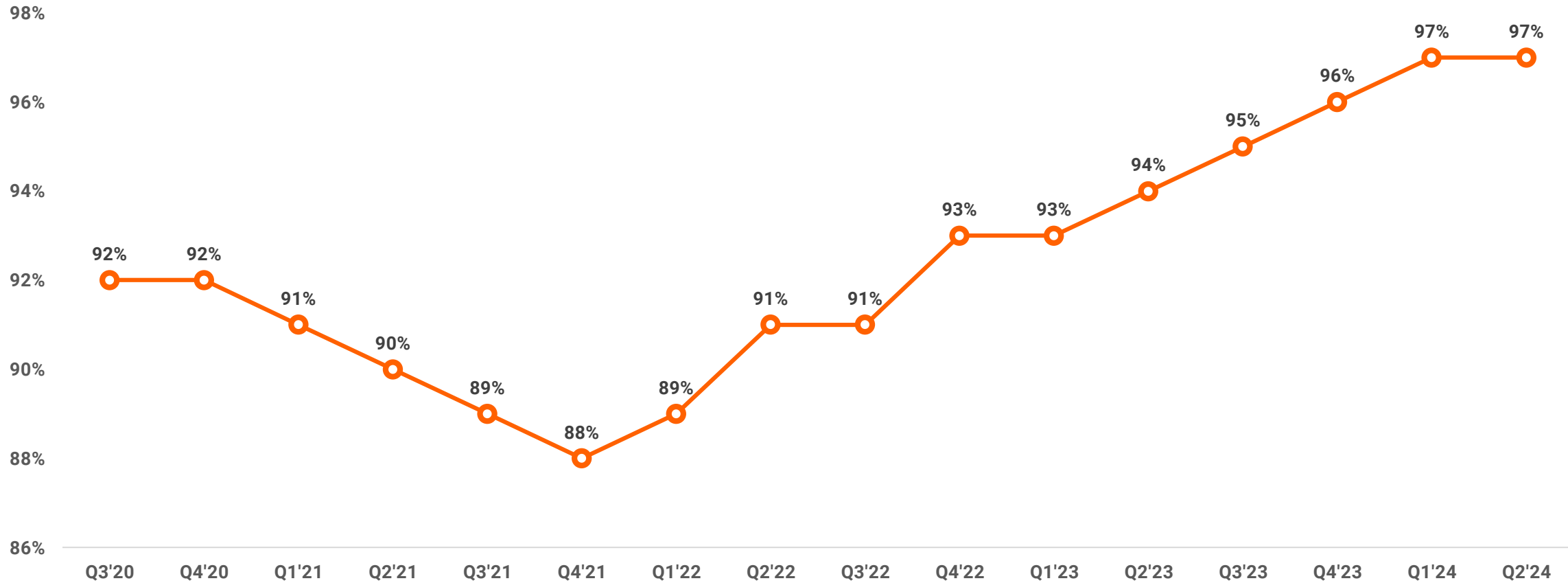
Note: All amounts, including trailing 12-month ("TTM") and YTD amounts, are through Q2'24. Includes non-GAAP financial measures. Please refer to non-GAAP reconciliation provided in the appendix for equivalent GAAP measure.

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# Strong Customer Retention Rates



TTM Maintenance Renewal Rate, %



Note: All amounts represent trailing 12-month ("TTM") through the applicable period.

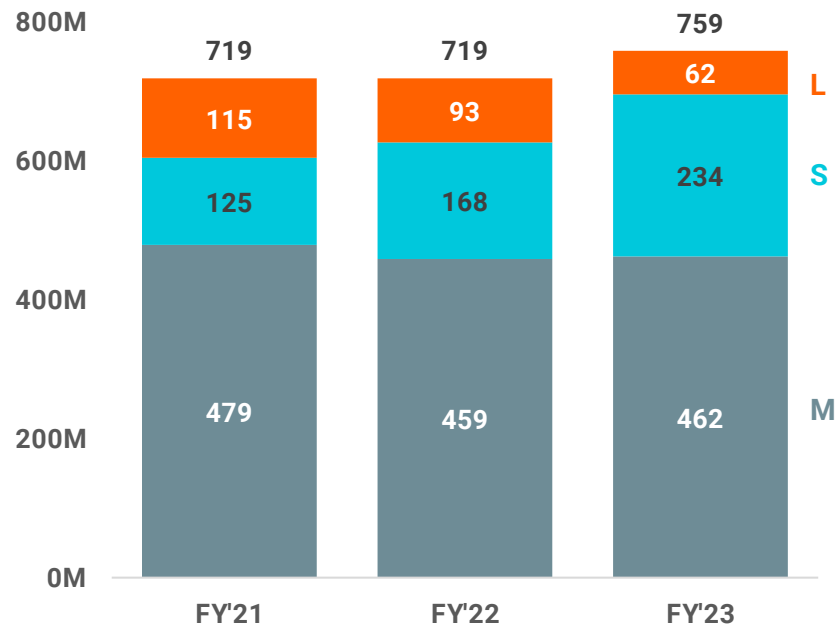
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# Full Year and Quarterly Revenue

Consistent revenue growth

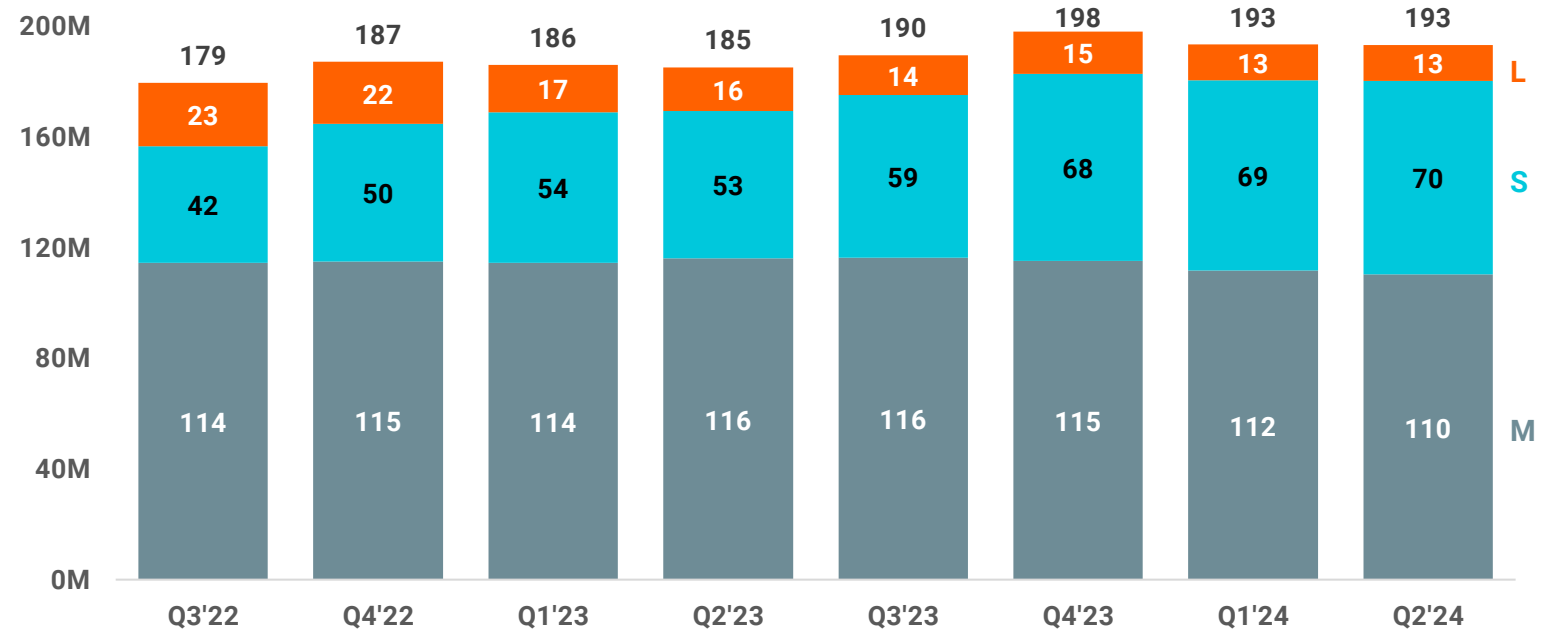


Revenue, (\$)



Total YoY growth 0.3%      0.1%      5.5%

Revenue, (\$)



Total YoY growth (1.0%)      0.2%      5.1%      5.1%      5.7%      5.9%      3.9%      4.4%

■ Maintenance    ■ Subscription    ■ License

Note: L – License, S – Subscription, M – Maintenance  
Totals may not sum due to rounding.

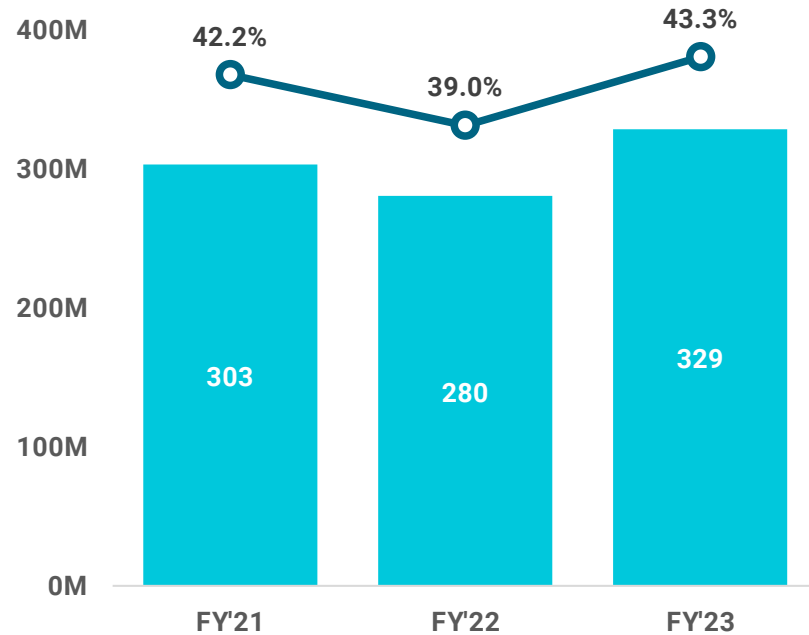
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# Full Year and Quarterly Adjusted EBITDA

High operating leverage

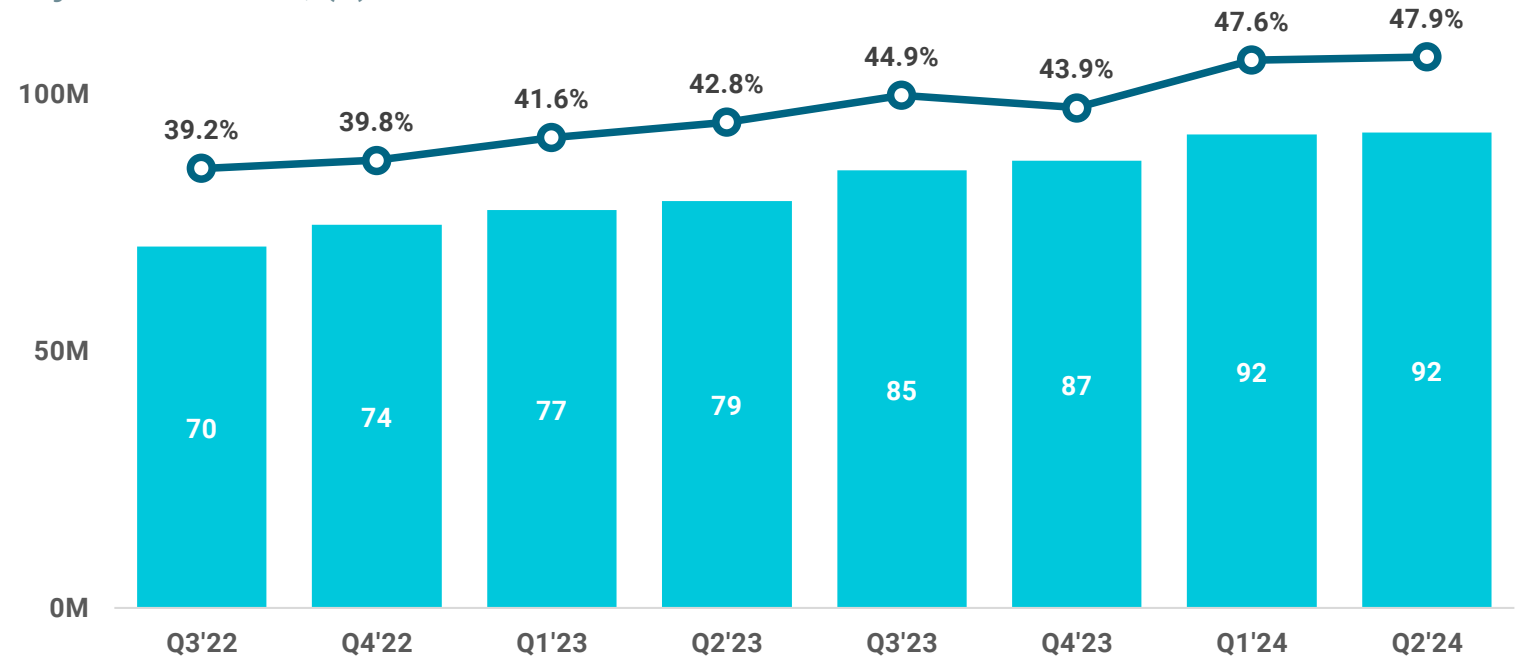


Adjusted EBITDA, (\$)



Total YoY growth	(14.2%)	(7.5%)	17.2%
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Adjusted EBITDA, (\$)



Total YoY growth	(6.6%)	(4.9%)	12.5%	18.4%	21.0%	16.8%	19.0%	16.9%
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Adjusted EBITDA Margin

Note: Includes non-GAAP financial figures. Please refer to non-GAAP reconciliation provided in the appendix for equivalent GAAP values.

# Second Quarter 2024 Business Highlights

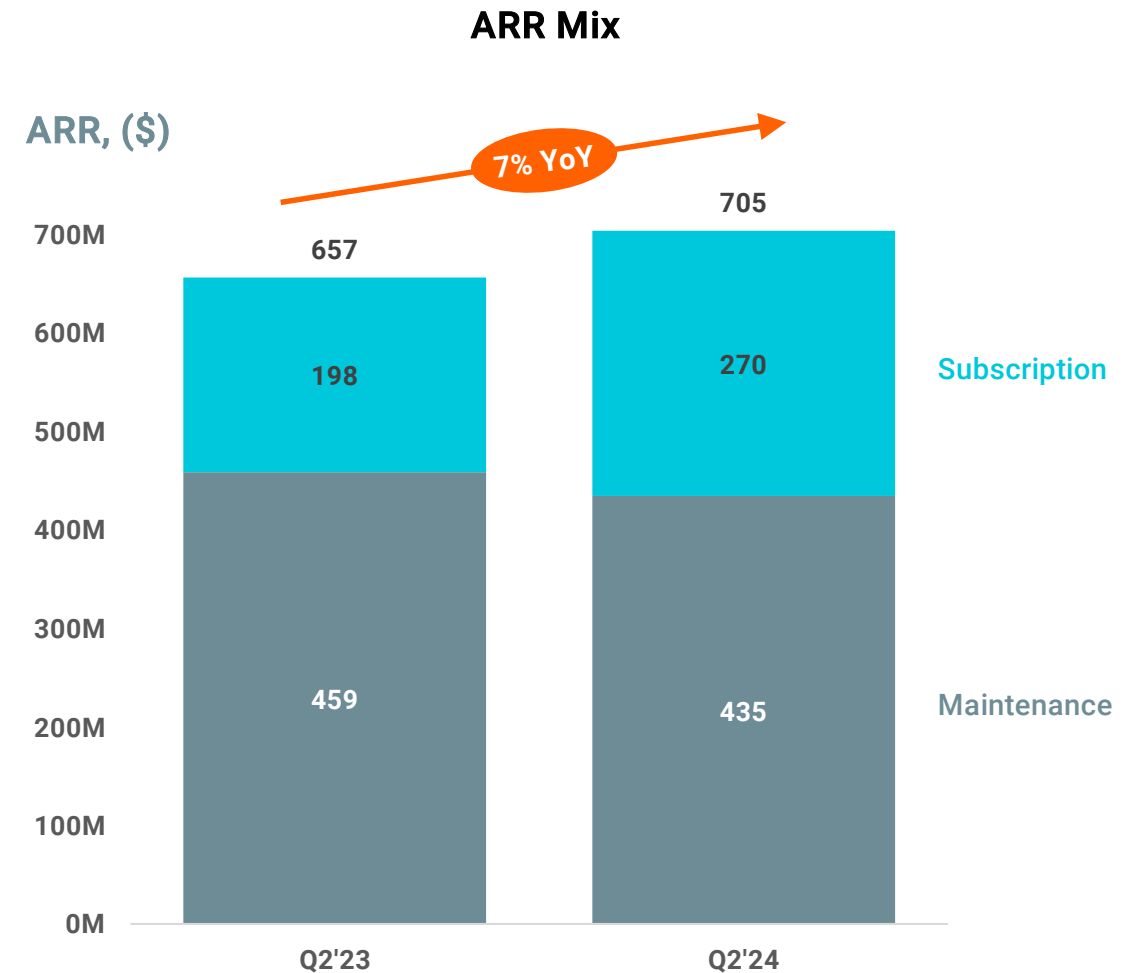


- Total revenue in the second quarter of **\$193 million**, above the high end of the revenue outlook range provided of **\$186 to \$191 million**.
  - Representing **4% total revenue growth** year-over-year, with total recurring revenue representing **93%** of our total revenue.
  - **Subscription revenue growth of 31%** year-over-year.
  - The trailing 12-month maintenance renewal rate was **97%**.
- Adjusted EBITDA grew **17%** year-over-year to **\$92 million**, representing a margin of **48%**.
  - Increasing margin expansion along with double-digit adjusted EBITDA growth reflects our commitment to expense and operating discipline.
- Total ARR of **\$705 million**, up **7%** year-over-year, and Subscription ARR of **\$270 million**, which is an increase of **36%** year-over-year.
- In April, SolarWinds celebrated the **25th anniversary** of its founding in Tulsa, Oklahoma in 1999.
- In the second quarter, the company **announced enhancements to Plan Explorer**<sup>®</sup>—natively built into SolarWinds SQL Sentry<sup>®</sup>—designed to help database pros improve their operations, performance, and business outcomes, and unveiled **updates to SolarWinds Database Performance Analyzer (DPA)**, which delivers advanced support for PostgreSQL.
- In May, **SolarWinds AI**, a generative AI engine developed under its **new AI by Design framework**, debuted in SolarWinds Service Desk, the company's ITSM solution.
- In June, SolarWinds announced the **appointment of Lewis Black** as its Executive Vice President, Chief Financial Officer to be effective in August 2024.
- Also in June, SolarWinds released the findings from its **2024 IT Trends Report, AI: Friend or Foe?**, based on a survey of nearly 700 IT professionals about their views on artificial intelligence (AI).

# Second Quarter 2024 ARR Highlights

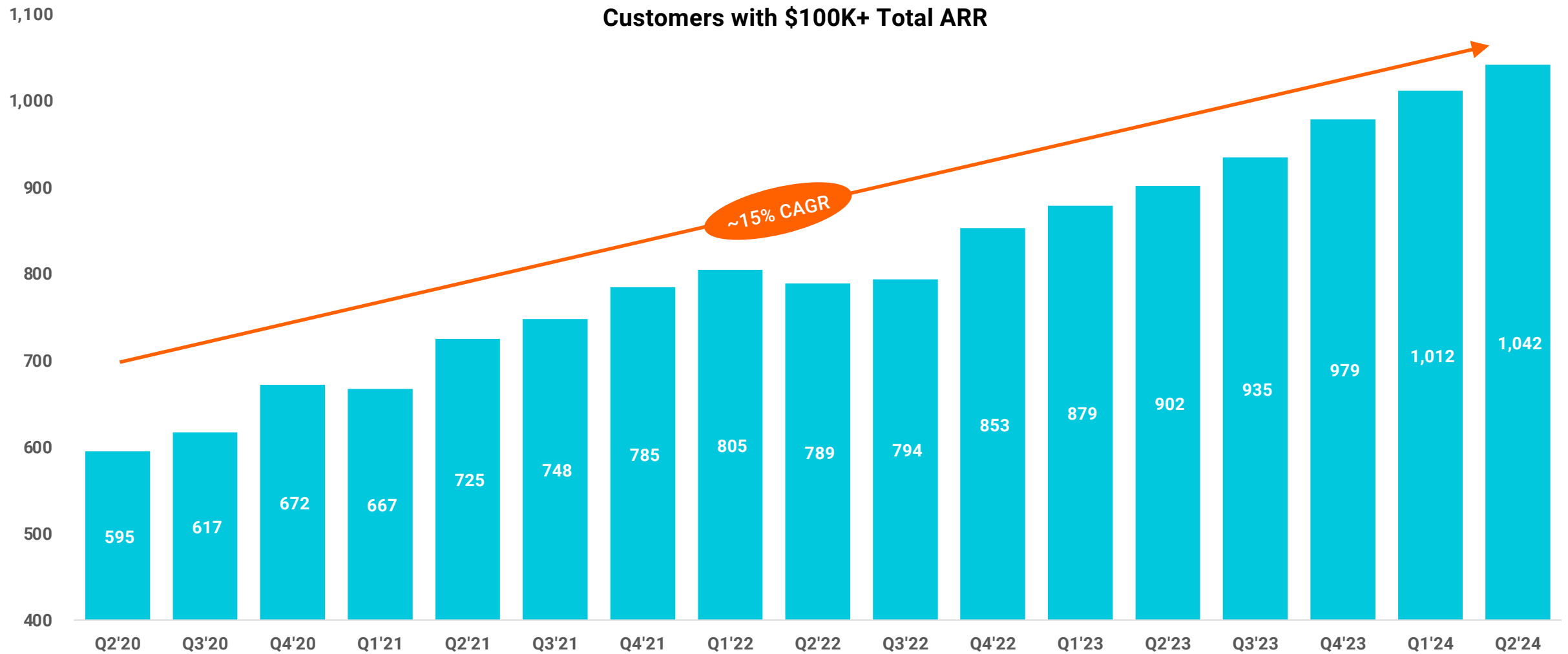


- Ended the second quarter with Total ARR of **\$705M**, a **7%** increase year-over-year.
- Continue to accelerate the shift to subscription, consistent with how our customers want to consume our products – we have **93%** of our total revenue as recurring revenue.
- Subscription ARR as of June 30 was **\$270M**, a **36%** increase year-over-year.
- The ongoing emphasis on driving subscription adoption and conversion to subscription across our business, expected to result in some variability of reported revenue, is key to our long-term strategy to achieve \$1B in ARR at mid-40s adjusted EBITDA margins in the coming years.
- The conversion from maintenance to subscription lays the foundation for even more predictable revenue, and we believe the opportunity to expand our lifetime value with customers.





# Continued Growth in Large Customer Relationships



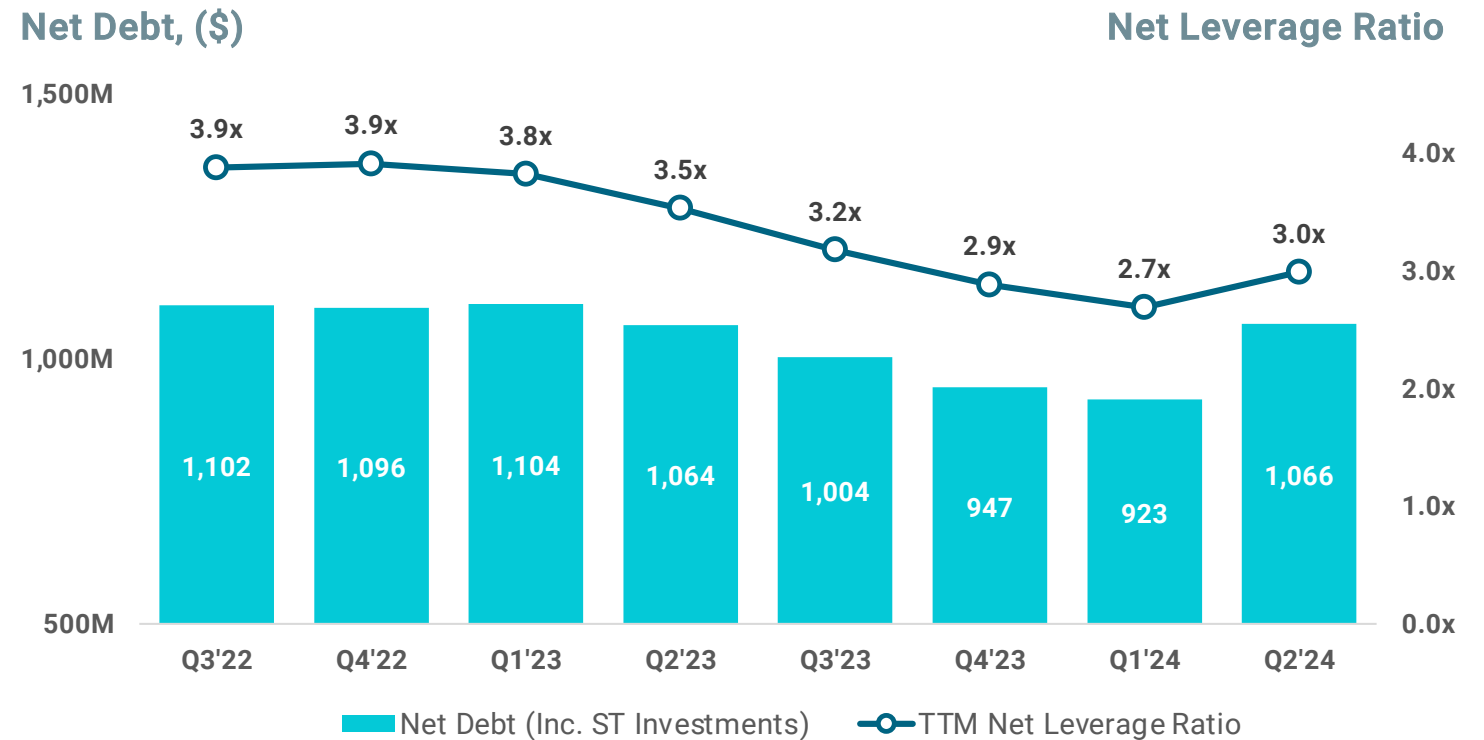
Note: for purposes of this metric, we define customer as an individual or an entity that has an active subscription for at least one of our subscription products or active maintenance on our license products. In situations where an entity has multiple purchasers, we generally treat the parent entity by region as the customer instead of treating each purchaser within the parent entity as a separate customer. Total ARR greater than \$100,000 as of Q1'24 included above has been updated from previously reported metric of 1,021 due to an immaterial error in the calculation identified.

# Consistent Net Debt and Net Leverage Ratio



- Net leverage was approximately **3.0x at the end of Q2'24**, an increase from Q1'24 due to the special dividend announced in Q1'24 and paid in April.
- In April 2024, we paid a special dividend of **\$1.00 per share** or **\$168 million** in aggregate.
- Cash, cash equivalents, and short-term investments at **\$170M** at the end of Q2'24 brings our net debt to **\$1.1B**.
- Unlevered free cash flow was **\$111M** for YTD Q2'24.
- In July 2024, we refinanced our term loan, **decreasing the interest rate by 50 basis points, from SOFR+3.25% to SOFR+2.75%**.

**Net Debt and Trailing 12-Month Net Leverage Ratio**



Note: Includes non-GAAP financial figures. Please refer to non-GAAP reconciliation provided in the appendix for equivalent GAAP values.

# Third Quarter '24 and Full Year '24 Financial Outlook



	Q3'2024	FY'2024	
Revenue			
Total Revenue   Midpoint Growth	\$191M – \$196M   2% YoY	\$778M – \$788M   3% YoY	
Profit			
	Adjusted EBITDA   Midpoint Growth	\$90M – \$93M   8% YoY	\$368M – \$375M   13% YoY
	Non-GAAP Diluted EPS	\$0.24 – \$0.26	\$1.04 – \$1.08
Additional Items			
	Non-GAAP Tax Rate	26%	26%
	Weighted Average Shares Outstanding	173.6M (Est.)	173.8M (Est.)

Note: All values other than revenue shown represent non-GAAP financial figures. Includes forward-looking statements. See "Forward-Looking Statements" in slide 2. Our full year and third quarter guidance assumes a Euro to USD exchange rate of \$1.06.

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# Key Takeaways

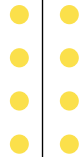


Note: All amounts, including last 12-month ("LTM") and trailing 12-month ("TTM") amounts, are through Q2'24. Includes non-GAAP financial measures. Please refer to non-GAAP reconciliation provided in the appendix for equivalent GAAP measure.

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# Appendix

Reconciliation of Non-GAAP Financial Measures



# Quarterly Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation



(\$ in millions, except margin data)	Three Months Ended											
	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24	30-Jun-24
<b>Net income (loss)</b>	<b>\$1.1</b>	<b>\$(21.9)</b>	<b>\$(4.7)</b>	<b>\$(622.1)</b>	<b>\$(292.2)</b>	<b>\$(10.4)</b>	<b>\$(5.6)</b>	<b>\$0.3</b>	<b>\$(3.2)</b>	<b>\$(0.6)</b>	<b>\$15.6</b>	<b>\$11.1</b>
Amortization and depreciation	57.4	56.8	33.9	20.1	20.0	20.9	20.9	20.0	19.7	19.4	19.0	18.4
Income tax expense (benefit)	(19.3)	(6.1)	(0.2)	7.9	4.1	9.5	12.8	3.0	12.3	15.2	4.6	10.3
Interest expense, net	15.9	16.3	16.1	18.4	23.2	25.7	28.6	29.4	29.3	28.5	26.8	28.0
Unrealized foreign currency (gains) losses	(0.4)	-	0.3	(0.7)	(0.5)	2.4	0.2	(0.1)	(0.7)	0.6	(0.2)	0.1
Acquisition and other costs	0.2	0.3	0.2	0.1	0.1	0.1	0.1	0.1	1.8	0.7	0.5	0.5
Debt related costs	0.1	0.1	0.1	0.1	2.0	3.7	0.1	0.1	0.1	0.1	0.7	0.2
Stock-based compensation expense and related employer-paid payroll taxes	16.0	15.5	15.9	17.5	18.0	16.6	17.2	18.5	20.9	20.8	18.7	20.1
Restructuring costs	1.4	8.1	1.4	-	-	0.1	11.0	7.2	2.0	-	3.4	1.7
Cyber Incident costs, net	2.9	9.3	5.7	3.7	10.8	5.9	(7.8)	0.6	2.9	2.2	3.0	2.1
Goodwill and indefinite-lived intangible asset impairment	-	-	-	621.8	284.6	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$75.3</b>	<b>\$78.4</b>	<b>\$68.8</b>	<b>\$66.8</b>	<b>\$70.3</b>	<b>\$74.5</b>	<b>\$77.4</b>	<b>\$79.1</b>	<b>\$85.1</b>	<b>\$87.0</b>	<b>\$92.1</b>	<b>\$92.5</b>
<i>Adjusted EBITDA margin</i>	<i>41.5%</i>	<i>42.0%</i>	<i>38.9%</i>	<i>38.0%</i>	<i>39.2%</i>	<i>39.8%</i>	<i>41.6%</i>	<i>42.8%</i>	<i>44.9%</i>	<i>43.9%</i>	<i>47.6%</i>	<i>47.9%</i>

# Annual Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation



(\$ in millions, except margin data)	Twelve Months Ended			
	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
<b>Net income (loss)</b>	<b>\$116.1</b>	<b>\$(64.5)</b>	<b>\$(929.4)</b>	<b>\$(9.1)</b>
Amortization and depreciation	221.4	230.1	95.0	80.0
Income tax expense (benefit)	(140.2)	(32.5)	21.4	43.2
Interest expense, net	75.9	64.5	83.4	115.8
Impact of purchase accounting on total revenue	2.5	0.1	-	-
Unrealized foreign currency (gains) losses	1.0	(1.5)	1.5	-
Acquisition and other costs	5.8	1.7	0.5	2.6
Debt related costs	0.4	0.4	5.9	0.4
Stock-based compensation expense and related employer-paid payroll taxes	64.7	59.9	68.0	77.4
Restructuring costs	2.3	11.8	1.5	20.2
Cyber Incident costs, net	3.5	33.1	26.2	(2.1)
Goodwill and indefinite-lived intangible asset impairment	-	-	906.4	-
<b>Adjusted EBITDA</b>	<b>\$353.4</b>	<b>\$303.3</b>	<b>\$280.4</b>	<b>\$328.6</b>
<i>Adjusted EBITDA margin</i>	<i>49.1%</i>	<i>42.2%</i>	<i>39.0%</i>	<i>43.3%</i>



# Unlevered Free Cash Flow Reconciliation



(\$ in millions)	<u>Six Months Ended</u> 30-Jun-24
<b>Net cash provided by operating activities</b>	<b>\$73.4</b>
Capital expenditures <sup>(1)</sup>	(11.1)
<b>Free cash flow</b>	<b>\$62.3</b>
Cash paid for interest and other debt related items	50.4
Cash paid for acquisition and other costs, restructuring costs, cyber incident costs, employer-paid payroll taxes on stock awards and other one-time items	12.8
<b>Unlevered free cash flow (excl. Forfeited Tax Shield)</b>	<b>\$125.5</b>
Forfeited tax shield related to interest payments <sup>(2)</sup>	(14.1)
<b>Unlevered free cash flow</b>	<b>\$111.3</b>

(1) Includes purchases of property and equipment, capitalized software development costs and purchases of intangible assets.

(2) The forfeited tax shield related to interest payments assumes a statutory rate of 26.0%.