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# 2021 Q3 Investor Presentation

11.9.2021

# Forward-Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, particularly those regarding our 2021 Financial Guidance. Such forward-looking statements are subject to numerous assumptions, risks and uncertainties that could cause actual results to differ materially from those described in those statements. Readers should carefully review the Risk Factors slide of this presentation. These forward-looking statements are based on management's expectations or beliefs as of November 9, 2021, as well as those set forth in our Form 10 filed by us on September 21, 2021 with the Securities and Exchange Commission ("SEC") and the other reports we file from time to time with the SEC. We undertake no obligation to revise or publicly release any updates to such statements based on future information or actual results. Such forward-looking statements address the following subjects, among others, relating to our ability to:

- Sustain growth or profitability, particularly in light of an uncertain U.S. or worldwide economy and the related impact on customer acquisition and retention rates, customer usage levels and credit and debit card payment declines;
- Maintain and increase our customer base and average revenue per account;
- Generate sufficient cash flow to make interest and debt payments and reinvest in our business, and pursue desired activities and businesses plans while satisfying restrictive covenants relating to debt obligations;
- Acquire businesses on acceptable terms and successfully integrate and realize anticipated synergies from such acquisitions;
- Continue to expand our business and operations internationally in the wake of numerous risks, including adverse currency fluctuations, difficulty in staffing and managing international operations, higher operating costs as a percentage of revenues or the implementation of adverse regulations;
- Maintain our financial position, operating results and cash flows in the event that we incur new or unanticipated costs or tax liabilities, including those relating to federal and state income tax and indirect taxes, such as sales, value-added and telecommunication taxes;
- Accurately estimate the assumptions underlying our effective worldwide tax rate;
- Manage certain risks inherent to our business, such as costs associated with fraudulent activity, system failure or network security breach; effectively maintain and manage our billing systems; allocate time and resources required to manage our legal proceedings; or adhere to our internal controls and procedures;
- Compete with other similar providers with regard to price, service and functionality;
- Cost-effectively procure, retain and deploy large quantities of fax numbers in desired locations in the United States and abroad;
- Achieve business and financial objectives in light of burdensome domestic and international telecommunications, Internet or other regulations including data privacy, security and retention;
- Successfully manage our growth, including but not limited to our operational and personnel-related resources, and integration of newly acquired businesses;
- Successfully adapt to technological changes and diversify services and related revenues at acceptable levels of financial return;
- Successfully develop and protect our intellectual property, both domestically and internationally, including our brands, patents, trademarks and domain names, and avoid infringing upon the proprietary rights of others; and
- Recruit and retain key personnel.

**Industry, Market and Other Data**

Certain information contained in this presentation concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on reports from various sources. Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to such information. We have not independently verified market data and industry forecasts provided by any of these or any other third-party sources referred to in this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us.

**Pro Forma Financial Information**

Unless otherwise specified, all financial data and operating metrics presented herein for Consensus are presented on a pro forma ("PF") basis giving effect to the separation and distribution described in the Information Statement that is filed as an exhibit to the Registration Statement on Form 10 filed by Consensus on September 21, 2021.

**Non-GAAP Financial information**

Included in this presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") designed to supplement, and not substitute, Consensus's financial information presented in accordance with GAAP. The non-GAAP measures as defined by Consensus may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that Consensus' future results or leverage will be unaffected by other unusual or non-recurring items. Please see the Current Report on Form 8-K filed by Consensus on November 9, 2021 for how we define these non-GAAP measures, a discussion of why we believe they are useful to investors and certain limitations thereof, and reconciliations thereof to the most directly comparable GAAP measures.

**Third Party Information**

All third-party trademarks, including names, logos and brands, referenced by the Company in this presentation are property of their respective owners. All references to third-party trademarks are for identification purposes only and shall be considered nominative fair use under trademark law.

# Risk Factors

## The following factors, among others, could cause our business, prospects, financial condition, operating results and cash flows to be materially adversely affected:

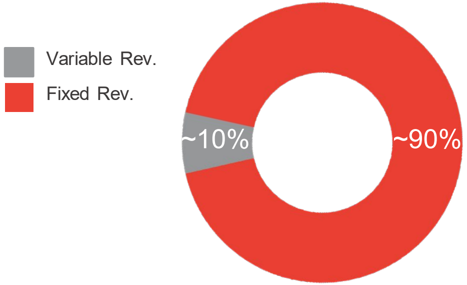
- Our fax and healthcare interoperability solutions constitute substantially all of our revenue and operating income.
- Reduced use of fax services due to increased use of email, scanning or widespread adoption of digital signatures or otherwise.
- There are particular challenges in addressing the market for healthcare interoperability solutions. If we do not successfully address these challenges, our business will be adversely affected.
- The market for our products and services is relatively new and rapidly evolving. If the market does not develop further, develops more slowly, or in a way that we do not expect, our business will be adversely affected.
- Inability to sustain growth or profitability, and any related impact of U.S. or worldwide economic issues on customer acquisition, retention and usage levels, advertising spend and credit and debit card payment declines.
- Inability to acquire businesses on acceptable terms or successfully integrate and realize anticipated synergies.
- New or unanticipated costs and/or fees or tax liabilities, including those relating to federal and state income tax and indirect taxes, such as sales, value-added and telecommunications taxes.
- The scope and duration of the COVID-19 pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, third parties and us, as well as other unforeseen global crises, such as war, strife, global health pandemics, earthquakes, or major weather events or other uncontrollable events could negatively impact our revenue and operating results.
- Inability to manage certain risks inherent to our business, such as fraudulent activity, system failure or a security breach; inability to manage reputational risks associated with our businesses.
- Competition from others with regard to price, service, content and functionality.
- Inadequate intellectual property (IP) protection, expiration, invalidity or loss of key patents, violations of 3rd party IP rights or inability or significant delay in monetizing IP.
- Inability to continue to expand our business and operations internationally.
- Inability to maintain required services on acceptable terms with financially stable telecom, co-location and other critical vendors; and inability to obtain telephone numbers in sufficient quantities on acceptable terms and in desired locations.
- Level of debt limiting availability of cash flow to reinvest in the business; inability to repay or refinance debt when due; and restrictive covenants relating to debt imposing operating and financial restrictions on business activities or plans.
- Inability to maintain and increase our customer base or average revenue per user.
- Inability to achieve business or financial results in light of burdensome telecommunications, internet, advertising, health care, consumer, privacy or other regulations, or being subject to existing regulations.
- Inability to adapt to technological change and diversify services and related revenues at acceptable levels of financial return.
- Loss of services of executive officers and other key employees.
- Inability to complete the proposed Fax spin-off transaction in the proposed form, terms or timing or incurrence of higher than anticipated costs or realization of fewer expected benefits of the proposed transaction.
- Other factors set forth in our Form 10 filed by us on September 21, 2021 with the SEC and the other reports we file from time to time with the SEC.

# Business Overview

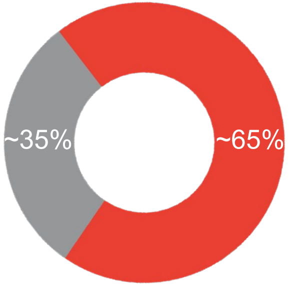
# Consensus Customer Overview Profiles

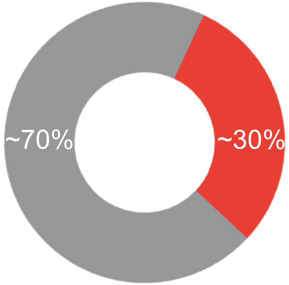
| | SoHo | Corporate | |
|---|---|---|---|
| | | **SMB** | **Enterprise** |
| Sales Channel | - **eCommerce SaaS model**<br>  - High volume of transactions with limited touch (i.e., no sales team, limited tele-sales interactions) | - **Inside Sales SaaS Model**<br>  - Sales transaction via Inside Sales representatives<br>  - Sales cycle: 1-3 days; 30-60 days (for larger SMB deals) | - **Enterprise**: Enterprise Outside Sales<br>  - Larger deals take 12–18 months to close & fully ramp, with some accounts requiring integration |
| Contract Term | - MTM(1) and annual(2) plans offered<br>- Fixed Subscription with a limited number of included page volumes (Inbound / Outbound pages per month) | - MTM and annual plans offered<br>- Similar pricing to SoHo – with higher page volumes per package per month | - 3-year contracts with 1-year auto renewals |

Revenue Mix



Very sticky base with >100% Corporate Revenue Retention(3)





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(1) Month-to-Month.

(2) SoHo annual plans include a discount to MTM plans of approximately 1-2 months.

(3) Corporate Revenue Retention defined as revenue growth of 2019 cohort of Corporate customers compared to same cohort in 2020, and 6/30/20 cohort compared to same cohort in 6/30/21.

# Key Business Updates

**jsign**

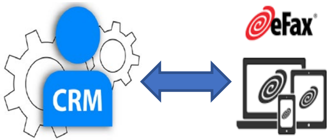
Multi user
Cart companion
Appsmart marketplace

**harmony.**

Universal API
availability for Q4

**HITRUST**
**CERTIFIED NETWORK**

Recertification
complete



Completed full integration
into one of the world's
Largest CRM solutions

**one talk**

eFax bundle into Verizon
One Talk business
bundle

Completed agreement
and began roll-out for very
large diagnostic lab client

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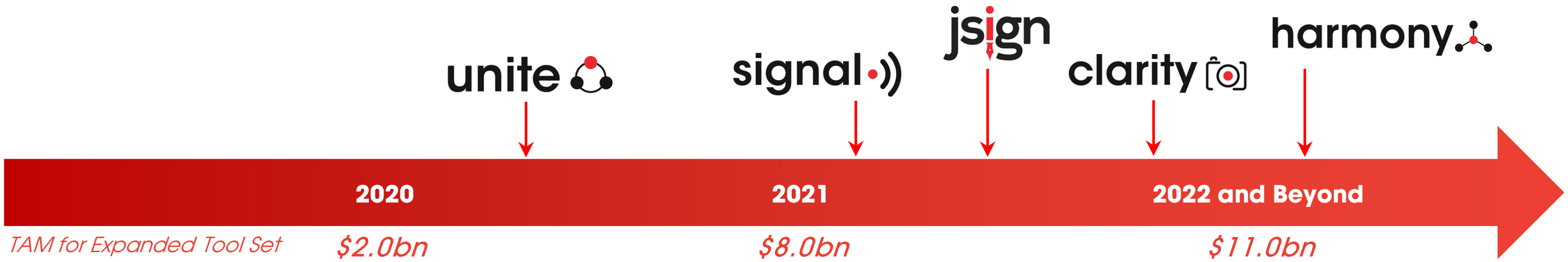
# Consensus Product Roadmap



*TAM for Expanded Tool Set* *$2.0bn* *$8.0bn* *$11.0bn*

*Product Roadmap*

- **Enterprise Expansion**
- **New Interoperability Offering**

- **Expanded Interoperability offerings**
- **Workflow & Integration**

- **Intelligent data extraction and transformation**
- **Electronic Referral Management**

**Interoperability Platform**

**Provider Workflow Collaboration**

**Data Exchange Networks**

HITRUST CERTIFIED NETWORK

**Healthcare Care Data Management and Integration**

Data Extraction

OCR / NLP Data Transformation

Real Time Notification

HCIT Integration

**Secure Data Exchange**

Cloud Fax

Direct Secure Messaging

Patient Record Query

**HIPAA Secure**

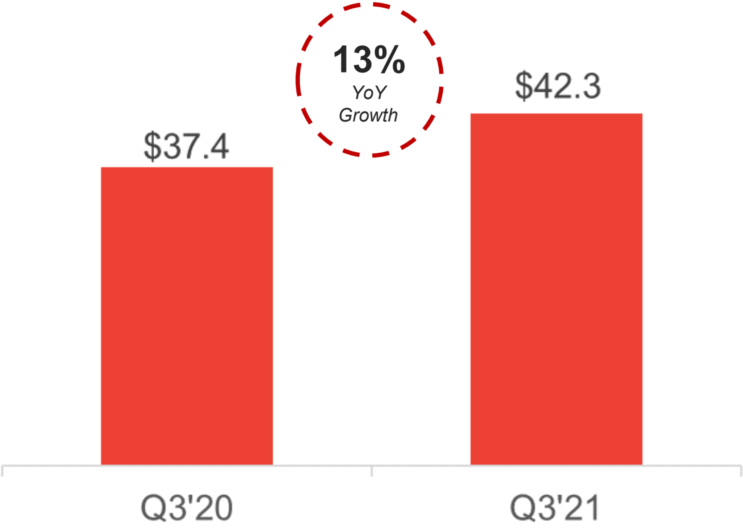
- ✓ *API*
- ✓ *HL7*
- ✓ *FHIR*

Sources: Maia Research, Online Fax Market – Global Fax Market Report 2021, product subscription pricing and total US clinical population including physicians (Assoc. of American Medical Colleges), physician assistants (National Commission on Certification of Physician Assistants), and registered nurses (American Association of Colleges of Nursing) (Consensus estimate), total US hospital beds subscription offering and total US covered lives messaging pricing (Consensus estimate), total estimated fax pages sent by US healthcare companies at estimated pricing level (Consensus estimate), Markets and Markets, 2020.

# Financial Update

# Corporate Revenue – Secular Trends & KPIs

## Consensus Corporate PF Revenue ($ in mm)



| *Quarter Ended* | **Q3'20** | **Q3'21** | **YoY** |
|---|---|---|---|
| **Accounts** *(000's)* | 46 | 45 | -2% |
| **ARPA(1)** | $276.18 | $311.37 | 13% |
| **Paid Adds** *(000's)* | 3 | 3 | 10% |
| **Monthly Account Churn(2)** | 1.36% | 3.21% | |

Corporate Revenue Retention for LTM 9/30/21 is ~104%

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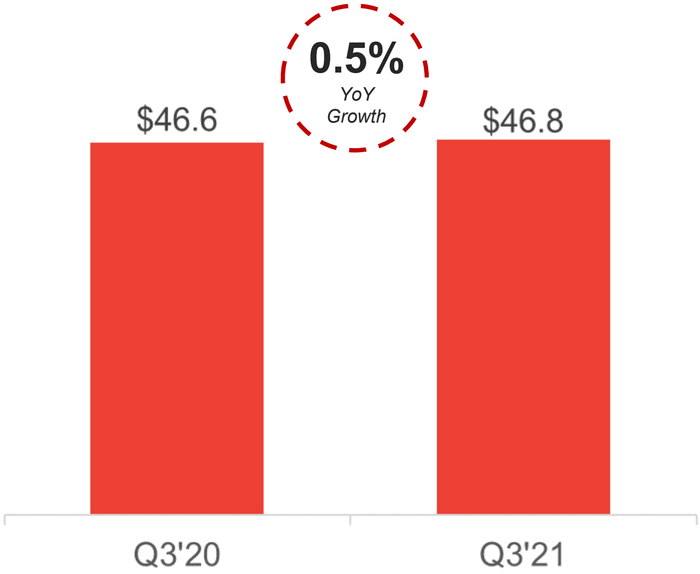
[1] ARPA provides investors an understanding of the average monthly revenues Consensus recognizes per account associated within its customer base.

[2] Q3'21 Corporate Churn spike is due to migration clean up on MyFax customers. Q3 2021 normalized churn rate excluding MyFax migration churn is 1.74%.

# SoHo Revenue – Signs of Growth

## Consensus SoHo PF Revenue ($ in mm)



| *Quarter Ended* | **Q3'20** | **Q3'21** | **YoY** |
|---|---|---|---|
| **Accounts** *(000's)* | 1,100 | 1,080 | -2% |
| **ARPA**[1] | $14.18 | $14.39 | 1% |
| **Paid Adds** *(000's)* | 108 | 98 | -9% |
| **Monthly Account Churn** | 2.93% | 3.17% | -8% |

~Two-thirds of annual paid adds churn within the first twelve months. Greater than twelve-month customers become much stickier and churn at an average of ~1.45% per month

[1] ARPA provides investors an understanding of the average monthly revenues Consensus recognizes per account associated within its customer base.

# Pro Forma: Revenue / Adjusted EBITDA / Net Income / EPS

| *(Unaudited, $ in 000's)* | Three Months Ended September 30,<br>2020 | <br>2021 |
|---|---|---|
| Corporate Revenue | $37,360 | $42,274 |
| SoHo Revenue | 46,604 | 46,832 |
| **Pro Forma revenues** | **$83,964** | **$89,106** |
| **Pro Forma Adjusted EBITDA** | **49,753** | **51,201** |
| **Pro Forma non-GAAP depreciation and amortization** | 1,003 | 2,127 |
| **Non-GAAP Operating Income** | 48,750 | 49,074 |
| **Pro Forma interest expense** (1) | 12,730 | 12,891 |
| **Pro Forma Other income / expense, net** | 811 | 646 |
| Pro Forma Pretax Net Income | 35,209 | 35,537 |
| Pro Forma Income Tax (2) | 8,450 | 8,529 |
| **Pro Forma non-GAAP Net Income** | **$26,759** | **$27,008** |
| Pro Forma Outstanding shares (3) | 20,100 | 20,100 |
| **Pro Forma non-GAAP EPS** | **$1.33** | **$1.34** |

(1) Reflects the pro forma interest expense related to debt of $805 million principal amount issued by Consensus Cloud Solutions, Inc. in connection with the separation capitalization plan with an interest rate of 6.3% per annum.

(2) Assumes a pro forma income tax rate of 24%.

(3) Reflects estimated Consensus shares outstanding as of spin date, including former J2 Global employees unvested stock converted to restricted and performance-based units in Consensus.

# Pro Forma: Revenue / Adjusted EBITDA / Net Income / EPS

| *(Unaudited, $ in 000's)* | Twelve Months Ended December 31, | Nine Months Ended September 30, | | Last Twelve Months September 30, |
|---|---|---|---|---|
| | **2020** | **2020** | **2021** | **2021** |
| Corporate Revenue | $146,838 | $107,902 | $123,841 | $162,777 |
| SoHo Revenue | 183,926 | 137,677 | 139,544 | 185,793 |
| **Pro Forma revenues** | **$330,764** | **$245,579** | **$263,385** | **$348,570** |
| **Pro Forma Adjusted EBITDA** | **192,595** | **142,010** | **152,171** | **202,756** |
| **Pro Forma non-GAAP depreciation and amortization** | 5,106 | 3,280 | 5,336 | 7,162 |
| **Non-GAAP Operating Income** | 187,489 | 138,730 | 146,835 | 195,594 |
| **Pro Forma interest expense** (1) | 51,563 | 38,512 | 38,512 | 51,563 |
| **Pro Forma Other income / expense, net** | 4,116 | 1,064 | (110) | 2,942 |
| Pro Forma Pretax Net Income | 131,810 | 99,154 | 108,433 | 141,089 |
| Pro Forma Income Tax (2) | 31,634 | 23,797 | 26,024 | 33,861 |
| **Pro Forma non-GAAP Net Income** | **$100,176** | **$75,357** | **$82,409** | **$107,228** |
| Pro Forma Outstanding shares (3) | 20,100 | 20,100 | 20,100 | 20,100 |
| **Pro Forma non-GAAP EPS** | **$4.98** | **$3.75** | **$4.10** | **$5.33** |

(1) Reflects the pro forma interest expense related to debt of $805 million principal amount issued by Consensus Cloud Solutions, Inc. in connection with the separation capitalization plan with an interest rate of 6.3% per annum.
(2) Assumes a pro forma income tax rate of 24%.
(3) Reflects estimated Consensus shares outstanding as of spin date, including former J2 Global employees unvested stock converted to restricted and performance-based units in Consensus.

# Q4 and Full Year Pro Forma EPS Guidance

| | Q4 2021 Pro Forma EPS Guidance | | | 2021 Full Year Pro Forma EPS Guidance | | |
|---|---|---|---|---|---|---|
| | Low | Midpoint | High | Low | Midpoint | High |
| **Revenue ($MM)** | $87.6 | **$88.3** | $89.0 | $351.0 | **$351.7** | $352.4 |
| **Pro Forma Adjusted EBITDA ($MM)** | $49.5 | **$50.0** | $50.5 | $201.3 | **$201.8** | $202.3 |
| **Pro Forma Adjusted Non-GAAP EPS (1)** | $1.30 | **$1.32** | $1.33 | $5.39 | **$5.41** | $5.42 |

(1) Assumes 24% Tax rate and 20.1MM shares outstanding

We are unable to provide a reconciliation of our non-GAAP guidance without unreasonable effort due to the variability and complexity with respect to the charges excluded from these non-GAAP measures.

# Appendix

# Consensus Consolidated Metrics

(in '000s)

| | 2019 | | | | 2020 | | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Consensus Metrics** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** |
| **Revenue by Type** | | | | | | | | | | | |
| Fixed Revenues | $60,994 | $61,927 | $61,152 | $60,983 | $60,414 | $61,376 | $61,976 | $62,819 | $62,248 | $63,030 | $63,615 |
| Variable Revenues | $18,694 | $19,230 | $19,489 | $19,104 | $20,573 | $19,252 | $21,989 | $22,366 | $24,281 | $24,720 | $25,492 |
| **Total Revenues** | **$79,688** | **$81,156** | **$80,642** | **$80,087** | **$80,987** | **$80,628** | **$83,965** | **$85,184** | **$86,528** | **$87,751** | **$89,107** |
| **Consensus Cloud Services Customers** [1] | **1,142** | **1,135** | **1,123** | **1,105** | **1,120** | **1,136** | **1,145** | **1,137** | **1,133** | **1,136** | **1,124** |
| Average Monthly Revenue/Customer [1], [2] | $23.05 | $23.77 | $23.81 | $23.97 | $24.27 | $23.82 | $24.53 | $24.89 | $25.41 | $25.78 | $26.28 |
| Paid Customer Adds [3] | 90 | 100 | 100 | 89 | 92 | 129 | 111 | 102 | 116 | 113 | 102 |
| Cancel Rate [4] | 3.15% | 3.03% | 3.20% | 3.12% | 3.14% | 3.21% | 2.87% | 3.15% | 3.39% | 3.15% | 3.17% |
| **Revenue % By Type** | | | | | | | | | | | |
| Fixed Revenues | 76.5% | 76.3% | 75.8% | 76.1% | 74.6% | 76.1% | 73.8% | 73.7% | 71.9% | 71.8% | 71.4% |
| Variable Revenues | 23.5% | 23.7% | 24.2% | 23.9% | 25.4% | 23.9% | 26.2% | 26.3% | 28.1% | 28.2% | 28.6% |

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[1] Consensus customers are defined as paying Corporate and SoHo customer accounts.

[2] Monthly ARPA on a quarterly basis is calculated using our standard convention of dividing revenue for the quarter by the average of the quarter's beginning and ending customer base and dividing that amount by 3 months. We believe ARPA provides investors an understanding of the average monthly revenues we recognize per account associated within Consensus' customer base. As ARPA varies based on fixed subscription fee and variable usage components, we believe it can serve as a measure by which investors can evaluate trends in types of services, levels of services and the usage levels of those services across Consensus' customers

[3] Paid Adds represents paying new Consensus customer accounts added during the annual period.

[4] Monthly churn is defined as a Consensus paying customer accounts that cancelled its services during the period divided by the average number of customers over the period. This measure is calculated monthly and expressed as an average over the quarterly period.

[5] Monthly corporate churn for Q2 / Q3 2021 includes ~2k migration clean up on MyFax customers per quarter. Normalized corporate churn rate excluding MyFax migration churn: 1.73% and 1.74%, Q2 and Q3 2021, respectively.

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# Consensus Metrics – Corporate and SoHo

| Corporate Metrics | 2019 | | | | 2020 | | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| **Revenue by Type** (in '000s) | | | | | | | | | | | |
| Fixed Revenues | $19,346 | $19,655 | $19,964 | $20,310 | $20,481 | $20,840 | $21,014 | $22,020 | $21,584 | $22,023 | $22,483 |
| Variable Revenues | $13,501 | $14,156 | $14,350 | $14,071 | $15,350 | $13,872 | $16,346 | $16,916 | $18,837 | $19,124 | $19,791 |
| **Total Revenues** | **$32,847** | **$33,811** | **$34,314** | **$34,381** | **$35,830** | **$34,712** | **$37,360** | **$38,936** | **$40,421** | **$41,147** | **$42,274** |
| **Consensus Cloud Services Customers** (1) | **45** | **44** | **42** | **43** | **44** | **45** | **46** | **46** | **47** | **46** | **45** |
| Average Monthly Revenue/Customer (1), (2) | $242.03 | $251.46 | $264.37 | $269.22 | $275.86 | $262.11 | $276.18 | $282.00 | $288.76 | $295.80 | $311.37 |
| Paid Customer Adds (3) | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Cancel Rate (4) (5) | 0.93% | 2.11% | 3.07% | 1.02% | 2.04% | 1.73% | 1.36% | 1.45% | 1.88% | 3.15% | 3.21% |
| **Revenue % By Type** | | | | | | | | | | | |
| Fixed Revenues | 58.9% | 58.1% | 58.2% | 59.1% | 57.2% | 60.0% | 56.2% | 56.6% | 53.4% | 53.5% | 53.2% |
| Variable Revenues | 41.1% | 41.9% | 41.8% | 40.9% | 42.8% | 40.0% | 43.8% | 43.4% | 46.6% | 46.5% | 46.8% |

| SoHo Metrics | 2019 | | | | 2020 | | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| **Revenue by Type** (in '000s) | | | | | | | | | | | |
| Fixed Revenues | $41,648 | $42,272 | $41,188 | $40,673 | $39,933 | $40,536 | $40,961 | $40,798 | $40,664 | $41,007 | $41,132 |
| Variable Revenues | $5,193 | $5,074 | $5,140 | $5,033 | $5,224 | $5,380 | $5,643 | $5,450 | $5,443 | $5,597 | $5,701 |
| **Total Revenues** | **$46,841** | **$47,346** | **$46,328** | **$45,706** | **$45,157** | **$45,916** | **$46,605** | **$46,248** | **$46,107** | **$46,604** | **$46,833** |
| **Consensus Cloud Services Customers** (1) | **1,096** | **1,090** | **1,081** | **1,062** | **1,076** | **1,092** | **1,100** | **1,090** | **1,086** | **1,090** | **1,080** |
| Average Monthly Revenue/Customer (1), (2) | $14.10 | $14.44 | $14.23 | $14.23 | $14.08 | $14.12 | $14.18 | $14.08 | $14.12 | $14.28 | $14.39 |
| Paid Customer Adds (3) | 88 | 98 | 98 | 87 | 89 | 126 | 108 | 100 | 113 | 110 | 98 |
| Cancel Rate (4) | 3.23% | 3.07% | 3.20% | 3.20% | 3.18% | 3.27% | 2.93% | 3.22% | 3.45% | 3.15% | 3.17% |
| **Revenue % By Type** | | | | | | | | | | | |
| Fixed Revenues | 88.9% | 89.3% | 88.9% | 89.0% | 88.4% | 88.3% | 87.9% | 88.2% | 88.2% | 88.0% | 87.8% |
| Variable Revenues | 11.1% | 10.7% | 11.1% | 11.0% | 11.6% | 11.7% | 12.1% | 11.8% | 11.8% | 12.0% | 12.2% |

(1) Consensus customers are defined as paying Corporate and SoHo customer accounts.

(2) Monthly ARPA on a quarterly basis is calculated using our standard convention of dividing revenue for the quarter by the average of the quarter's beginning and ending customer base and dividing that amount by 3 months. We believe ARPA provides investors an understanding of the average monthly revenues we recognize per account associated within Consensus' customer base. As ARPA varies based on fixed subscription fee and variable usage components, we believe it can serve as a measure by which investors can evaluate trends in types of services, levels of services and the usage levels of those services across Consensus' customers

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(5) Monthly corporate churn for Q2 / Q3 2021 includes ~2k migration clean up on MyFax customers per quarter. Normalized corporate churn rate excluding MyFax migration churn: 1.73% and 1.74%, Q2 and Q3 2021, respectively.

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# Pro Forma Combined Statement of Operations for the Three Months Ended September 30, 2021

**(Unaudited, in Thousands)**

| | Historical Cloud Services | Distribution to J2 Global (1) | Pro Forma Adjustments (2) | Consensus Pro Forma |
|---|---|---|---|---|
| Total revenues | $ 182,103 | $ 92,997 | $ - | $ 89,106 |
| Cost of revenues | 40,707 | 25,231 | 727 | 14,749 |
| Gross profit | 141,396 | 67,766 | (727) | 74,357 |
| Operating expenses: | | | | |
| Sales and marketing | 38,413 | 25,300 | - | 13,113 |
| Research, development and engineering | 8,259 | 6,240 | - | 2,019 |
| General and administrative | 37,262 | 1,855 | 23,128 | 12,279 |
| Goodwill impairment on business | - | - | - | - |
| Total operating expenses | 83,934 | 33,395 | 23,128 | 27,411 |
| Income from operations | 57,462 | 34,371 | (23,855) | 46,946 |
| Interest expense, net | - | 77,184 | (64,293) | (12,891) |
| Gain (loss) on sale of businesses | (24,600) | (24,600) | - | - |
| Other income (expense), net | 877 | 1,523 | - | (646) |
| Income before income taxes | 33,739 | 88,478 | (88,148) | 33,409 |
| Income tax expense | 6,515 | 8,674 | (10,177) | 8,018 |
| **Net income** | **$ 27,224** | **$ 79,804** | **$ (77,971)** | **$ 25,391** |

(1) Reflects J2 Cloud Services, LLC's transfer of the revenue and expenses associated with its backup, cybersecurity and SMB enablement businesses and historical shared services cost such as legal, accounting, finance, human resource and payroll to legal entities owned by Ziff Davis, Inc., formerly J2 Global.

(2) Pro forma adjustments represents the following:

- Represents incremental costs to be incurred as a standalone public entity and overhead currently shared from Ziff Davis such as legal, accounting, finance, human resource and payroll, net of tax
- Reflects the interest expense related to debt of $805 million principal amount issued by Consensus in connection with the separation capitalization plan with an interest rate of 6.3% per annum.
- Reflects the effects of the pro forma adjustments at the applicable statutory income tax rates.

# Pro Forma Net Income to Adjusted EBITDA Reconciliation Three and Nine Months Ended September 30, 2021 and 2020

**The following table sets forth a reconciliation of net income, the most directly comparable GAAP financial measure, to Adjusted EBITDA.**

**(Unaudited, in Thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Pro Forma Net income** | **$25,391** | **$40,420** | **$77,875** | **$87,267** |
| Plus: | | | | |
| Interest expense, net | 12,891 | 12,730 | 38,512 | 38,512 |
| Other income (expense), net | 646 | (19,512) | 90 | (20,892) |
| Income tax expense | 8,018 | 12,764 | 24,592 | 27,558 |
| Depreciation and amortization | 3,340 | 2,872 | 8,941 | 8,181 |
| Reconciliation of GAAP to Adjusted non-GAAP financial measures: | | | | |
| Share-based compensation | 352 | 479 | 1,116 | 1,412 |
| Acquisition-related integration costs | — | — | 482 | (28) |
| Disposal related costs | 563 | — | 563 | — |
| **Adjusted EBITDA** | **$51,201** | **$49,753** | **$152,171** | **$142,010** |

Adjusted EBITDA as calculated above represents earnings before interest, other (income) expense, net, income tax expense, depreciation and amortization and the items used to reconcile GAAP to Adjusted non-GAAP financial measures, including (1) share-based compensation, (2) certain acquisition-related integration costs, and (3) certain disposal related costs. We disclose Adjusted EBITDA as a supplemental Non-GAAP financial performance measure as we believe it is a useful metric by which to compare the performance of our business from period to period. We understand that measures similar to Adjusted EBITDA are broadly used by analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Adjusted EBITDA provides useful information to investors.

Adjusted EBITDA is not in accordance with, or an alternative to, net income, and may be different from Non-GAAP measures used by other companies. In addition, Adjusted EBITDA is not based on any comprehensive set of accounting rules or principles. This Adjusted non-GAAP measure has limitations in that it does not reflect all of the amounts associated with the Company's results of operations determined in accordance with GAAP.