



Q1 2024 Earnings  
Conference Call  
April 25, 2024

# Safe Harbor Disclosure

Statements in this presentation other than historical data and information constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding (i) Q1 2024 renewal rate expectations, (ii) Domain Name Base change expectations, and (iii) our full year 2024 financial guidance for Revenue; Operating Income; Interest Expense and Non-Operating Income, net; Capital Expenditures; and Effective Tax Rate. These statements are based on current expectations and assumptions and involve risks and uncertainties that could cause our actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, attempted security breaches, cyber-attacks, and DDoS attacks against our systems and services; the introduction of undetected or unknown defects in our systems or services; vulnerabilities in the global routing system; system interruptions or system failures; damage or interruptions to our data centers, data center systems or resolution systems; risks arising from our operation of root servers and our performance of the Root Zone Maintainer functions; deterioration of economic conditions, particularly in China; our ability to compete in the highly competitive business environment in which we operate; any loss or modification of our right to operate the .com and .net gTLDs; changes or challenges to the pricing provisions of the .com Registry Agreement; new or existing governmental laws and regulations in the U.S. or other applicable non-U.S. jurisdictions; new laws, regulations, directives or ICANN policies that require us to obtain and maintain personal information of registrants; economic, legal, regulatory, and political risks associated with our international operations; unfavorable changes in, or interpretations of, tax rules and regulations; risks from the adoption of ICANN's consensus and temporary policies, technical standards and other processes; the weakening of, or changes to, the multi-stakeholder model of internet governance; the outcome of claims, lawsuits, audits or investigations; changes in internet practices and behavior and the adoption of substitute technologies, or the negative impact of wholesale price increases; our ability to expand our services into developing and emerging economies; our ability to maintain strong relationships with registrars and their resellers; our ability to attract, retain and motivate highly skilled employees; and our ability to protect and enforce our intellectual property rights. More information about potential factors that could affect our business and financial results is included in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended Dec. 31, 2023, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Verisign undertakes no obligation to update any of the forward-looking statements after the date of this presentation.

# Agenda

Introduction

Business Highlights

Capital Allocation

Financial Performance

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# Introduction

## Our Mission

Verisign enables the world to connect online with reliability and confidence, anytime, anywhere

We remain fully focused on operating secure, stable, and reliable internet infrastructure, upon which the world depends

- Our critical internet infrastructure and the expertise of our teams enable us to reliably and accurately provide the critical DNS navigation service that people around the world rely on more than ever for commerce, work-from-home, education, healthcare, and much more
- We continue to operate our registry services for .com and .net and our root operations at the rigorous standards of performance and availability governed by our agreements with ICANN
- We continue to enhance our critical internet infrastructure, services and capabilities

# Business Highlights: Domain Name Base

Domain Name Base<sup>(1)</sup>

**172.5**

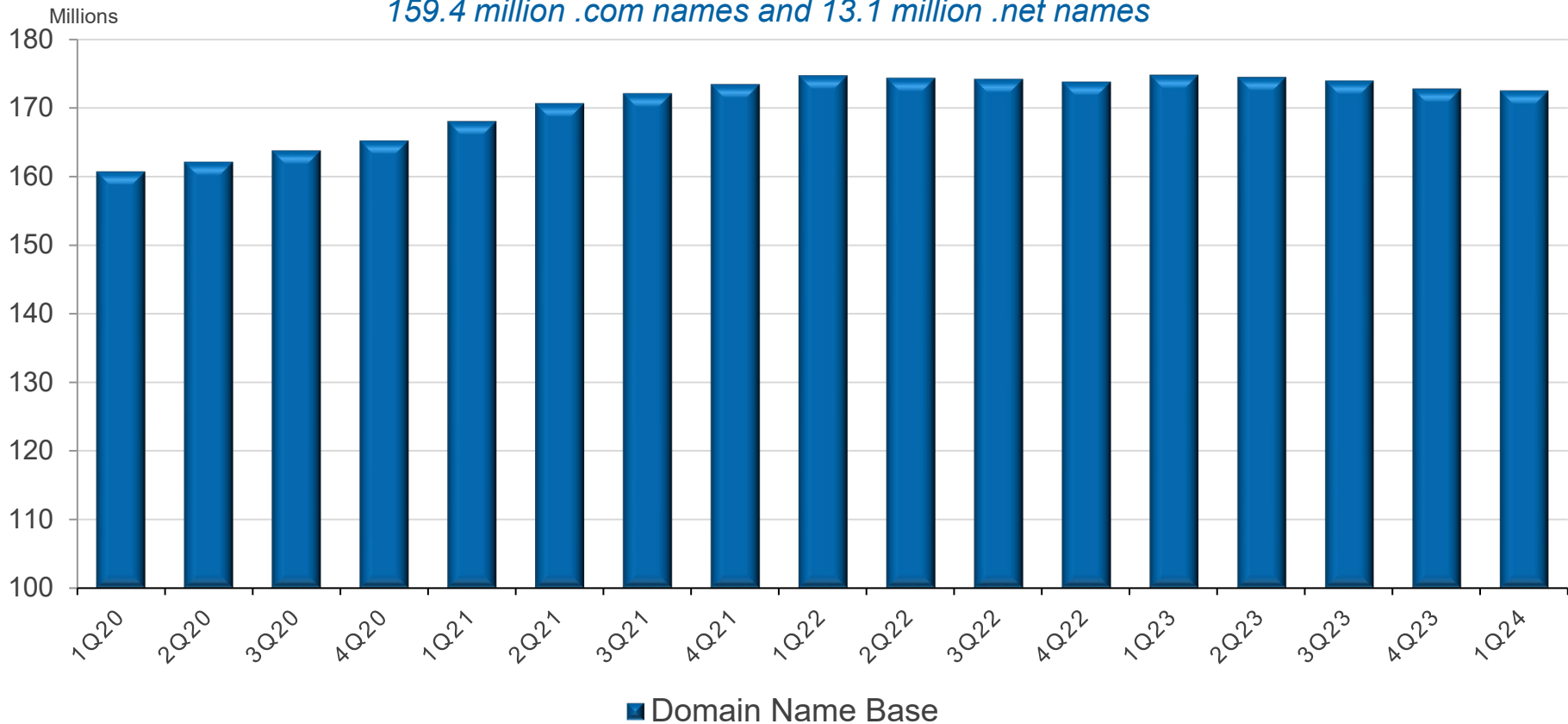
million names end Q1-24, -1.3% Y/Y

Net Change

**-0.27**

million names Q/Q

*159.4 million .com names and 13.1 million .net names*



# Business Highlights: Registration Metrics

New Name Registrations

**9.5**

million

vs 10.3 million Q1-23, -8.1% Y/Y

Preliminary Renewal Rate<sup>(1)</sup>

**74.0%**

vs 73.2% last quarter

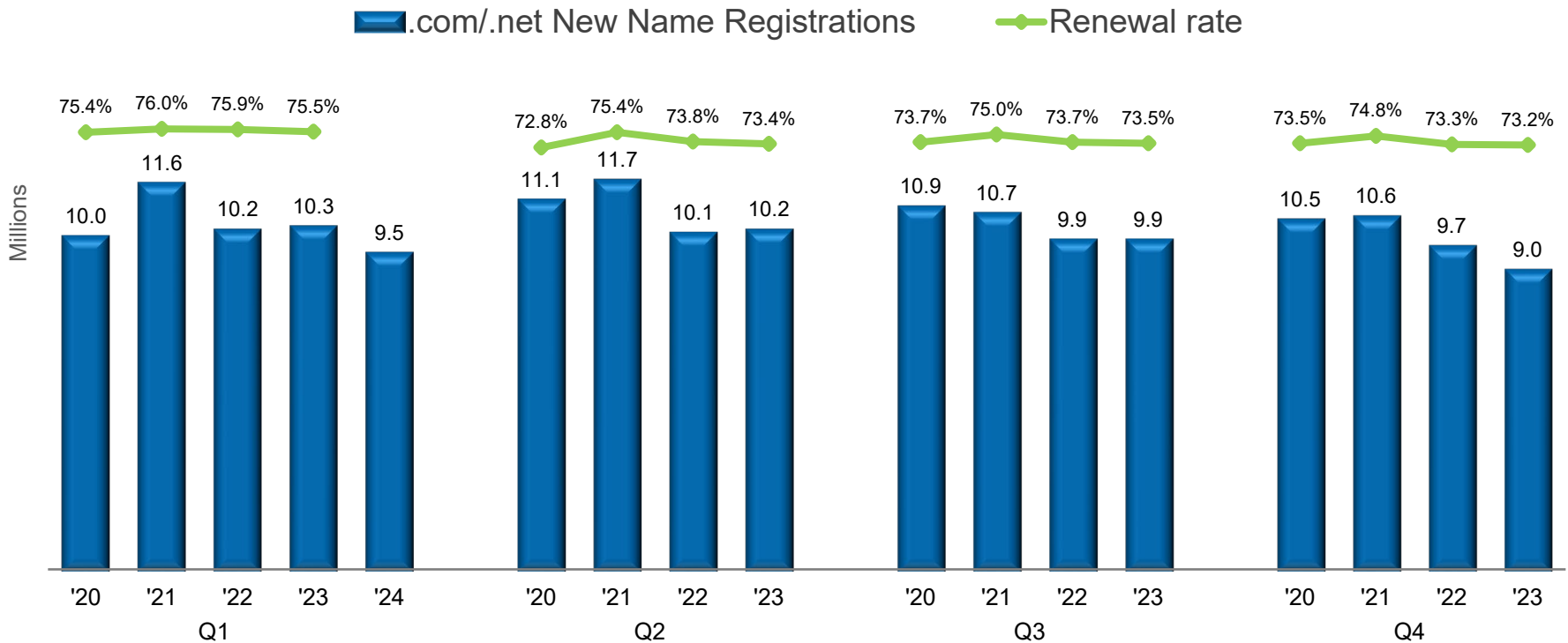
vs 75.5% last year

Q2-24 Expiring Names

**39.2**

million

vs 39.3 million Q2-23



1) Renewal rates are not fully measurable until 45 days after the end of the quarter. This guidance is based on historical and current market trends.

# Capital Allocation

Q1 Share Repurchases

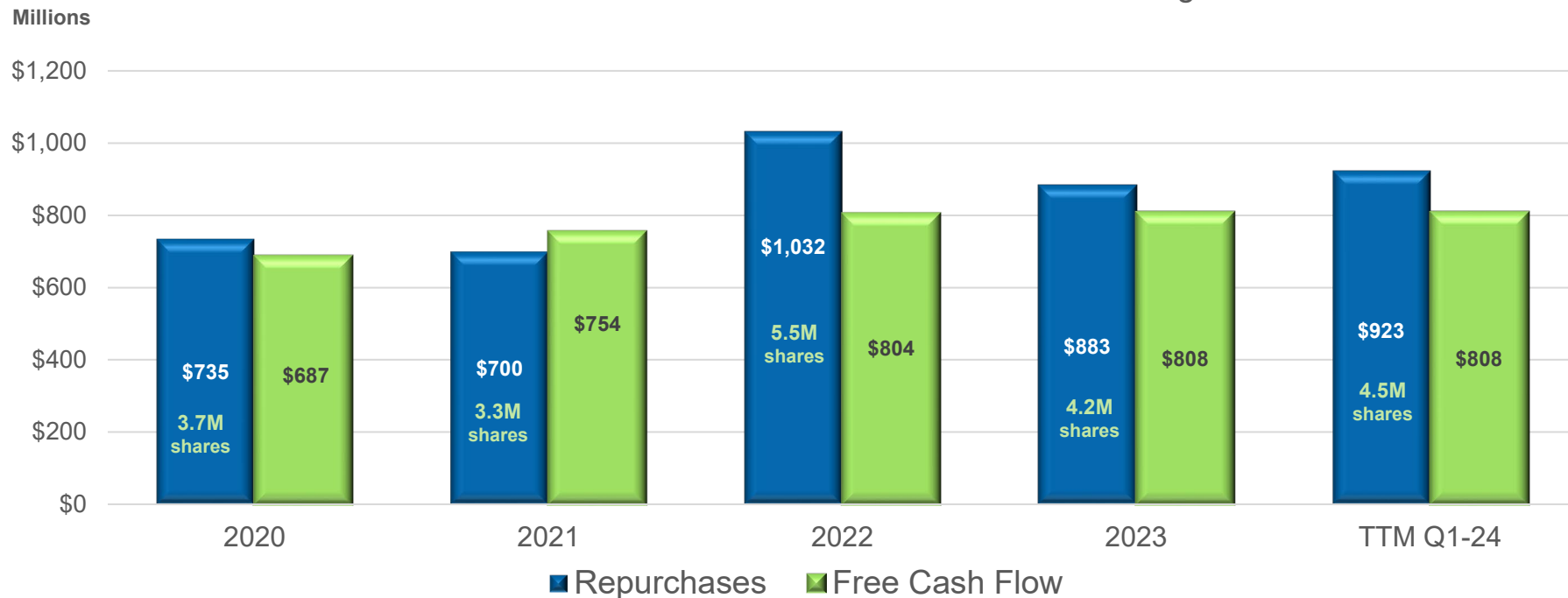
**\$260**

million 1.3 million shares

Free Cash Flow<sup>(1)</sup>

**\$808**

million Trailing 12 months



Remaining Authorized Repurchases

**\$860**

million at end Q1-24

Cash and Investments<sup>(2)</sup>

**\$925**

million at end Q1-24

1) Free cash flow is a non-GAAP financial measure defined as cash flow from operating activities, less capital expenditures. See reconciliation of operating cash flow to free cash flow in slide appendix for more detail.

2) Cash and Investments includes cash, cash equivalents and marketable securities.

# Financial Performance: Q1 2024

Revenue

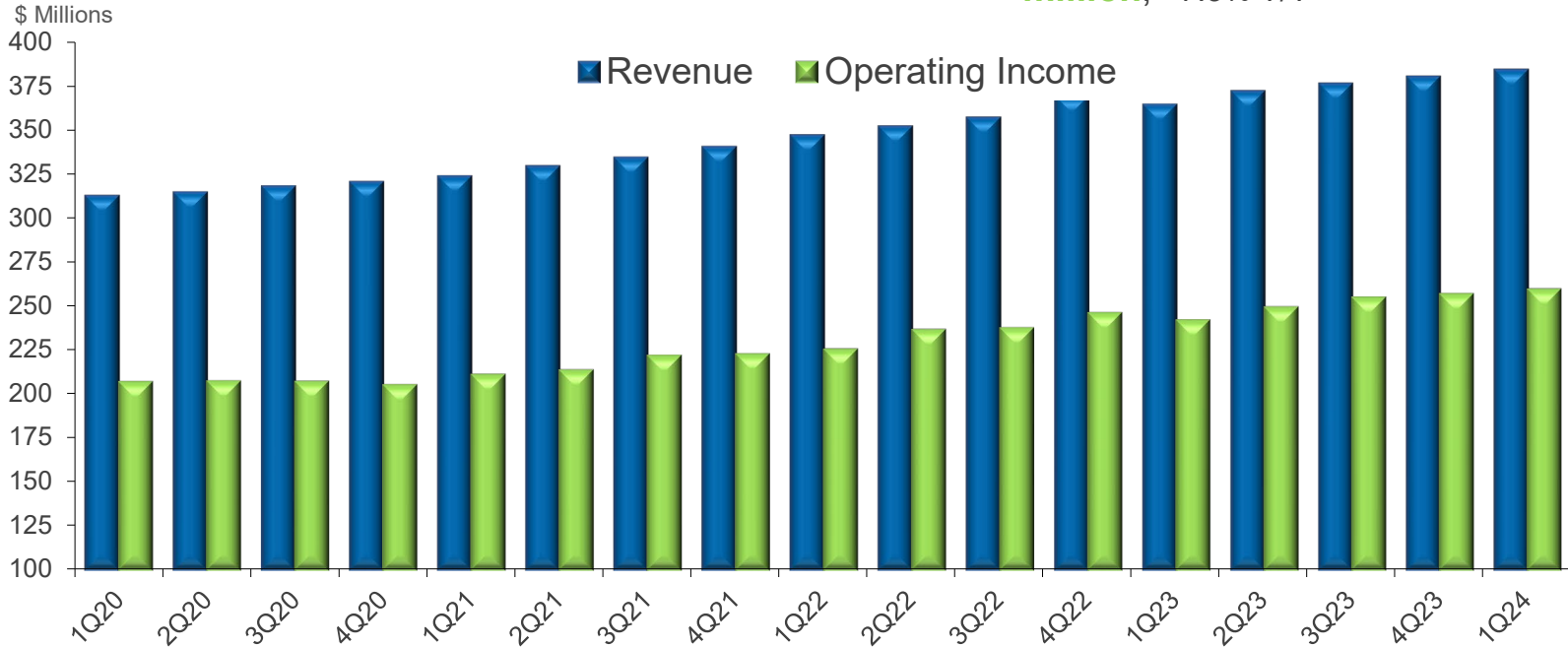
**\$384**

million, +5.5% Y/Y

Operating Income

**\$259**

million, +7.3% Y/Y



Operating Cash Flow

**\$257**

million

Free Cash Flow<sup>(1)</sup>

**\$254**

million

Earnings per Share

**\$1.92**

+12.9% Y/Y

1) Free cash flow is a non-GAAP financial measure defined as cash flow from operating activities, less capital expenditures. See reconciliation of operating cash flow to free cash flow in slide appendix for more detail.



# Guidance: Full Year 2024

	Guidance <sup>(1)(2)</sup>	Prior
Domain Base Growth	-1.75% to +0.25%	-1.0% to +1.0%
Revenue	\$1.555B to \$1.570B	\$1.560B to \$1.580B
Operating Income	\$1.047B to \$1.062B	\$1.045B to \$1.065B
Interest expense and non-Operating Income, Net expense	\$25M to \$35M	\$30M to \$40M
Capital Expenditures	\$30M to \$40M	\$35M to \$45M
Effective Tax Rate	21% to 24%	Unchanged

1) Our guidance is based on expectations about the outlook of our business in addition to our financial projections for interest income and expense.

2) Financial forecasts and guidance are forward looking statements and actual results may vary for any number of reasons including those mentioned in our most recent 10-K, 10-Q and 8-K filings with the SEC.

# Summary

## Our strategic framework:

**Protect**  
**Grow**  
**Manage**

has been effective and instrumental in creating and upholding value for internet users, customers and shareholders

- Delivered solid, consistent financial results
- Generated \$808 million in Free Cash Flow in 4 quarters ending Q1-2024
- Returned \$923 million in share repurchases in 4 quarters ending Q1-2024

# Q&A Appendix

# Non-GAAP Financial Measures

Verisign provides quarterly and annual financial statements that are prepared in accordance with generally accepted accounting principles (GAAP). Along with this information, management typically discloses and discusses certain non-GAAP financial measures on investor conference calls and related events. The non-GAAP financial measures included in this presentation are Adjusted EBITDA and Free cash flow.

Adjusted EBITDA is a non-GAAP financial measure and is calculated in accordance with the terms of the indentures governing Verisign's 2025 and 2027 senior notes. Adjusted EBITDA refers to net income before interest, taxes, depreciation and amortization, stock-based compensation, and unrealized gain / loss on hedging agreements.

Free cash flow is a non-GAAP financial measure defined as cash flow from operating activities, less capital expenditures.

Management believes that these non-GAAP financial measures supplement the GAAP financial measures by providing investors with additional information that allows them to have a clearer picture of Verisign's operations and financial performance and the comparability of Verisign's operating results from period to period. The presentation of these non-GAAP financial measures is not meant to be considered in isolation nor as a substitute for financial measures prepared in accordance with GAAP.

The tables herein include a reconciliation of the non-GAAP financial measures to the comparable financial measures reported in accordance with GAAP for the given periods.

# Reconciliation of Adjusted EBITDA & Free Cash Flow

## Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA:

(In Millions)

	Four Quarters Ended March 31, 2024
<b>Net Income</b>	\$ 833.0
Interest expense	75.3
Income tax expense	163.7
Depreciation and amortization	42.3
Stock-based compensation	60.9
Unrealized gain on hedging agreements	(5.9)
<b>Non-GAAP Adjusted EBITDA</b>	<u>\$ 1,169.3</u>

## Reconciliation of Operating Cash Flow to Free Cash Flow:<sup>(1)</sup>

(In Millions)	Year ended December 31,				Three Months Ended March 31,		Four Quarters Ended March 31, 2024
	2020	2021	2022	2023	2023	2024	
<b>Cash Flow from Operating Activities</b>	\$ 730.2	\$ 807.2	\$ 831.1	\$ 853.8	\$ 259.0	\$ 257.3	\$ 852.1
Acquisition of property and equipment, net	(43.4)	(53.0)	(27.4)	(45.8)	(5.7)	(3.8)	(44.0)
<b>Total Free Cash Flow</b>	<u>\$ 686.8</u>	<u>\$ 754.1</u>	<u>\$ 803.7</u>	<u>\$ 807.9</u>	<u>\$ 253.3</u>	<u>\$ 253.5</u>	<u>\$ 808.1</u>

1) The sum of the amounts in the columns and rows may not match the total amounts shown due to rounding.

# Classification of Stock-Based Compensation

(In Millions)

## Three Months Ended

	March 31, 2024	December 31, 2023	March 31, 2023
Cost of revenues	\$ 2.0	\$ 1.9	\$ 1.3
Research and development	2.6	\$ 2.5	2.5
Selling, general and administrative	10.5	\$ 10.3	10.0
Total stock-based compensation expense	<u>\$ 15.1</u>	<u>\$ 14.7</u>	<u>\$ 13.8</u>

