

Core Registry Strengthened; the New-Product Case Remains Unproven

1 | KEY RESULTS VS. YEAR AGO

Metric	Reported	Year Ago	vs. Year Ago
Revenue (vs. Year Ago)	\$443.0M	\$419.1M	+5.7%
Net Income (vs. Year Ago)	\$212.6M	\$212.8M	-0.1%
OPERATING AND CASH METRICS			
Operating Margin (vs. Year Ago)	66.9%	67.8%	-0.9 pp
Operating Margin, Excl. Charge (vs. Year Ago)	68.6%	67.8%	+0.8 pp
Gross Registrations (vs. Year Ago)	13.1M	10.6M	+23.6%
Renewal Rate, Estimated (vs. Year Ago)	74.3%	75.4%	-1.1 pp
Operating Cash Flow (vs. Year Ago)	\$268.3M	\$307.7M	-12.8%
Free Cash Flow (vs. Year Ago)	\$260.7M	\$303.0M	-14.0%
Diluted Shares (vs. Year Ago)	90.4M	93.6M	-3.4%

2 | GUIDANCE AND OUTLOOK

Full-year domain-base growth guidance was raised to 6.5% to 7.0% from 5.2% to 6.0%, and revenue guidance to \$1.755 billion to \$1.760 billion. Operating income guidance narrowed to \$1.188 billion to \$1.192 billion, its \$1.190 billion midpoint unchanged despite absorbing the \$7.5 million asset charge. The .com wholesale price rises \$0.71 to \$10.97 on November 1; the .net price rises to \$12.00 on March 1, 2027. Capital spending guidance was unchanged at \$55 million to \$65 million.

3 | EARNINGS ANALYSIS

ACQUISITION DROVE DOMAIN GROWTH. The .com and .net base reached 182.5 million after 3.36 million net additions, as gross registrations rose 23.6% to 13.1 million. The blended renewal rate eased to an estimated 74.3% from 75.4% on mix: first-time renewals held in the mid-40% range and previously renewed names in the mid-80% range, so cohort quality stayed stable even as lower-renewing names grew as a share of the population. The U.S. and EMEA remained the strongest growth regions.

MARGIN LEVERAGE, FLAT NET INCOME. Revenue rose 5.7% to \$443.0 million and operating income 4.3% to \$296.5 million. A \$7.5 million charge on assets held for sale cut the reported margin to 66.9%; excluding only that charge, operating income was \$304.0 million and margin 68.6%. Net income was flat at \$212.6 million as higher taxes and non-operating expense absorbed the operating gain, and diluted EPS rose 3.5% to \$2.35 mainly on a 3.4% smaller share count.

CASH CONVERSION WEAKENED MATERIALLY. Operating cash flow fell 12.8% to \$268.3 million and free cash flow 14.0% to \$260.7 million. Cash taxes of approximately \$70.0 million, against \$19.9 million a year earlier, more than explain the decline, though the filing ties higher payments partly to Switzerland's implementation of the OECD Pillar 2 minimum tax rather than timing alone. Trailing-twelve-month distributions of approximately \$1.14 billion exceeded operating cash flow less capital spending of approximately \$1.024 billion.

CONSTRUCTIVE, BUT VALUATION-DISCIPLINED. Domain-base guidance for the full year rose to 6.5% to 7.0% from 5.2% to 6.0%. Pricing is the highest-confidence catalyst: the .com fee rises on November 1 and the .net fee on March 1, 2027, with approximately 50% of the .com increase expected to flow through 2027 revenue. But .web general availability slipped to around April 2027, and VeriSign Informed has no disclosed pricing, monetization unit, or paid commitments. The stance stays constructive on the franchise and disciplined about paying in advance for unproven products.

4 | KEY READ-THROUGHS

LIMITED RETAIL PASS-THROUGH CREATES A MARGIN RISK THAT STRONG REGISTRATIONS CAN OBSCURE

GoDaddy (GDDY), Tucows (TCX), IONOS Group (IOS) | Negative | Potentially moderate within domain-reselling gross profit

Registrars buy .com services from VeriSign and resell them; the November 1 increase lifts the wholesale fee approximately 6.9%, from \$10.26 to \$10.97. Management observed retail prices up only 1% or less as the date approached. Unless registrars reprice, cut discounts, or attach more product profit, the increase transfers economics to the registry and compresses each registration year's spread.

RECORD REGISTRATIONS SUPPORT CHANNEL BOOKINGS, BUT NOT AN INDISCRIMINATE REGISTRAR UPGRADE

GoDaddy (GDDY), IONOS Group (IOS) | Positive | Moderate for domain transaction activity

VeriSign processed 13.1 million new registrations, up approximately 23.6%, and the base reached 182.5 million; management said significant early renewals ahead of the price increase had not been observed, supporting genuine volume rather than pull-forward. Registrars can convert transactions into hosting, email, security, and website subscriptions, but the call gave no registrar-level share attribution. GoDaddy reports on October 29.

LOWER-RETENTION COHORTS LIMIT THE ANNUITY VALUE OF THE REGISTRATION SURGE

GoDaddy (GDDY), Tucows (TCX), IONOS Group (IOS) | Negative | Moderate for 2027 renewal volumes and cohort economics

First-time renewals held in the mid-40% range and previously renewed names in the mid-80% range; the blended rate fell to an expected 74.3% from 75.4% only because initial renewals are a larger share. At a 45% initial rate, 1 million new registrations yield approximately 450,000 retained names at the first renewal. Capitalizing the surge at mature rates overstates its annuity value.

AI IS EXPANDING DIGITAL-CREATION DEMAND

GoDaddy (GDDY), Wix.com (WIX), IONOS Group (IOS) | Positive | Moderate for digital-presence activity volume

Bidzos said AI makes it easier to find a domain name and to develop and maintain a website, and identifiable new websites skew to the better-renewing online presence cohort. Lower creation costs expand the population needing domains, hosting, email, and site management. GoDaddy participates at the registration layer regardless of the build tool; Wix depends on retaining platform preference.