UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 000-23593

———————

VERISIGN, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-3221585**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
12061 Bluemont Way, Reston, Virginia	**20190**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (703) 948-3200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	VRSN	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. o

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant as of June 30, 2023, was $15.9 billion based upon the last sale price reported for such date on the Nasdaq Global Select Market. For purposes of this disclosure, shares of Common Stock held by persons known to the Registrant (based on information provided by such persons and/or the most recent Schedule 13Gs filed by such persons) to beneficially own more than 5% of the Registrant’s Common Stock and shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. This determination is not necessarily a conclusive determination for other purposes.

Number of shares of Common Stock, $0.001 par value, outstanding as of the close of business on February 9, 2024: 100.9 million shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s definitive proxy statement to be delivered to stockholders in connection with the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

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For purposes of this Annual Report on Form 10-K (this “Form 10-K”), the terms “Verisign”, “the Company”, “we”, “us”, and “our” refer to VeriSign, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Overview

We are a global provider of critical internet infrastructure and domain name registry services, enabling internet navigation for many of the world’s most recognized domain names. We help enable the security, stability, and resiliency of the Domain Name System (“DNS”) and the internet by providing Root Zone Maintainer services, operating two of the thirteen global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains (“TLDs”), which support the majority of global e-commerce.

We were incorporated in Delaware on April 12, 1995. Our principal executive offices are located at 12061 Bluemont Way, Reston, Virginia 20190. Our telephone number at that address is (703) 948-3200. Our common stock is traded on the Nasdaq Global Select Market under the ticker symbol VRSN. VERISIGN, the VERISIGN logo, and certain other product or service names are registered or unregistered trademarks in the U.S. and other countries. Other names used in this Form 10-K may be trademarks of their respective owners. Our primary website is https://www.verisign.com. The information available on, or accessible through, this website is not incorporated in this Form 10-K by reference.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available, free of charge, on the Investor Relations section of our website as soon as is reasonably practicable after filing such reports with the Securities and Exchange Commission (the “SEC”). The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at https://www.sec.gov.

Pursuant to our agreements with the Internet Corporation for Assigned Names and Numbers (“ICANN”), we make available files containing all active domain names registered in the .com and .net registries. Further, we also make available a summary of the active zone count registered in the .com and .net registries and the number of .com and .net domain name registrations in the domain name base. The zone counts and information on how to obtain access to the zone files can be found at https://www.verisign.com/zone. The domain name base is the active zone plus the number of domain names that are registered but not configured for use in the respective top-level domain zone file plus the number of domain names that are in a client or server hold status. The domain name base may also reflect compensated or uncompensated judicial or administrative actions to keep in or remove from the active zone an immaterial number of domain names. These files and the related summary data are updated at least once per day. The update times may vary each day. The number of domain names provided in this Form 10-K are as of midnight of the date reported.

We announce material financial information to our investors using our investor relations website https://investor.verisign.com, SEC filings, investor events, news and earnings releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our investors and the public about our company, our products and services, and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels and websites listed below. This list may be updated from time to time on our investor relations website.

https://verisign.com
https://blog.verisign.com
https://facebook.com/verisign
https://x.com/verisign
https://linkedin.com/company/verisign
https://youTube.com/user/verisign
https://dnib.com

The contents of these websites are not intended to be incorporated by reference into this Form 10-K or in any other report or document we file.

Services

We operate the authoritative directory, for all .com, .net, and .name domain names (generic top-level domains, “gTLDs”), as well as for certain transliterations of .com and .net in number of different native languages and scripts (internationalized generic top-level domains, “IDN gTLDs”). We also operate the authoritative directory for all .cc domain names (country code top-level domain, or “ccTLD”). We operate the technical or back-end systems for .edu and certain other gTLDs. As the registry or service provider for these top-level domains, our services allow individuals and organizations to establish their online identities, while providing the secure, always-on access they need to communicate and transact reliably with online audiences.

We operate the .com, .net, and .name gTLDs and the IDN gTLDs under registry agreements with ICANN and also, with respect to the .com gTLD, a Cooperative Agreement with the U.S. Department of Commerce (“DOC”). We operate the .cc ccTLD under an agreement with Cocos (Keeling) Islands. Under separate agreements, we provide technical or back-end services for .edu and for certain other gTLDs.

We also perform the Root Zone Maintainer function under an agreement with ICANN for the core of the internet’s DNS and operate two of the thirteen root zone servers that contain authoritative data for the top of the DNS hierarchy.

Our global constellation of DNS servers provides internet protocol (“IP”) address information in response to queries, enabling the use of browsers, email systems, and other systems on the internet. In addition, we own and maintain our shared registration system that allows registrars to enter new second-level domain names into Verisign-operated central directories and to submit modifications, transfers, re-registrations, and deletions for existing second-level domain names (“Shared Registration System”).

Domain names in the registries we operate can be registered for between one and 10 years. Unlike other gTLDs, the prices we charge for .com, .net and .name domain name registrations are subject to restrictions in our agreements with ICANN and our prices may be increased only according to those restrictions. Retail pricing for these domain name registrations is established by registrars. For .com and .name domain name registrations, we pay ICANN on a quarterly basis $0.25 for each annual domain name registration. For .net domain name registrations, we remit to ICANN a $0.75 fee per annual .net domain name registration that is collected from registrars.

Revenues for .cc domain names and our IDN gTLDs are based on prices that are not subject to the same pricing restrictions as those for the .com, .net and .name gTLDs. The fees for our performance of technical or back-end services for .edu and certain other gTLDs are based on the terms of our agreements with those respective businesses.

Operations Infrastructure

Our main operations infrastructure consists of secure data centers in Dulles, Virginia; Ashburn, Virginia; and New Castle, Delaware; as well as more than 200 other points of presence around the world. Our domain name servers refer requestors to the associated authoritative name servers for second level domains in the registries we operate or support, thus enabling DNS resolution for .com and .net domain names and for domain names in the other registries that we operate, or for which we provide technical or back-end services. Our servers process hundreds of billions of transactions daily. Our operations infrastructure operates continuously, supporting the security, integrity and availability of our services, which are critical for our business and internet users. The performance and availability of our infrastructure are critical for our business. Key features of our operations infrastructure include:

- Distributed Servers: We operate a large number of high-speed servers globally to support localized transaction volume and performance demands. In conjunction with our proprietary software, processes and procedures, this purpose-built global constellation of servers offers rapid failover, global and local load balancing, and threshold monitoring on critical servers.

- Networking: We deploy and maintain a redundant and diverse global network, maintain high-speed, redundant connections to numerous internet service providers, and maintain network interconnection relationships globally to ensure that our critical services are readily accessible to end users.

- Security and Availability: We incorporate architectural concepts such as protected domains, restricted nodes, and distributed access control in our system architecture. In addition, we employ firewalls and intrusion detection software, endpoint and network detection and response systems as well as proprietary security mechanisms at many points across our infrastructure. We perform continuous internal vulnerability testing and periodic controls audits, and also contract with third-party security organizations to perform periodic penetration tests and security risk assessments on our systems. We have engineered resiliency and diversity into how we host classes of products throughout our set of interconnected sites to reduce the risk of unknown vendor defects and zero-day security vulnerabilities.

- Data Integrity: We use several proprietary systemic integrity checks and validations to ensure data correctness when updating and publishing the DNS records for the registries we operate.

We continuously seek to enhance our infrastructure and capabilities to support both normal and peak system load plus attack volumes based on historical experience, as well as to address projected internet attack trends.

Call Centers and Service Desk: We provide customer support services over the phone, by email and through web-based self-help systems. Our support teams are staffed with trained technical customer support personnel. Support is available for customers 24 hours a day.

Operations Support and Monitoring: Through our network operations center, we have an extensive monitoring capability that enables us to track the status and performance of our critical systems, network and services. Our network operations center monitors our systems continuously.

Disaster Recovery Plans: We have disaster recovery and business continuity capabilities that are designed to deal with the loss of entire data centers and other facilities. We maintain data centers with mirrored services that allow failover with no data loss and no loss of function or capacity. Our critical data services (including domain name registration and global resolution) use advanced storage systems that provide data protection through techniques such as synchronous mirroring and remote replication. We periodically operate services at alternate data centers during maintenance windows to ensure the availability of our data centers for disaster recovery.

Marketing, Sales and Distribution

We seek to expand our business through focused marketing campaigns and programs that target growth in .com, .net and .cc domain names, both domestically and internationally. We provide tools to be used by both registrars and end users to enable them to find relevant domain names. We have marketing and sales offices and account management teams in several countries around the world.

Research and Development

We believe that timely development of new and enhanced capabilities for our DNS registration and resolution infrastructure and of new and enhanced ways to ensure the security, stability, and resiliency of our services, are vital to protect our business in an ever-increasing cyberthreat environment, to adapt to evolving internet protocols and standards, and to remain competitive in the marketplace. We also invest in R&D that benefits the DNS and internet community in which we operate more broadly.

Our future success will depend, in large part, on our ability to continue to maintain and enhance our current technologies and services and to develop new ones. We actively investigate and incubate new concepts and evaluate new business ideas through our innovation pipeline. We expect that most of the future enhancements to our existing services and our new services will be the result of internal development efforts in collaboration with suppliers, other vendors, customers, and the technology community. Under certain circumstances, we may also acquire or license technology from third parties.

Competition

We face competition in the domain name registry space from other gTLD and ccTLD registries that are competing for the business of entities and individuals that are seeking to obtain a domain name registration. In addition to the registries we operate or for which we provide technical or back-end services, there are numerous other operational gTLD registries, ASCII ccTLD registries, IDN ccTLD registries, and IDN gTLD registries. Under our agreements with ICANN, we are subject to certain restrictions in the operation of .com, .net and .name on pricing, bundling, marketing, methods of distribution, introduction of new registry services, and use of registrars, that do not apply to ccTLDs and other gTLDs and therefore may create a competitive disadvantage. Among our competitors operating gTLD and ccTLD registries are China Internet Network Information Center (CNNIC), DENIC eG, Nominet, Identity Digital, Public Interest Registry (PIR), CentralNic, Google, .xyz, GoDaddy, and Radix.

To the extent end-users establish their online identity using social media, as opposed to domain names, or transact on e-commerce platforms, we face competition from social media networks such as Facebook, Instagram, TikTok, and WeChat, e-commerce platforms such as Amazon, Etsy, eBay, and Taobao, and microblogging tools such as X (formerly Twitter). Furthermore, we face competition from providers of web and mobile applications that allow end-users to locate and access content.

Alternative namespaces, new technologies and the expansion of existing technologies may increase competitive pressure. Our industry is characterized by collaborative relationships involving our competitors. In the past, certain of our competitors have consolidated. Our ability to participate and benefit from such collaborative arrangements or consolidations may be limited and such collaborative arrangements and consolidations could harm our competitive position and adversely impact our business.

Industry Regulation

The DNS is governed under a multi-stakeholder model comprising civil society, the private sector, including for-profit and not-for-profit organizations such as ICANN, governments, including the U.S. government, academia, non-governmental organizations, and international organizations. ICANN plays a central coordination role in this bottom-up multi-stakeholder system. ICANN is mandated through its bylaws to uphold a private sector-led multi-stakeholder approach to internet governance for the public benefit. ICANN's multi-stakeholder policy development processes have created, and will continue to create, policies, programs, and standards that directly or indirectly impact our business. Certain policies can be adopted as Consensus or Temporary Policies, which we are obligated to follow under our agreements with ICANN.

We are also subject to country-level laws and regulations in the United States and in international locations. In China, we are required to maintain licenses for .com, .net, and .cc under regulations issued by the Ministry of Industry and Information Technology. Additionally, in many jurisdictions in which we operate, including California, the European Union, the United Kingdom, China and elsewhere, strict data security and data privacy regulations have been, or are being, adopted. Because we do not possess extensive personal registrant information, we have not yet experienced significant impacts from these regulations. However, compliance costs and other business impacts could become significant if we begin to receive personal registrant information in our .com and .net gTLDs, as regulatory enforcement increases, as courts interpret these regulations, and as new laws and regulations are adopted. Other regulations, or changes to regulations, may also significantly impact our business operations, including, for example, changes to the Network and Information Security Directive, in the European Union, or the Communications Decency Act, in the United States, or the Personal Information Protection Law, in China.

.com Generic Top-Level Domain

Our operation of the .com gTLD is subject to the terms of a registry agreement with ICANN (as amended, the ".com Registry Agreement"). The current term of the .com Registry Agreement is six years and must be renewed or extended by November 30, 2024. Although the .com Registry Agreement contains a "presumptive" right of renewal, ICANN could terminate or refuse to renew the Registry Agreement in certain prescribed circumstances. See "Risk Factors - Any loss or modification of our right to operate the .com and .net gTLDs could have a material adverse impact on our business and result in loss of revenues." in Part I, Item 1A of this Form 10-K for further information.

Other significant terms within the .com Registry Agreement include performance specifications and service level agreements, including by example, for the availability of our DNS resolution services, our Shared Registration System, and our Whois services. The .com Registry Agreement contains marketing limitations, including limitations on our ability to bundle products and the manner in which we provide marketing support to ICANN-accredited registrars. We are also required under the .com Registry Agreement to provide ICANN-accredited registrars with nondiscriminatory access to our systems to register or take other actions related to domain names. In order to introduce new Registry Services or make material changes to existing Registry Services, we must follow prescribed procedures which permit ICANN to review and approve such services.

Amendment 3 to the .com Registry Agreement permits an increase to the Maximum Price (as defined in the .com Registry Agreement) of .com domain name registrations by up to 7% over the previous year in each of the final four years of each six-year period. The first such six-year period began on October 26, 2018. Amendment 3 also clarified that the restrictions in the .com Registry Agreement relating to vertical integration apply solely to the .com gTLD and also clarified that our ability to increase prices by 7% over the previous year due to new ICANN Consensus Policies or documented extraordinary expense may occur only in years where we do not otherwise take the price increases described above.

Our operation of the .com gTLD is also subject to the terms of a Cooperative Agreement with the DOC. The Cooperative Agreement has undergone various amendments with the most recent, Amendment 35, on October 26, 2018. Amendment 35 extended the term of the Cooperative Agreement until November 30, 2024, which will automatically renew on the same terms for successive six-year terms unless the DOC provides written notice of non-renewal 120 days prior to the end of the then-current term.

Amendment 35 includes the DOC’s consent to the modification of the pricing terms in the .com Registry Agreement (as described above). The Cooperative Agreement further provides that we shall be entitled at any time during the term of the .com Registry Agreement to seek to remove the pricing restrictions contained in the .com Registry Agreement if we demonstrate to the DOC that market conditions no longer warrant pricing restrictions in the .com Registry Agreement, as determined by the DOC.

DOC approval of changes to or the renewal of the .com Registry Agreement was limited by Amendment 35 to only the following circumstances: (1) changes to the pricing provisions (other than as approved in Amendment 35), (2) changes to the vertical integration provisions (other than the clarification approved in Amendment 35), (3) changes to the security, stability and resiliency posture as reflected in the functional or performance specifications (including the service level agreements), (4) changes to the conditions for renewal or termination of the .com Registry Agreement, or (5) changes to the Whois service (except as mandated by ICANN through Temporary or Consensus Policies). As was the case with prior amendments, Amendment 35 is not intended to confer federal antitrust immunity on the Company with respect to the .com Registry Agreement.

Finally, Amendment 35 clarified that the restrictions in the .com Registry Agreement relating to vertical integration apply solely to the .com gTLD. As to the .com gTLD, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar that sells .com domain names. In addition, under Amendment 35, we have agreed to continue to operate the .com gTLD in a content-neutral manner and to work within ICANN processes to promote the development of content-neutral policies for the operation of the DNS.

.net Generic Top-Level Domain

Our operation of the .net gTLD is subject to the terms of a registry agreement with ICANN (as amended, the ".net Registry Agreement"). The .net Registry Agreement was renewed on June 29, 2023. The current term of this agreement is six years and must be renewed or extended by July 1, 2029. The terms of the .net Registry Agreement are substantially similar to the terms of the .com Registry Agreement, except as to ICANN fees as described earlier and that the annual price for new and renewal .net domain name registrations may be increased by 10% each year. Our operation of the .net gTLD is not subject to the terms of the Cooperative Agreement.

Root Operations

We operate two of the world's thirteen root servers. Along with the ICANN community, we are involved in discussions to establish criteria for operations of the root server system including the root servers that we operate. We also publish the root zone file, as the Root Zone Maintainer, under the Root Zone Maintainer Service Agreement ("RZMA") with ICANN. The current term of the RZMA ends on October 19, 2024 and is subject to an automatic renewal for another eight-year term, unless earlier modified or terminated.

The descriptions of the .com Registry Agreement, the Cooperative Agreement, and the .net Registry Agreement are qualified in their entirety by reference to the text of the complete agreements that are incorporated by reference as exhibits in this Form 10-K.

Human Capital Management

Our employees are mission driven and values focused. Their dedication to these principles forms the backbone that enables Verisign to provide for the security, stability, and resiliency of the DNS and the internet. We recognize the importance of talent and culture in driving an environment that fosters high performance, inclusion, and integrity in all aspects of our work.

We are committed to attracting, developing, and retaining the best talent, and we routinely monitor and present our progress in these areas to executive management and the Compensation Committee of our Board of Directors. As of December 31, 2023, we had 908 employees, of which 907 were full-time. 846 employees (representing approximately 93% of our total workforce) were based in the U.S., and 62 employees (representing approximately 7% of our total workforce) were based outside the U.S. As of December 31, 2023, approximately 30% of our global workforce was female, and approximately 44% of our U.S. employees were ethnically and racially diverse. No U.S.-based employees are represented under collective bargaining agreements. Based on periodic monitoring, we believe that our employee turnover is relatively low compared to competitive benchmarks and historical trends. We attribute our strong retention rates to our passion for and focus on the Company's mission and values, our continual development of talent, and our delivery of competitive and equitable reward programs. We regularly review our workforce policies, procedures, and training programs, as well as our overall workforce demographics, in an effort to create a work environment that is diverse, equitable, inclusive, and free from discrimination.

Employee Engagement: In order to deliver on our mission, it is essential to have an engaged workforce that exhibits our values, which include: being stewards of the internet, being passionate about technology, respecting others, exhibiting integrity, taking responsibility, and holding ourselves to a higher standard. These principles are integrated into our operating model and are foundational to our ability to attract, retain, and develop top talent. This commitment serves to create engagement and drives a collaborative and inclusive environment where our employees can thrive. To monitor engagement levels and well-being we routinely conduct employee surveys. In our most recent survey in October 2023, approximately 93% of our employee population participated. The survey results indicated that our employees remain highly engaged and connected with our mission and values. Another engagement indicator is that the average tenure of our employees is approximately 10 years.

Diversity, Equity and Inclusion (DEI): We are a diverse organization, and we believe that drives stronger performance, better decision making, and an inclusive culture where differences are valued. We strive to create an environment where employees feel a sense of belonging and feel empowered to bring their diverse skills, perspectives and talents to bear. In 2023, we reinforced our strong foundation of equity and inclusion through roundtable discussions to support open dialogue, training sessions on the importance of a diverse and inclusive workplace and growing our employee resource group representation. As part of our commitment to diversity, Verisign continues to partner with organizations that are dedicated to resisting and reversing historical injustice. Our progress is evident through our October 2023 employee survey results where participants indicated that they understand how to support an inclusive work environment and that Verisign demonstrates a visible commitment to diversity.

Compensation, Pay Equity, and Employee Benefits: To align with our philosophy of providing compelling total rewards, we have practices in place to deliver fair and equitable compensation for employees based on their contribution and performance. We benchmark and regularly review our compensation and benefits against the market to confirm they remain competitive. We offer a broad and comprehensive set of benefits to meet the diverse needs of our workforce. In addition, we regularly perform analyses on base pay, annual incentives, and long-term incentives to help calibrate compensation and ensure pay equity.

Talent Development and Acquisition: We are committed to the continued development of our people. Strategic talent reviews and succession planning occur on a regular basis. We designed our management training to increase capability in the areas of communication, engagement, coaching, conflict management, and business skills, while fostering an ethical, supportive work environment free from bias and harassment. We believe that employee development is anchored in acquiring skills and work experiences that meet the needs of the business and the individual. We focus on leadership capability development and provide learning opportunities that enhance technical and soft skills to equip our workforce for current and future growth opportunities. Our learning opportunities are a blend of on-the-job experiences, instructor-led and on-demand learning sessions that meet the unique development needs of our workforce. Our managers regularly hold conversations with employees about career management, coaching, and other development opportunities to help encourage and drive the growth of our talent. We are focused on the competitive labor market, and we are working diligently to attract the best talent from a diverse range of sources. We continue to broaden our sourcing strategies, refresh our employment branding, and develop targeted recruitment strategies for specialized skill sets and underrepresented populations.

Employee Health, Safety and Well-being: We are committed to maintaining a safe and healthy environment for our employees. We have a robust physical safety and security program, including a life safety program which trains employees on appropriate emergency responses. We also offer a holistic wellness experience for our employees through our internal employee wellness program, called Mindful Connections, that supports employees across three pillars: physical, emotional, and financial. We support a hybrid work posture where our employees operate under team agreements that set the foundation for operating norms and allows employees to create work schedules that align with corporate and individual needs. This provides employees more flexibility to manage a healthy work-life balance. Our offices continue to be utilized to enhance collaboration, networking, and strategic discussion.

The following table shows a comparison of our consolidated employee headcount, by function:

	As of December 31,		
	2023	**2022**	**2021**
Employee headcount by function:			
Cost of revenues	247	242	235
Research and development	244	255	250
Selling, general and administrative	417	420	419
Total	908	917	904

Intellectual Property

We rely on a combination of copyrighted software, trademarks, service marks, patents, trade secrets, know-how, restrictions on disclosure, and other methods to protect our proprietary assets. We also enter into confidentiality and/or intellectual property assignment agreements with our employees, consultants, customers and business partners. We also control access to and distribution of proprietary documentation and other confidential information.

We have been issued numerous patents in the U.S. and abroad, covering a wide range of our technologies. Additionally, we continue to file patent applications with respect to certain of our technologies in the U.S. Patent and Trademark Office and internationally. Patents may not be awarded with respect to these applications and even if such patents are awarded, they may not provide sufficient protection of our technologies. We continue to consider opportunities for strategic growth and use of our patent portfolio.

We have obtained trademark registrations for the VERISIGN mark and VERISIGN logo in the U.S. and certain countries, and have pending trademark applications for the VERISIGN logo in a number of other countries. We have common law rights in other proprietary names. We take steps to enforce and monitor potential infringement of Verisign’s trademarks. We rely on the strength of our Verisign brand to help differentiate ourselves in the marketing of our products and services.

Our principal intellectual property consists of, and our success is dependent upon, proprietary software used in our business and certain methodologies (many of which are patented or for which patent applications are pending) and technical expertise and proprietary know-how we use in both the design and implementation of our current and future registry services. We own our proprietary Shared Registration System through which registrars submit second-level domain name registrations for each of the registries we operate, as well as the ATLAS distributed lookup system which processes hundreds of billions of queries per day. Some of the software and protocols used in our business are in the public domain or are otherwise available to our competitors, and some are based on open standards set by organizations such as the Internet Engineering Task Force. To the extent any of our patents are considered “standard essential patents,” we may be required to license such patents to our competitors on fair, reasonable and non-discriminatory terms or otherwise be limited in our ability to assert such patents.

Information About Our Executive Officers

The following table sets forth information regarding our executive officers as of February 15, 2024:

Name	Age	Position
D. James Bidzos	68	Executive Chairman and Chief Executive Officer
Todd B. Strubbe	60	President and Chief Operating Officer
George E. Kilguss, III	63	Executive Vice President, Chief Financial Officer
Danny R. McPherson	49	Executive Vice President, Engineering, Operations and Chief Security Officer
Thomas C. Indelicarto	60	Executive Vice President, General Counsel and Secretary

D. James Bidzos has served as Executive Chairman since August 2009 and Chief Executive Officer since August 2011. He served as President from August 2011 to February 2020. He served as Executive Chairman and Chief Executive Officer on an interim basis from June 2008 to August 2009 and served as President from June 2008 to January 2009. He served as Chairman of the Board since August 2007 and from April 1995 to December 2001. He served as Vice Chairman of the Board from December 2001 to August 2007. Mr. Bidzos served as a director of VeriSign Japan from March 2008 to August 2010 and served as Representative Director of VeriSign Japan from March 2008 to September 2008. Mr. Bidzos served as Vice Chairman of RSA Security Inc., an internet identity and access management solution provider, from March 1999 to May 2002, and Executive Vice President from July 1996 to February 1999. Prior thereto, he served as President and Chief Executive Officer of RSA Data Security, Inc. from 1986 to February 1999.

Todd B. Strubbe has served as Chief Operating Officer since April 2015 and President since February 2020. From September 2009 to April 2015, he served as the President of the Unified Communications Business Segment for West Corporation, a provider of technology-driven communications services. Prior to this, he was a co-founder and Managing Partner of Arbor Capital, LLC. He has also served in executive leadership positions at First Data Corporation and CompuBank, N.A. and as an associate and then as an engagement manager with McKinsey & Company, Inc. He also served for five years as an infantry officer with the

United States Army. Mr. Strubbe holds an M.B.A. degree from Harvard Business School and a B.S. degree from the United States Military Academy at West Point.

George E. Kilguss, III has served as Chief Financial Officer since May 2012. From April 2008 to May 2012, he was the Chief Financial Officer of Internap Network Services Corporation, an IT infrastructure solutions company. From December 2003 to December 2007, he served as the Chief Financial Officer of Towerstream Corporation, a company that delivers high speed wireless internet access to businesses. From 1997 to 2000, he served as the Chief Financial Officer of Stratos Global Corporation, a mobile satellite services company. Mr. Kilguss holds an M.B.A. degree from the University of Chicago’s Graduate School of Business and a B.S. degree in Economics and Finance from the University of Hartford.

Danny R. McPherson has served as Executive Vice President, Engineering, Operations, and Chief Security Officer since April 2022. From May 2010 to April 2022, he served in various roles of increasing responsibility, including as Chief Security Officer. Prior to joining the Company, Mr. McPherson was Chief Security Officer with Arbor Networks, a cybersecurity solutions company, and prior to that held technical leadership positions in architecture, engineering and operations with Amber Networks, a network technology company, Qwest Communications, Inc., a telecommunications company, Genuity, Inc., a technology company, MCI Communications, Inc., a telecommunications company, and the U.S. Army Signal Corps.

Thomas C. Indelicarto has served as General Counsel and Secretary since November 2014. From September 2008 to November 2014, he served as Vice President and Associate General Counsel. From January 2006 to September 2008, he served as Litigation Counsel. Prior to joining the Company, Mr. Indelicarto was in private practice as an associate at Arnold & Porter LLP and Buchanan Ingersoll (now, Buchanan Ingersoll & Rooney, PC). Mr. Indelicarto also served as a U.S. Army officer for nine years. Mr. Indelicarto holds a J.D. degree from the University of Pittsburgh School of Law and a B.S. degree from Indiana University of Pennsylvania.

ITEM 1A. RISK FACTORS

Please carefully consider the following discussion of significant factors, events and uncertainties that make an investment in our securities risky. In addition to other information in this Form 10-K, the following risk factors should be carefully considered in evaluating us and our business. When the factors, events and contingencies described below or elsewhere in this Form 10-K materialize, our business, operating results, financial condition, reputation, cash flows or prospects can be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our business, operating results, financial condition, reputation, cash flows and prospects. Actual results could differ materially from those projected in the forward-looking statements contained in this Form 10-K as a result of the risk factors discussed below and elsewhere in this Form 10-K and in other filings we make with the SEC.

Cybersecurity and Technology Risk Factors

Attempted security breaches, including from the exploitation of vulnerabilities, cyber-attacks and Distributed Denial of Service (“DDoS”) attacks against our systems and services increase our costs, expose us to potentially material liability, and could materially harm our business and reputation.

As an operator of critical internet infrastructure, we experience a high rate of cyber-attacks and attempted security breaches targeting our systems and services, including the most sophisticated forms of attacks, such as advanced persistent threat attacks, exploitation of zero-day vulnerabilities, ransomware attacks, and social engineering attacks. The forms of these attacks are constantly evolving and may involve methods, tools, and strategies that may not have been previously identified and may not have been observed until the moment of launch, or until sometime after, making these attacks virtually impossible to anticipate and difficult to defend against. In addition to external threats, our systems and services are subject to insider threat risks, including physical or electronic break-ins, sabotage, and risks from suppliers, such as consultants and advisors, SaaS providers, hardware, software, and network systems manufacturers, regional internet registries, and other vendors, or from current or former contractors or employees. These threats and any resulting security breaches can arise from intentional or unintentional actions. Our continued exposure to these threats and the potential that they could lead to material liability claims against us requires us to expend significant financial and other resources. We have developed policies, standards, and procedures to identify, protect, detect, respond, and recover from threats posed by cybersecurity risks, and failure to comply with these policies, standards, and procedures by our employees or suppliers could limit our ability to effectively manage threats from these cybersecurity risks. In addition, we must ensure that our employees stay focused on protecting the Company against cybersecurity threats especially in our hybrid work environment, or our ability to effectively manage cybersecurity risks could be impacted. Our failure to effectively manage these security risks, including insider threats, could result in material harm to our business, including loss of or delay in revenues, failure to meet service level agreements, material liability claims, failure to maintain market acceptance, injury to our reputation, and increased costs, and could call into question our ability to preserve the security and stability of the internet.

Security vulnerabilities in our systems and our vendors' systems, including vulnerabilities in third party software and hardware, pose a material risk to our operations. We use externally-developed technology, systems, and services, including both hardware and software, for a variety of purposes, including compute, storage, encryption and authentication, back-office support, and other functions. We have developed policies, standards, and procedures to reduce the impact of security vulnerabilities in system components, as well as at any vendors where our data is stored or processed. However, such measures cannot provide absolute security. While we strive to remediate known vulnerabilities on a timely basis, such vulnerabilities could be exploited before a vulnerability has been disclosed or before our remediation is effective and if so, could cause systems and service interruptions, data loss and other damages. Our failure to identify, remediate and mitigate security vulnerabilities, including any potential failure to timely replace and upgrade hardware, software, or other technology assets, could result in material harm to our business, including loss of or delay in revenues, failure to meet service level agreements, material liability claims, failure to maintain market acceptance, injury to our reputation, increased costs, and call into question our ability to preserve the security and stability of the internet.

In addition, our networks have been, and likely will continue to be, subject to DDoS attacks. Recent industry experience has demonstrated that DDoS attacks continue to grow in size and sophistication and have the ability to widely disrupt internet services. While we have adopted mitigation techniques, procedures, and strategies to defend against DDoS attacks, and have successfully mitigated DDoS attacks to date, there can be no assurance that we will be able to defend against every attack, especially as the attacks increase in size and sophistication. Any attack, even if only partially successful, could disrupt our networks, increase response time, negatively impact our ability to meet our service level agreements, and generally impede our ability to provide reliable service to our customers and the broader internet community. We have historically incurred, and will continue to incur, significant costs to enable our infrastructure to process levels of attack traffic that can be substantially larger than our normal transaction volume. We are employing new technologies and new and different services and capabilities to help mitigate DDoS attacks. If these new technologies, services and capabilities are not effective, our infrastructure could be disrupted, our response times could increase, our ability to meet our service level agreements could be negatively impacted, and our ability to provide reliable service to our customers and the broader internet community could be impeded.

In addition, we are subject to social engineering attacks including phishing, spear phishing, whaling, vishing, smishing, and domain spoofing, which are designed to entice people to divulge sensitive information or take actions that, if successful, could pose a material risk to our operations. The number of such attacks is increasing. Recent advances in artificial intelligence have increased the sophistication of these types of attacks as attackers are able to create more personalized and targeted communications using information derived from people’s relationships, online behavior and preferences. Social engineering attacks have occurred in concert with ransomware attacks. While we deploy advanced tools and conduct continuous security awareness training to address social engineering attacks, such measures cannot provide absolute security. Similarly, although we implement redundant architecture and multiple recovery solutions, and conduct periodic exercises to mitigate the threat of ransomware, we still may be subject to successful ransomware attacks. Our failure to prevent such attacks, including any successful social engineering attack, could result in our inability to meet our service legal agreements and could otherwise materially harm our business, including from legal claims, governmental investigations and scrutiny, injury to our reputation, and increased costs.

We do not maintain specific reserves for security breaches, cyber-attacks and DDoS attacks against our systems and the amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to such attacks.

We may introduce undetected or unknown defects into our systems or services, which could materially harm our business and harm our vendors or our customers.

Despite testing, services as complex as those we offer or develop could contain undetected defects or errors, which could result in service outages or disruptions, compromised customer data, including DNS data, diversion of development resources, injury to our reputation, legal claims, increased insurance costs or increased service costs. Performance of our services, whether or not defective, could have unforeseen or unknown adverse effects on the networks over which they are delivered, on internet users and consumers, and on third-party applications and services that use our services, any of which could result in legal claims against us. While we strive to prevent, detect and remediate defects or errors, they can and do occur and they could result in our inability to meet customer expectations in a timely manner, failure to meet our service level agreements, injury to our reputation, and increased costs.

Our infrastructure and services are subject to vulnerabilities in the global routing system for the internet, as well as risks arising from internet services providers’ increasing adoption of the Resource Public Key Infrastructure system.

Routing on the internet depends on the Border Gateway Protocol (“BGP”), which is a protocol that relies on networks within the internet infrastructure acting in a trustworthy manner when sharing information about destinations for connectivity and the routing of internet traffic. As a trust-based protocol, BGP has a number of vulnerabilities that may lead to outages or disrupt our services, including as a result of “route hijacks” that involve accidental or malicious rerouting of internet traffic, or “route leaks” that involve the malicious or unintentional propagation of routing information beyond the intended scope of the originator, receiver, and/or one of the networks along the route's path. Both route hijacks and route leaks can result in partial or full rerouting of internet traffic for the impacted destinations. These types of events, which are generally beyond our control, could enable an array of attack conditions or service disruptions, and could result in adverse publicity and adversely affect the public's perception of the security of e-commerce and communications over the internet, as well as of the security or reliability of our services.

To address internet routing system vulnerabilities, many internet service providers have adopted and apply internet reachability policies based on a system known as the Resource Public Key Infrastructure ("RPKI") operated by the regional internet registries ("RIRs"). The RIRs allocate internet number resources, such as internet protocol addresses, to enterprises and network operators. We have limited visibility into the maturity of and investment in the RIRs' operational and security controls, which are outside of our control. When the availability, integrity, or confidentiality of any of the information in the RPKI system, or systems used to maintain and administer RPKI data and systems, are impacted or otherwise compromised in any of the RIRs, or any network operator that is a relying party of the RPKI system, or the operations or ingestion of data from the RPKI system are otherwise impacted by a known or unknown vulnerability, our services may be negatively impacted. Such impacts may include degraded or full loss of reachability of service addresses in the global internet routing system, resulting in degradation or complete loss of availability of our registration and resolution services. A compromise of the RPKI system and related services, or unintentional or unauthorized manipulation of data therein, may also result in other denial of service attack conditions for our infrastructure and services. The systemic dependencies introduced by the RPKI system and by the relying parties of the RPKI system, including internet service providers, are outside of our control, and systems that depend upon the RPKI may be only as secure as the weakest elements of the RPKI system. Contracting with RIRs for the provision of and access to RPKI services carries material operational risks, as described above, as well as material contractual risks, which may expose us to service disruptions and material liability.

We could encounter system interruptions or systems failures resulting from activities beyond our direct control that could materially harm our business.

We depend on the uninterrupted operation of our various systems, secure data centers, points of presence around the world and other computer and communication networks. Our systems and operations are vulnerable to damage or interruption from power loss, transmission cable cuts and other telecommunications failures, damage or interruption caused by fire, earthquake, and other natural disasters, intentional acts of vandalism, terrorist attacks, unintentional mistakes, or errors. Our systems and operations also face risks inherent in, or arising from, the terms and conditions of our agreements with service providers to operate our networks and data centers. We are also subject to the risk of state suppression of internet operations. Any of these scenarios could create potential liability and exposure, including from a failure to meet our service level agreements, and could decrease customer satisfaction, harming our business, or resulting in adverse publicity and damage to our reputation or call into question our ability to preserve the security and stability of the internet.

Our data centers, our data center systems, including the Shared Registration Systems located at our data centers, and our resolution systems are vulnerable to damage or interruption, which could impede our ability to provide our services, expose us to material liability, and materially harm our reputation.

Most of the computing infrastructure for our Shared Registration System is located at, and most of our customer information is stored in, data centers we own or lease and operate. In 2019, we expanded some of our data center services to a leased data center facility. These data centers are vulnerable to damage or interruption, including from natural disasters, such as fires, earthquakes, hurricanes, and floods, power loss, hardware or system failures, physical or electronic break-ins, human error or interference. We are also regularly updating and enhancing our network architecture in several of our new and existing data centers and globally distributed resolution systems. If our data center facilities or the updated network architectures, hardware or software upgrades, or security controls do not operate as expected, including the ability to quickly switch over between sites, we could experience service interruptions or outages. A failure in the operation of our Shared Registration System could result in the inability of one or more registrars to register or manage domain names for a period of time. If such a registrar has not implemented robust services in a manner that preserves transactions until processed by the registry, then the failure in the operation of our Shared Registration System could result in permanent loss of transactions at the registrar during that period. A failure in the operation of our Shared Registration System could also impact our ability to provide up-to-date information in our globally distributed resolution systems, which could result in breaches of our service level agreements pertaining to our resolution services and impact the resolution of domain names on the internet. We do not carry insurance or designated financial reserves for such interruptions.

In addition, our services depend on the secure and efficient operation of the internet connections to and from customers to our Shared Registration System residing in our secure data centers as well as our globally distributed resolution systems. These connections depend upon the secure and efficient operation of internet service providers, internet exchange point operators, and internet backbone service providers. Such providers have encountered periodic operational problems or experienced outages in the past beyond our scope of control and may continue to encounter problems and outages or may choose to discontinue their service. If the providers that our connections depend upon do not protect, maintain, improve, and reinvest in their networks or present inconsistent, incorrect, or invalid data regarding routing information or DNS responses through their networks, our business could be harmed.

A failure in the operation or update of the root zone servers, the root zone file, the Root Zone Management System, the TLD name servers, the TLD zone files that we operate, or other network functions, could result in, among other problems, (1) a DNS resolution or other service outage or degradation, (2) the deletion of one or more gTLDs or ccTLDs from the internet, (3) the deletion of one or more second-level domain names from the internet, or (4) a misdirection of one or more domain names to different servers. A failure in the operation or update of the supporting cryptographic and other operational infrastructure that we maintain could result in similar consequences. Any of these problems or outages could create potential material liability and exposure from litigation and investigations, could result in a failure to meet our service level agreements, and could decrease customer satisfaction, harming our business. These problems could also result in adverse publicity, decrease the public’s trust in the security of e-commerce and other forms of online presence, or call into question our ability to preserve the security and stability of the internet.

We retain certain customer and employee information in our data centers and various domain name registration systems. Any physical or electronic break-in or other security breach or compromise of the information stored at our data centers or domain name registration systems may jeopardize the security of information we retain or that is retained in the computer systems and networks of our customers. In such an event, we could face material liability and exposure from litigation and investigations, fail to meet service level agreements, or be at risk of losing various security and standards-based compliance certifications needed for operation of our businesses, and customers could be reluctant to use our services. Any such outcomes could also adversely affect our reputation and harm our business or cause financial losses that are either not insured against or not fully covered through any insurance.

We face risks from the operation of the root server system and our performance of the Root Zone Maintainer functions under the RZMA.

Although the overall root server system is redundant and dispersed, a failure or interruption in the operation of the root server system could impact the effectiveness of our .com and .net authoritative servers and therefore negatively impact directory services necessary for the operation of the internet. We also have an important operational role in support of a key Internet Assigned Numbers Authority (“IANA”) function as the Root Zone Maintainer. In this role, we provision and publish the authoritative root zone data and make it available to all root server operators under the RZMA with ICANN. If we make errors in the publication of the root zone or experience operational issues that impact the timeliness of updates to the root zone data, we may be subject to material claims challenging the RZMA or our performance under it, including tort claims, and we may not have immunity from, or sufficient indemnification or insurance for, such claims.

Economic and Competition Risk Factors

Deterioration of economic conditions, particularly in China, continues to negatively impact our business.

Our business is, and will likely continue to be, adversely affected by the deterioration in global economic conditions, including high inflation, interest rates, and currency fluctuations, as well as impacts from war, civil unrest, and other political and economic developments. In particular, these conditions are negatively impacting our business in China, where demand for our services has substantially declined due to worsening economic conditions within China and from Chinese regulatory mandates that make it more difficult to register a domain name or establish an online presence using a domain name. The overall economic impact, severity and duration of these conditions, as well as the timing, strength, and sustainability of any recovery, are not known at this time, and are not within the Company’s control.

The business environment is highly competitive and, if we do not compete effectively, we may suffer material adverse impact to our business, including lower demand for our products, reduced gross margins, and loss of market share.

We face competition from services that provide an online identity or presence, including other gTLDs and ccTLDs. In order to remain competitive, we must continually demonstrate the security, stability, and resiliency of our services and must adopt and support new technologies to adapt our services to changing technologies, market conditions, and our customers’ and internet users’ preferences and practices. Also to remain competitive, we have undertaken important initiatives such as our efforts to acquire the .web gTLD, and we may in the future undertake other important initiatives. Any of these initiatives require significant resources, can subject us to regulatory scrutiny and/or negative publicity, and divert management attention from our existing business. Such undertakings, including our efforts to acquire the .web gTLD, may be unsuccessful and costly. In addition, competing technologies developed by others or the emergence of new industry standards may adversely affect our competitive position or render our services or technologies noncompetitive or obsolete. Finally, consolidation within our industry has occurred and is likely to continue to occur. Our ability to participate and benefit from such consolidations may be limited and consolidation within our industry among our competitors could harm our competitive position and adversely impact our business.

We have been designated as the registry operator for certain new gTLDs, including certain IDN gTLDs. Our new gTLDs may not be as or more successful than the new gTLDs obtained by our competitors. In addition, our new gTLDs may face additional universal acceptance and usability challenges and it is possible that resolution of domain names within some of these new gTLDs may be blocked within certain state or organizational environments, challenging universal resolvability of these domain names and their general acceptance and usability.

See the "Competition" section in Part I, Item 1 of this Form 10-K for further information.

Contractual, Regulatory, Legal and Compliance Risk Factors

Any loss or modification of our right to operate the .com and .net gTLDs could have a material adverse impact on our business and result in loss of revenues.

Substantially all of our revenues are derived from our operation of the .com gTLD under our Cooperative Agreement with the DOC and our .com Registry Agreement as well as our operation of the .net gTLD under our .net Registry Agreement. Any loss or modification of our right to operate the .com and .net gTLDs could materially and adversely impact our ability to conduct our business and result in loss of revenues. Our .com and .net Registry Agreements contain "presumptive" rights of renewal upon the expiration of their current terms on November 30, 2024 and June 30, 2029, respectively. ICANN could refuse to renew upon expiration or terminate our .com Registry Agreement or our .net Registry Agreement if, upon proper notice, (1) we fail to cure a fundamental and material breach of certain specified obligations, and (2) we fail to timely comply with a final decision of an arbitrator or court. Additionally, each of the .com and .net Registry Agreements provide that if certain terms of these agreements are not similar to such terms generally in effect in the registry agreements of the five largest gTLDs, then a renewal of these agreements would be upon terms reasonably necessary to render such terms to be similar to the registry agreements for those other gTLDs. Any such terms, if they apply, could be unfavorable to us and have a material adverse impact on our business.

Standard renewals of the .com Registry Agreement do not require further DOC approval, although the prior written approval of the DOC is required for the removal of, or any changes to the pricing section (other than as approved in Amendment 35 to the Cooperative Agreement), and for changes to certain other specified terms whether such removal or changes are made at a renewal or otherwise. We can provide no assurances that DOC approval would be provided upon our request for any of these changes.

In addition, under Amendment 35 to the Cooperative Agreement, we have agreed to continue to operate the .com gTLD in a content-neutral manner and to work within ICANN processes to promote the development of content-neutral policies for the operation of the DNS, and under our binding letter of intent with ICANN, we have agreed to work with the ICANN community to develop certain best practices and other commitments for the security, stability and resiliency of the DNS and the internet. Such policies and processes could expose us to compliance costs and substantial liability and result in costly and time-consuming investigations or litigation.

Changes or challenges to the pricing provisions in the .com Registry Agreement could have a material adverse impact on our business.

Under the terms of the .com Registry Agreement, we may increase the annual fee of each .com domain name registration or renewal by up to 7% over the previous year in each of the final four years of each six-year period. We can provide no assurances that we will exercise such right to increase the annual fee. In addition to this contractual right, we are entitled to increase the annual fee of each .com domain name registration or renewal by up to 7% due to the imposition of any new specifications or policies adopted by ICANN pursuant to the procedures set forth in its bylaws and due process ("Consensus Policies") or to a documented extraordinary expense resulting from an attack or threat of attack on the security and stability of the DNS (an "Extraordinary Expense"). In addition, our ability to increase the price for .com domain name registrations and renewals due to a Consensus Policy or Extraordinary Expense may occur only in years in which we do not increase the price for .com domain name registrations and renewals as described above. It is uncertain whether circumstances would arise that would permit us to take a price increase due to a Consensus Policy or Extraordinary Expense, or if they do, whether we would seek to increase the price for .com domain name registrations for this reason. A failure to seek and obtain a price increase due to a Consensus Policy or Extraordinary Expense, when applicable, could negatively affect our operating results. We also have the right under the Cooperative Agreement to seek the removal of these pricing restrictions on the .com gTLD if we demonstrate to the DOC that market conditions no longer warrant these restrictions. However, we can provide no assurances whether we will seek the removal of these restrictions, or whether the DOC would approve the removal of these restrictions.

Our .com Registry Agreement, including its pricing provisions, has faced, and could face in the future, challenges, including possible legal challenges, or challenges under ICANN's accountability mechanisms, from ICANN, registrars, registrants, and others, and any adverse outcome from these challenges could have a material adverse effect on our business.

Government regulation and the application of new and existing laws in the U.S. and internationally may slow business growth, increase our costs of doing

business, create potential material liability and could have a material adverse effect on our business.

Application of new and existing laws and regulations in the U.S. or internationally to the internet or the domain name industry have imposed and may in the future impose new costs and new restrictions on our business. Laws and regulations, including those designed to restrict who can register and who can distribute domain names or to require registrants to provide additional documentation to register domain names, have, and may in the future, impose significant additional costs on our business and subject us to additional liabilities or could prevent us from operating in certain jurisdictions. For example, the government of China has indicated that it will issue, and has issued, new regulations, and it has begun to enforce existing regulations differently, including by directing certain implementation models for registry services, that impose additional costs on, and risks to, our provision of registry services in China. These regulations are impacting the demand for domain name registrations in China. These regulations require registries, including us, and China-based registrars, to obtain a government-issued license for each gTLD or ccTLD operating in China. Any failure to obtain or renew the required licenses, or to comply with any license requirements or any updates thereto, or any failure to comply with these regulations or directives, by us or our China-based registrars, could result in significant harm to our business in China including the suspension of some or all of our registry services in China.

We are also subject to changing laws and regulations that impact whether, how, and under what circumstances we may transfer, process and/or receive certain data that is critical to our operations, including data shared between countries or regions in which we operate and data shared among our products and services. For example, following the invalidation of the U.S.-EU Safe Harbor by the European Court of Justice (“EUCJ”) in 2015, the European Union and United States agreed to an alternative framework for data transferred from the European Union to the United States, called Privacy Shield. In 2018, Privacy Shield was also invalidated by the EUCJ. In 2022, the United States and European Union announced a new, but undefined data transfer framework, which once finalized, also could be subject to further legal challenges.

New laws, regulations, directives or ICANN polices that require us to obtain and maintain personal information of registrants of domain names in the .com and .net gTLDs could impose material compliance costs and could create new, material legal and others risks to our business.

If we are required to, or choose to, obtain and maintain personal information of registrants of domain names in the .com and .net gTLDs we could be required to incur significant compliance and legal costs as a result of GDPR and other similar regulations. For example, we could incur material costs to protect such information from unauthorized disclosure and, under GDPR, to ensure authorized disclosures are permitted. Failure to properly protect such information, or failure to comply with GDPR, could expose the Company to material costs and penalties. In addition, new obligations to obtain and maintain personal information of registrants in the .com and .net gTLDs could conflict with certain laws and regulations that may require such personal information be maintained solely within the jurisdiction of the data subject. In addition, any such new obligations could increase the cost and risks associated with complying with regulations that require verification of registrant personal information, including for purposes of complying with the economic and trade sanctions programs administered by the Office of Foreign Assets Control ("OFAC").

Such laws, regulations, directives or ICANN policies, could give rise to significant claims, inquiries, investigations or other actions against us, which could result in significant costs, damages, fines or penalties and could delay the development of new products, change our current business practices, result in negative publicity, require significant management time and attention, all or any of which could materially harm our business.

Our international operations expose us and our business to additional economic, legal, regulatory and political risks that could have a material adverse impact on our revenues and business.

A significant portion of our revenues is derived from customers outside the U.S. Our business operations in international locations have required, and will continue to require, significant management attention and resources. We may also need to tailor some of our services for a particular location and to enter into international distribution and operating relationships. We may fail to maintain our ability to conduct business, including potentially material business operations in some international locations, or we may not succeed in expanding our services into new international locations or expand our presence in existing locations. Failure to do so could materially harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. law or regulations applicable to us. There can be no assurance that our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations or internal policies and procedures by our employees, contractors or agents could result in financial reporting problems, investigations, fines, penalties, or prohibition on the importation or exportation of our products and services and could have a material adverse effect on our business. In addition, we face risks inherent in doing business internationally, including:

- competition with companies in international locations or other domestic companies entering international locations in which we operate, as well as local governments actively promoting ccTLDs that we do not operate;
- political and economic tensions between governments and changes in international trade policies and/or the economic and trade sanctions programs administered by OFAC of the U.S. Department of the Treasury;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing international operations;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- potentially conflicting or adverse tax consequences;
- reliance on third parties in international locations in which we only recently started doing business; and
- potential concerns of international governments or customers and prospects regarding doing business with U.S. technology companies due to alleged U.S. government data collection policies.

Political tensions between the United States and China in particular may pose additional risks to our business in China. The U.S. government has imposed restrictions on certain Chinese companies and on trading in certain technologies. The Chinese government has announced actions that, if implemented, could impose additional restrictions on the operations of non-Chinese companies in China. These and future government actions could impact our ability to operate in China and may cause our management’s attention to be diverted, our reputation to be damaged, or our business in China to be adversely affected.

Changes in, or interpretations of, tax rules and regulations or our tax positions may materially and adversely affect our income taxes.

We are subject to income taxes in both the U.S. and numerous international jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective tax rates may fluctuate significantly on a quarterly basis because of a variety of factors, including changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in our business or structure, changes in tax laws that could adversely impact our income or non-income taxes or the expiration of or disputes about certain tax agreements in a particular country. We are subject to audit by various tax authorities. In accordance with U.S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our results of operations, financial condition and cash flows in the period or periods for which that determination is made could result.

The Organization for Economic Cooperation and Development (“OECD”) continues to issue guidance that will provide a long-term, multilateral proposal on the taxation of the digital economy. Certain countries have enacted and other countries may enact legislation based on the OECD’s guidance that could impact the taxation of the digital economy. Similarly, some international tax jurisdictions, independent of the OECD, have enacted or may enact new tax regimes aimed at income resulting from digital services. Although we cannot predict the nature or outcome of such changes or the likelihood of such legislative proposals being adopted in the U.S. or throughout the world, any or all of these changes in tax laws could increase our taxes and adversely impact our financial condition and cash flow.

Our business faces risks arising from ICANN’s consensus and temporary policies, technical standards and other processes.

Our Registry Agreements with ICANN require us to implement Consensus Policies and changes mandated by ICANN through temporary specifications or policies (“Temporary Policies”). ICANN could adopt Consensus Policies or Temporary Policies that (1) are unfavorable to us as the registry operator of .com, .net and other gTLDs we operate, (2) are inconsistent with our current or future plans, (3) impose substantial costs on our business, (4) subject the Company to additional legal risks, or (5) affect our competitive position. These Consensus Policies or Temporary Policies could have a material adverse effect on our business.

Our Registry Agreements with ICANN require us to implement and comply with various technical standards and specifications published by the Internet Engineering Task Force (“IETF”). ICANN could impose requirements on us through changes to these IETF standards, or new standards, that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Any such changes to the IETF standards, or new standards, could have a material adverse effect on our business.

Weakening of, or changes to, the multi-stakeholder form of internet governance could materially and adversely impact our business.

The internet is governed under a multi-stakeholder model comprising civil society, the private sector, including for-profit and not-for-profit organizations such as ICANN, governments, including the U.S. government, academia, non-governmental organizations and international organizations. If ICANN fails to uphold, or if the multi-stakeholder model is significantly redefined, it could harm our business. For example, certain governments, governmental organizations, and private actors continue to express dissatisfaction with the multi-stakeholder form of internet governance and have proposed alternatives including oversight by the United Nations or by international treaties. Furthermore, national legislation has been proposed on topics such as information security and access to personal information that effectively supplants the multi-stakeholder process for policy development in the DNS. Substantially weakening or replacing the multi-stakeholder form of internet governance could materially harm our business.

In addition, in 2016 the U.S. government transferred key internet functions to ICANN, who adopted new and enhanced accountability mechanisms in its bylaws such as the creation of the Empowered Community. There can be no assurance that the removal of the U.S. government oversight of these key functions, or the changes to ICANN’s bylaws, will not negatively impact our business.

Claims, lawsuits, audits or investigations in which we are or could become involved may result in material adverse outcomes to our business.

We are, and may in the future become, involved in claims, lawsuits, audits, and investigations, including intellectual property litigation and infringement claims. Litigation is inherently unpredictable, and unexpected judgments or excessive verdicts do occur. In addition, proceedings that we initially view as immaterial could prove to be material. Adverse outcomes in lawsuits, audits and investigations, could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business, and may have a material adverse effect on our financial condition, results of operations and cash flows. For example, we are engaged in activities to help mitigate security threats and other forms of DNS abuse in the gTLDs and ccTLDs we operate and we are involved in community efforts that could increase and expand such activities including potential new contractual obligations. Such activities include, for example, receiving reports of suspected threats and abuse from appropriate “trusted notifiers” (typically involving national and international law enforcement) and notifying registrars or others of domain names associated with suspected malicious or illegal activity. Our activities may also include disabling one or more domain names in the gTLDs or ccTLDs we operate including in response to governmental directives and orders in those jurisdictions in which we operate. Activities such as these have resulted in, and could in the future result in, significant litigation and could harm our reputation. Given the inherent uncertainties in litigation, even when we are able to reasonably estimate the amount of possible loss or range of loss and therefore record an aggregate litigation accrual for probable and reasonably estimable loss contingencies, the accrual may change in the future due to new developments or changes in approach. In addition, such claims, lawsuits, audits and investigations could involve significant expense and diversion of management’s attention and resources from other matters.

Strategic, Business and Operating Risk Factors

The evolution of technologies or internet practices and behaviors, the adoption of substitute technologies, or wholesale price increases of domain names in the gTLDs we operate may materially and negatively impact the demand for the domain names for which we are the registry operator.

Technologies relating to online presence, including social media, mobile devices, apps, and search engines, have evolved and continue to evolve, changing the internet practices and behaviors of consumers and businesses. These ongoing changes can negatively impact the demand for our domain names. In addition, registrants purchase domain names for a variety of reasons, including personal, commercial, and investment reasons. Changes in the motivation of domain name registrants can negatively impact our business.

Technology changes to web browser or internet search technologies could reduce demand for domain names. Similarly, if internet users’ preferences or practices shift away from recognizing and relying on web addresses or if internet users were to significantly decrease the use of web browsers in favor of applications to locate and access content, demand for domain names in the gTLDs we operate could be negatively impacted. Demand for domain names in the gTLDs we operate could be negatively impacted by new technologies that significantly decrease the use of traditional domain names to present and protect an online identity. New technologies that encourage internet users to expand the use of third-level domains or alternative identifiers, such as identifiers from social networking, e-commerce platforms and microblogging sites, could also negatively impact the demand for domain names in the gTLDs we operate. In addition, the demand for domain names in the gTLDs we operate could be impacted by alternative namespaces with domain-name-like identifiers that are operated outside the single authoritative DNS root zone, including blockchain namespaces. To the extent that web browsers, applications, DNS registrars and DNS resolvers recognize and support such namespaces, and that internet users are able to perform online operations with identifiers from such namespaces, demand for domain names in gTLDs and ccTLDs in the single authoritative DNS root zone, including the gTLDs we operate, could be negatively impacted. To the extent that alternative namespaces introduce user confusion about the relationship between identical or similar-looking identifiers in these namespaces and domain names in the DNS, demand for domain names and user confidence in the value of domain names as unique identifiers could also be negatively impacted.

Some registrars and registrants purchase and resell domain names at an increased price in a secondary market. Adverse changes in the resale value of domain names, changes in the business models for such domain name registrars and registrants, or other factors, including regulations limiting the resale of domain names, could result in a decrease in the demand and/or renewal rates for domain names in the gTLDs we operate.

Some registrars and registrants seek to generate revenues by registering domain names specifically for website advertising. Changes in the way these registrars and registrants are compensated (including changes in methodologies and metrics) by advertisers and advertisement placement networks, such as Google, Baidu and Bing, have adversely affected, and may continue to adversely affect the market for domain names used for this purpose, which has resulted in, and may continue to result in, a decrease in demand and/or the renewal rate for such domain names. In addition, if spending on online advertising and marketing is reduced, this may result in a further decline in the demand for domain names used for this purpose.

Under the terms of the .com and .net Registry Agreements, as amended, we are permitted to increase the annual fee of each .com and .net domain name registration or renewal according to the provisions in these agreements. To the extent we increase our prices, there could be a decrease in the demand and/or renewal rates for .com or .net domain names.

If we fail to expand our services into developing and emerging economies in international locations, our business may not grow.

We seek to serve new, developing, and emerging economies in international locations to grow our business. These economies are rapidly evolving and may not grow or even if they do grow, our services may not be widely used or accepted there. Accordingly, the demand for our services in these locations is uncertain. Factors that may affect acceptance or adoption of our services in these locations include:

- regional internet infrastructure development, expansion, penetration and adoption, and the development, maturity and depth of our sales channels;
- acceptance and adoption of substitute products and services that enable online presence without a domain name, including social media, e-commerce platforms, website builders and mobile applications;
- increased acceptance and adoption of other substitute products and services, including ccTLDs or other gTLDs;
- public perception of the security of our products and services;
- the use of mobile applications as the primary engagement mechanism for navigating the internet; and
- government regulations affecting the internet, internet access and availability, domain name registrations or the provision of registry services, data security, privacy, or data localization, e-commerce or telecommunications.

If our services are not widely accepted or adopted in these locations, our business may not grow.

Our business depends on registrars and their resellers maintaining their focus on marketing our products and services.

All of the domain name registrations and renewals for the registries we operate occur through registrars. Registrars and their resellers engage in substantial marketing efforts to increase the demand and/or renewal rates for domain names as well as their own associated offerings. Consolidation in the registrar or reseller industry or changes in ownership, management, or strategy among individual registrars or resellers, including vertical integration by registrar or reseller industry participants, could result in significant changes to their businesses, operating models, and cost structures. These changes could include reduced marketing efforts for the gTLDs we operate or other operational changes that could adversely impact the demand and/or the renewal rates for the domain names for which we are the registry operator.

With the introduction of new gTLDs, many of our registrars and resellers have chosen to, and may continue to choose to, focus their short- or long-term marketing efforts on these new offerings and/or reduce the prominence or visibility of our products and services on their e-commerce platforms. Our registrars and resellers sell domain name registrations of other competing registries, including new gTLDs, and some also sell and support their own services for websites such as email, website hosting, and other services. Our registrars and resellers may be more motivated to sell to registrants to whom they can also market their own services. To the extent that registrars and resellers focus more on selling and supporting their services and less on the registration and renewal of domain names in the gTLDs we operate, our revenues could be adversely impacted. Our ability to successfully market our services to, and build and maintain strong relationships with, new and existing registrars or resellers is a factor upon which successful operation of our business is dependent. If we are unable to keep a significant portion of their marketing efforts focused on selling registrations of domain names in the gTLDs we operate, as opposed to other competing gTLDs, including the new gTLDs, or their own services, our business could be harmed.

We depend on highly skilled employees to maintain and provide innovative solutions for our business, and our business could be materially harmed if we are not able to attract and retain such qualified talent.

Our business is highly technical and requires individuals skilled and knowledgeable in unique technologies, configurations, operating systems, and software development tools. We depend on the knowledge, experience, and performance of these employees and leaders to effectively manage and provide innovative solutions for our business. For example, we require employees with expertise in DNS operations and with certain cybersecurity specialties. Because such employees are in high demand by our competitors and other companies, we must be able to attract, integrate, retain and motivate such highly skilled employees and leaders. Failure to attract and retain such employees and to effectively implement succession plans for these employees could harm our business.

Intellectual Property Risk Factors

We rely on our intellectual property rights to protect our proprietary assets, and any failure by us to protect or enforce, or any misappropriation of, our intellectual property could materially harm our business.

Our success depends in part on our internally developed technologies and related intellectual property. Despite our precautions, it may be possible for an external party to copy or otherwise obtain and use our intellectual property without authorization. Furthermore, the laws of other countries may not protect our proprietary rights in those countries to the same extent U.S. law protects these rights in the U.S. In addition, it is possible that others may independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. Additionally, we have filed patent applications with respect to some of our technology in the U.S. Patent and Trademark Office and patent offices outside the U.S. Patents may not be awarded with respect to these applications and even if such patents are awarded, third parties may seek to oppose or otherwise challenge our patents, and such patents' scope may differ significantly from what was requested in the patent applications and may not provide us with sufficient protection of our intellectual property. In the future, we may have to resort to litigation to enforce and protect our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This type of litigation is inherently unpredictable and, regardless of its outcome, could result in substantial costs and diversion of management attention and technical resources. Some of the software and protocols used in our business are based on standards set by standards setting organizations such as the IETF. To the extent any of our patents are considered "standards essential patents," in some cases we may be required to license such patents to our competitors on reasonable and non-discriminatory terms or otherwise be limited in our ability to assert such patents.

We also license externally developed technology that is used in some of our products and services to perform key functions. These externally developed technology licenses may not continue to be available to us on commercially reasonable terms or at all. The loss of, or our inability to obtain or maintain, any of these technology licenses could hinder or increase the cost of our services, launching new products and services, entering into new markets and/or otherwise harm our business. Some of the software and protocols used in our business are in the public domain or may otherwise become publicly available, which means that such software and protocols are or may become equally available to our competitors.

We rely on the strength of our Verisign brand to help differentiate our products. Dilution of the strength of our brand could harm our business. We are at risk that we will be unable to fully register, build equity in, or enforce the Verisign logo in all markets where Verisign products and services are sold.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our cybersecurity program is designed and implemented to assess, identify, mitigate and manage risks from cybersecurity threats that may result in adverse effects on the integrity and availability of our production and information systems. Among other items, our cybersecurity program is comprised of policies, standards, plans and frameworks for information security, business resilience, insider threat mitigation, technology asset management, cyber risk management, incident response and procurement. Material risks from cybersecurity threats include, among other things, operational disruption, including failure to meet our service level agreements, loss or destruction of data, hardware or intellectual property, and cyber extortion through ransomware. The management of cybersecurity risks, which involves significant and sustained resource commitments and Management attention, is also integrated into the Company's enterprise risk management program through formal processes that help identify and elevate the most serious risks, including those pertaining to cybersecurity, for management at the enterprise level and oversight at the Board level. For more information on the Company's cybersecurity risks and their possible impact on our business strategy, results of operations, or financial condition see Risk Factors – Cybersecurity and Technology Risk Factors in Part I, Item 1A of this Form 10-K.

Our cybersecurity program leverages the NIST Cybersecurity Framework to help protect the Company's operations, information, production systems and networks from threats through cybersecurity practices, programs and tools that establish defenses in depth. The cybersecurity program includes, among other items, vulnerability and patch management, network and data segmentation, application of zero-trust principles, automated ingestion of multi-source threat intelligence, end point and network detection/response, application security, secure configurations for operating systems and databases, continuous security monitoring and 24/7 security operations. The program has dedicated business resilience, insider threat and governance, risk and compliance (GRC) functions. Incident management is governed by our Incident Response Plan that assigns incident command and control parameters and escalation protocols to management and the Board of Directors. Our cybersecurity program also focuses on risks from the use of third-party services. Our GRC team assesses the cybersecurity practices of current and prospective service providers for compliance with our requirements, and our procurement functions seek terms and conditions, including by example, audit rights and vulnerability or breach disclosure obligations, to enhance our defenses against supply chain risks.

Our cybersecurity program incorporates several control and best practice regimes, including for example, the Center for Internet Security (CIS) controls. We conduct regular internal and external assessments, audits, and tabletop exercises to assess security vulnerabilities, control compliance and incident preparedness. These assessments and exercises include, for example, red team exercises simulating external attacks, crisis management exercises, including incident response, and internal audit reviews. Management and the Board's Cybersecurity Committee reviews the results of these exercises, audits and assessments.

We also actively engage with third parties, such as key vendors, auditors, consultants, industry participants, and intelligence and law enforcement communities as part of our continuing efforts to evaluate and enhance the effectiveness of our cybersecurity program. We monitor emerging data protection laws and cybersecurity and privacy regulatory requirements and implement changes to our standards and processes for continued compliance. Our cybersecurity program also includes employee and contractor training, which primarily consists of monthly educational videos, annual trainings and certifications, and phishing exercises.

Our cybersecurity strategy and program are led by our Executive Vice President and Chief Security Officer (CSO), who reports to the CEO. Our CSO is Danny McPherson, who has over 25 years of experience in technology and cybersecurity leadership positions and has authored several security-related books and numerous patents, IP standards, and security research publications. He has served in various capacities on various technology working groups and standards setting organizations including the Internet Architecture Board and the Internet Engineering Task Force. Our CSO manages a converged security, engineering and operations organization that helps to ensure that cyber and other security priorities are appropriately integrated throughout the Company. Our Chief Information Security Officer, Chief Information Officer and the head of architecture and engineering report to our CSO. These and other experienced employees lead the teams responsible for implementing various parts of our cybersecurity program.

In addition, a management-level Safety and Security Council (“Council”) chaired by our CEO and comprised of our CSO and other senior officers, provides cross-functional coordination for the management of the Company’s security functions. The Council receives information, typically monthly, on the status of the cybersecurity program, initiatives, incidents, cybersecurity risks, assessments, and threats, among other items. The Chair of the Board’s Cybersecurity Committee is the Board’s liaison to the Council and attends the regular meetings of the Council.

The Cybersecurity Committee assists the Board with its oversight of the Company’s cybersecurity risks and our cybersecurity program. The Committee reviews our incident response plan, including escalation protocols, business continuity program plans, program budgets and resources, and our cybersecurity insurance program. The Committee also reviews and discusses the activities of the Council at each of its regularly scheduled meetings. The Committee operates pursuant to a written charter and calendar, each of which are reviewed on an annual basis. The Cybersecurity Committee and the full Board receive quarterly status reports on the cybersecurity program from the CSO, addressing progress and updates on various cybersecurity functions and initiatives including, for example, compliance, assessments, security operations and incident response, business resilience, distributed denial of service attacks, data privacy, technology and asset management, controls, and vulnerability management.

ITEM 2. PROPERTIES

As of December 31, 2023, we owned each of our significant properties, which include our current and future corporate headquarters facilities in Reston, Virginia, and data center facilities in New Castle, Delaware and Dulles, Virginia. We also lease a number of smaller office and data center locations around the world. We believe that our existing facilities, both owned and leased, are in good condition and suitable for the conduct of our business.

ITEM 3. LEGAL PROCEEDINGS

As previously disclosed, Afilias Domains No. 3 Limited (now called Altanovo Domains Limited) (“Afilias”), a competitor and losing bidder in the .web auction, filed a form of arbitration proceeding against ICANN, an Independent Review Process (“IRP”) under ICANN’s bylaws, on November 14, 2018. Afilias alleged that the agreement between Verisign and Nu Dotco, LLC (“NDC”) pertaining to .web violated ICANN’s policies. ICANN paused the processing of NDC’s .web application during the IRP proceeding. On May 20, 2021, the IRP panel dismissed Afilias’ claims pertaining to the invalidation of the .web auction and it recommended that ICANN’s Board of Directors review the objections about the .web auction and thereafter make a decision on the delegation of .web. Further, the IRP panel rejected a subsequent application for reconsideration filed by Afilias, imposing monetary sanctions and concluding that the application was frivolous.

Thereafter, ICANN’s Board considered the objections raised pertaining to the .web auction pursuant to a lengthy and detailed process. On April 30, 2023, the Board concluded without objection that Verisign and NDC did not violate any ICANN’s policies and it directed that the processing of NDC’s .web application be resumed.

Before .web could be awarded to NDC, Afilias filed another IRP on July 14, 2023, and as a result, ICANN’s processing of NDC’s .web application remains paused. Similar to the first IRP, Afilias again seeks to invalidate the .web auction and have .web awarded to Afilias. Verisign and NDC intend to seek to participate in this new IRP at the appropriate time.

In view of the outcome of the first IRP, the prior imposition of sanctions on Afilias, and the ICANN Board’s decision of April 30, 2023 we believe that Afilias’ continued attempts to obtain the rights to .web are improper and without merit and undertaken for the purpose of delaying the delegation of .web to NDC and its eventual assignment to Verisign.

We are also involved in various investigations, claims and lawsuits arising in the normal conduct of our business, none of which, in our opinion, will have a material adverse effect on our financial condition, results of operations, or cash flows. We cannot assure you that we will prevail in any litigation. Regardless of the outcome, any litigation may require us to incur significant litigation expense and may result in significant diversion of management attention.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol VRSN. On February 9, 2024, there were 302 holders of record of our common stock. We cannot estimate the number of beneficial owners since many brokers and other institutions hold our stock on behalf of stockholders.

Share Repurchases

The following table presents the share repurchase activity during the three months ended December 31, 2023:

	Total Number of Shares Purchased (3)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) (3)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)(2)
	(Shares in thousands)			
October 1 – 31, 2023	381	$206.20	381	$ 1,264.3 million
November 1 – 30, 2023	361	$206.49	361	$ 1,189.9 million
December 1 – 31, 2023	331	$211.31	331	$ 1,120.0 million
	1,072		1,072	

(1) Effective July 27, 2023, our Board of Directors authorized the repurchase of our common stock in the amount of $1.14 billion, in addition to the $356.1 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to $1.50 billion under the program. The share repurchase program has no expiration date. Purchases made under the program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

(2) Amounts presented are exclusive of the excise tax on share repurchases.

(3) Amounts in the table above may not sum due to rounding.

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Performance Graph

The information contained in the Performance Graph shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

The following graph compares the cumulative total stockholder return on our common stock, the Standard and Poor’s (“S&P”) 500 Index, and the S&P 500 Information Technology Index. The graph assumes that $100 (and the reinvestment of any dividends thereafter) was invested in our common stock, the S&P 500 Index and the S&P 500 Information Technology Index on December 31, 2018, and calculates the return annually through December 31, 2023. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

2339

	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
VeriSign, Inc.	$ 100	$ 130	$ 146	$ 171	$ 139	$ 139
S&P 500 Index	$ 100	$ 131	$ 156	$ 200	$ 164	$ 207
S&P 500 Information Technology Index	$ 100	$ 150	$ 216	$ 291	$ 209	$ 330

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on current expectations and assumptions and involve risks and uncertainties, including, statements regarding our expectations about the sufficiency of our existing cash, cash equivalents and marketable securities, and funds generated from operations, together with our borrowing capacity under the unsecured revolving credit facility. Forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" in Part I, Item 1A of this Form 10-K. You should also carefully review the risks described in other documents we file from time to time with the SEC, including the Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we file in 2024. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. We undertake no obligation to update publicly or revise such statements, whether as a result of new information, future events, or otherwise, except as required by law.

This section of this Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Overview

We are a global provider of critical internet infrastructure and domain name registry services, enabling internet navigation for many of the world's most recognized domain names. We help enable the security, stability, and resiliency of the DNS and the internet by providing Root Zone Maintainer Services, operating two of the thirteen global internet root servers, and providing registration services and authoritative resolution for the .com and .net TLDs, which support the majority of global e-commerce.

As of December 31, 2023, we had 172.7 million .com and .net registrations in the domain name base. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of internet users, which is partially driven by greater availability of internet access, as well as marketing activities carried out by us and our registrars. Growth in the number of domain name registrations under our management may be hindered by certain factors, including overall economic conditions, competition from ccTLDs, other gTLDs, services that offer alternatives for an online presence, such as social media, and ongoing changes in the internet practices and behaviors of consumers and businesses. Factors such as the evolving practices and preferences of internet users, and how they navigate the internet, as well as the motivation of domain name registrants and how they will manage their investment in domain names, can negatively impact our business and the demand for new domain name registrations and renewals.

2023 Business Highlights and Trends

- We recorded revenues of $1,493.1 million in 2023, which represents an increase of 5% compared to 2022.
- We recorded operating income of $1,000.6 million during 2023, which represents an increase of 6% as compared to 2022.
- We finished 2023 with 172.7 million .com and .net registrations in the domain name base, which represents a 0.6% decrease from December 31, 2022.
- During 2023, we processed 39.4 million new domain name registrations for .com and .net compared to 39.9 million in 2022.
- The final .com and .net renewal rate for the third quarter of 2023 was 73.5% compared to 73.7% for the same quarter of 2022. Renewal rates are not fully measurable until 45 days after the end of the quarter.
- We repurchased 4.2 million shares of our common stock for an aggregate cost of $882.8 million in 2023. As of December 31, 2023, there was $1.12 billion remaining for future share repurchases under the share repurchase program.
- We generated cash flows from operating activities of $853.8 million in 2023, which represents an increase of 3% as compared to 2022.

- During 2023, we recognized $69.3 million of income tax benefits related to a step-up in tax basis of certain non-U.S. intellectual property, recognition of previously unrecognized income tax benefits as the related statutes of limitations lapsed, and a beneficial change in certain state income apportionment rules.
- On June 29, 2023, we renewed the .net Registry Agreement with ICANN, pursuant to which we will remain the sole registry operator for the .net registry through June 30, 2029.
- On February 8, 2024, we announced that we will increase the annual registry-level wholesale fee for each new and renewal .com domain name registration from $9.59 to $10.26, effective September 1, 2024.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates those estimates. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates are those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant. We believe the following critical accounting estimates and policies have the most significant impact on our consolidated financial statements:

Income taxes

We operate in multiple tax jurisdictions in the United States and internationally. Tax laws and regulations in these jurisdictions are complex, interrelated, and periodically changing. Significant judgment or interpretation of these laws and regulations is often required in determining our worldwide provision for income taxes, including, for example, the calculations of taxable income in each jurisdiction, deferred taxes, and the availability and amount of deductions and tax credits. We have recognized $301.0 million of deferred tax assets, net as of December 31, 2023. Our income tax expense was $158.9 million for the year ended December 31, 2023.

The final taxes payable are also dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from various tax examinations. We only recognize or continue to recognize tax positions and tax benefit amounts that are more likely than not to be sustained upon examination. We adjust these amounts in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in an outcome that is materially different from our current estimate of unrecognized tax benefits. See Note 10, "Income Taxes" of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Results of Operations

The following table presents information regarding our results of operations as a percentage of revenues:

	Year Ended December 31,		
	2023	**2022**	**2021**
Revenues	100.0 %	100.0 %	100.0 %
Costs and expenses:			
Cost of revenues	13.2	14.1	14.5
Research and development	6.1	6.0	6.1
Selling, general and administrative	13.7	13.7	14.1
Total costs and expenses	33.0	33.8	34.7
Operating income	67.0	66.2	65.3
Interest expense	(5.0)	(5.3)	(6.3)
Non-operating income (loss), net	3.4	0.9	(0.1)
Income before income taxes	65.4	61.8	58.9
Income tax (expense) benefit	(10.6)	(14.5)	0.2
Net income	54.8 %	47.3 %	59.1 %

Revenues

Our revenues are primarily derived from registrations for domain names in the .com and .net domain name registries. We also derive revenues from operating domain name registries and technical systems for several other gTLDs and ccTLDs, all of which are not significant in relation to our consolidated revenues. For domain names registered in the .com and .net registries, we receive a fee from registrars per annual registration that is determined pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with registrars or their resellers, and the registrars, who are our direct customers, in turn register the domain names with Verisign. Changes in revenues are driven largely by changes in the number of new domain name registrations and the renewal rate for existing registrations as well as the impact of new and prior price increases, to the extent permitted by ICANN and the DOC. New registrations and the renewal rate for existing registrations are impacted by continued growth in online advertising, e-commerce, and the number of internet users, as well as marketing activities carried out by us and our registrars. We also offer promotional incentive-based discount programs to registrars based upon market conditions and the business environment in which the registrars operate.

Under the .com Registry Agreement, we are permitted to increase the price of a .com domain name registration by up to 7% in each of the final four years of each six-year period beginning on October 26, 2018. We increased the annual registry-level wholesale fee for each new and renewal .com domain name registration from $8.39 to $8.97 effective September 1, 2022 and from $8.97 to $9.59 effective September 1, 2023. On February 8, 2024, we announced that we will increase the annual registry-level wholesale fee for each new and renewal .com domain name registration from $9.59 to $10.26, effective September 1, 2024. Effective February 1, 2023, we increased the annual registry-level wholesale fee for each new and renewal .net domain name registration from $9.02 to $9.92. In June 2023, we entered into a renewal of the .net Registry Agreement with ICANN, pursuant to which we will remain the sole registry operator for the .net registry through June 30, 2029. We have the contractual right to increase the fees for .net domain name registrations by up to 10% each year during the term of our agreement with ICANN, through June 30, 2029. Effective February 1, 2024, we increased the annual registry-level wholesale fee for each new and renewal .net domain name registration from $9.92 to $10.91. All fees paid to us for .com and .net registrations are in U.S. dollars.

A comparison of revenues is presented below:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
	(Dollars in millions)				
Revenues	$ 1,493.1	5 %	$ 1,424.9	7 %	$ 1,327.6

The following table compares the .com and .net domain name registrations in the domain name base:

	As of December 31,				
	2023	**% Change**	**2022**	**% Change**	**2021**
.com and .net domain name registrations in the domain name base	172.7 million	(1)%	173.8 million	— %	173.4 million

Revenues increased in 2023 compared to 2022, primarily due to an increase in revenues from the operation of the registries for the .com and .net gTLDs driven by the .com price increases that became effective September 1, 2023 and 2022 and the .net price increase that became effective February 1, 2023. The increase in revenue was partially offset by the elimination of revenue from the operation of the .tv ccTLD, which was transitioned to another service provider in the fourth quarter of 2022.

Demand for domain names has been primarily driven by continued internet growth and marketing activities carried out by us and our registrars. However, competitive pressure from ccTLDs, other gTLDs, services that offer alternatives for an online presence, such as social media, ongoing changes in internet practices and behaviors of consumers and business, as well as the motivation of existing domain name registrants managing their investment in domain names, such as for resale at increased prices or for revenue generation through website advertising, and global economic conditions, has limited the demand for domain names and may continue to do so in the future. While the core value proposition for domain names remains strong, softness in demand primarily in China has recently led to a decline in our domain name base.

Geographic revenues

We generate revenues in the U.S.; Europe, the Middle East and Africa (“EMEA”); China; and certain other countries, including Canada, Japan and Singapore.

The following table presents a comparison of the Company’s geographic revenues:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
	(Dollars in millions)				
U.S	$ 994.7	6 %	$ 937.6	10 %	$ 851.3
EMEA	228.2	1 %	226.0	(2)%	231.7
China	91.6	(14)%	106.0	4 %	101.7
Other	178.6	15 %	155.3	9 %	142.9
Total revenues	$ 1,493.1	5 %	$ 1,424.9	7 %	$ 1,327.6

Revenues in the table above are attributed to the country of domicile and the respective regions in which our registrars are located; however, this may differ from the regions where the registrars operate or where registrants are located. Revenue growth for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Several such changes benefited revenues in the U.S. and negatively impacted revenues in EMEA during the year ended December 31, 2023. Revenue growth for each region may also be impacted by registrars domiciled in one region, registering domain names in another region. The majority of our revenue growth was generated from registrars based in the U.S. and certain other countries, while revenues from registrars based in China declined during 2023 compared to 2022 due to the lower demand noted above.

Cost of revenues

Cost of revenues consist primarily of salaries and employee benefits expenses for our personnel who manage the operational systems, depreciation expenses, operational costs associated with the delivery of our services, fees paid to ICANN, customer support and training, costs of facilities and computer equipment used in these activities, telecommunications expense and allocations of indirect costs such as corporate overhead.

A comparison of cost of revenues is presented below:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
	(Dollars in millions)				
Cost of revenues	$ 197.3	(2)%	$ 200.7	5 %	$ 191.9

Cost of revenues decreased in 2023 compared to 2022 primarily due to decreases in registry fees, depreciation expenses, and telecommunication expenses, partially offset by increases in compensation and benefits expenses and allocated overhead expenses. Registry fees decreased by $4.3 million due to the transition of the operation of the registry for the .tv ccTLD to another service provider in the fourth quarter of 2022. Depreciation expenses decreased by $2.7 million due to a decrease in capital expenditures in recent periods, particularly in 2022. Telecommunication expenses decreased by $2.5 million primarily due to savings on renewals of colocation agreements. Compensation and benefits expenses increased by $3.9 million due to salary increases and an increase in average headcount. Allocated overhead expenses increased by $2.4 million due to an increase in total allocable expenses.

Research and development

Research and development expenses consist primarily of costs related to research and development personnel, including salaries and other personnel-related expenses, consulting fees, facilities costs, computer and communications equipment, support services used in our service and technology development, and allocations of indirect costs such as corporate overhead.

A comparison of research and development expenses is presented below:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
	(Dollars in millions)				
Research and development	$ 91.0	6 %	$ 85.7	6 %	$ 80.5

Research and development expenses increased in 2023 compared to 2022 primarily due to a decrease in capitalized labor and a combination of several other individually insignificant factors. Capitalized labor decreased by $2.9 million due to a shift in work from capital projects to certain non-capital projects and maintenance of existing software products.

Selling, general and administrative

Selling, general and administrative expenses consist primarily of salaries and other personnel-related expenses for our executive, administrative, legal, finance, information technology, human resources, sales, and marketing personnel, travel and related expenses, trade shows, costs of computer and communications equipment and support services, consulting and professional service fees, costs of marketing programs, costs of facilities, management information systems, support services, and certain tax and license fees, offset by allocations of indirect costs such as facilities and shared services expenses to other cost types.

A comparison of selling, general and administrative expenses is presented below:

	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
	(Dollars in millions)				
Selling, general and administrative	$ 204.2	4 %	$ 195.4	4 %	$ 188.4

Selling, general and administrative expenses increased in 2023 compared to 2022 primarily due to increases in compensation and benefits expenses and several other individually insignificant factors, partially offset by an increase in overhead expenses allocated to other cost types. Compensation and benefits expenses increased by $5.4 million due to salary increases and an increase in average headcount. Among other individually insignificant factors, expenses related to travel, contractors and professional services and equipment and software, cumulatively increased by $4.7 million. Overhead expenses allocated to other cost types increased by $3.0 million due to an increase in total allocable expenses.

Interest expense

Interest expense remained consistent during 2023 compared to 2022.

Non-operating income (loss), net

See Note 9, “Non-operating Income (Loss), Net” of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

Income tax expense (benefit)

	Year Ended December 31,		
	2023	**2022**	**2021**
	(Dollars in millions)		
Income tax expense (benefit)	$ 158.9	$ 206.4	$ (2.6)
Effective tax rate	16 %	23 %	— %

The effective tax rate for each of the periods in the table above differed from the statutory federal rate of 21% due to state income taxes and U.S. taxes on foreign earnings, net of foreign tax credits, offset by a lower foreign effective tax rate.

During 2023, we recognized $69.3 million of income tax benefits related to a step-up in tax basis of certain non-U.S. intellectual property, recognition of previously unrecognized income tax benefits as the related statutes of limitations lapsed, and a beneficial change in certain state income apportionment rules.

As of December 31, 2023, we had deferred tax assets arising from deductible temporary differences, tax losses, and tax credits of $301.9 million, net of valuation allowances, but before the offset of certain deferred tax liabilities. With the exception of deferred tax assets related to intellectual property, certain state and foreign net operating loss and foreign tax credit carryforwards, we believe it is more likely than not that the tax effects of the deferred tax liabilities, together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets.

Liquidity and Capital Resources

The following table presents our principal sources of liquidity:

	As of December 31,	
	2023	2022
	(In millions)	
Cash and cash equivalents	$ 240.1	$ 373.6
Marketable securities	686.3	606.8
Total	$ 926.4	$ 980.4

The marketable securities primarily consist of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist of amounts invested in money market funds, time deposits and U.S. Treasury bills purchased with original maturities of three months or less. As of December 31, 2023, all of our debt securities have contractual maturities of less than one year. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, “Financial Instruments,” of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

Effective July 27, 2023, our Board of Directors authorized the repurchase of our common stock in the amount of $1.14 billion, in addition to the $356.1 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to $1.50 billion under the program. In 2023, we repurchased 4.2 million shares of our common stock at an average stock price of $210.28 for an aggregate cost of $882.8 million under our share repurchase program. In 2022, we repurchased 5.5 million shares of our common stock at an average stock price of $187.07 for an aggregate cost of $1.03 billion. As of December 31, 2023, there was approximately $1.12 billion remaining available for future share repurchases under the share repurchase program.

As of December 31, 2023, we had $750.0 million principal amount outstanding of 2.70% senior unsecured notes due 2031, $550.0 million principal amount outstanding of 4.75% senior unsecured notes due 2027, and $500.0 million principal amount outstanding of 5.25% senior unsecured notes due 2025. In December 2023, we entered into a new $200.0 million unsecured revolving credit facility which takes the place of our prior unsecured revolving credit facility. As of December 31, 2023, there were no borrowings outstanding under this credit facility, which will expire in 2028.

We believe existing cash, cash equivalents and marketable securities, and funds generated from operations, together with our ability to arrange for additional financing, should be sufficient to meet our working capital, capital expenditure requirements, and to service our debt for the next 12 months and beyond. We regularly assess our cash management approach and activities in view of our current and potential future needs. Our most significant future cash requirements include interest and principal payments on the senior notes issuances described above, income tax payments, purchase obligations and registry fees related to the operation of certain top-level domains. These items are detailed in Note 11, “Commitments and Contingencies” of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

In summary, our cash flows for 2023, 2022, and 2021 were as follows:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
Net cash provided by operating activities	$ 853.8	$ 831.1	$ 807.2
Net cash (used in) provided by investing activities	(97.4)	355.7	(269.2)
Net cash used in financing activities	(889.8)	(1,035.8)	(719.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.1)	(0.8)	(0.7)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (133.5)	$ 150.2	$ (181.8)

Cash flows from operating activities

Our largest source of operating cash flows is cash collections from our customers. Our primary uses of cash from operating activities are for personnel-related expenditures, and other general operating expenses, as well as payments related to taxes, interest and facilities.

Net cash provided by operating activities increased in 2023 compared to 2022 primarily due to increases in cash received from customers and interest on investments, partially offset by an increase in cash paid for income taxes and cash paid to employees. Cash received from customers increased primarily due to the impact of the .com price increases that were effective on September 1, 2022 and September 1, 2023, changes in customer deposit balances, and the .net price increase that became effective on February 1, 2023. Cash received from interest on investments increased due to higher interest rates on our investments in debt securities. Cash paid for income taxes increased primarily due to comparatively higher taxable income and higher transition tax payments on accumulated foreign earnings resulting from the 2017 Tax Cuts and Jobs Act. Cash paid to employees increased primarily due to salary increases.

Cash flows from investing activities

The cash flows from investing activities primarily relate to purchases, maturities and sales of marketable securities, and purchases of property and equipment.

We had net cash outflows from investing activities in 2023, compared to net cash inflows from investing activities in 2022, primarily due to a decrease in proceeds from maturities and sales of marketable securities, net of purchases of marketable securities and an increase in purchases of property and equipment, primarily related to the purchase of a building to be used as our future corporate headquarters.

Cash flows from financing activities

The cash flows from financing activities primarily relate to share repurchases and proceeds from our employee stock purchase plan.

Net cash used in financing activities decreased in 2023 compared to 2022 primarily due a decrease in share repurchases.

Dilution from RSUs

Grants of stock-based awards are key components of the compensation packages we provide to attract and retain certain of our employees and align their interests with the interests of existing stockholders. We recognize that these stock-based awards dilute existing stockholders and have sought to control the number granted while providing competitive compensation packages. As of December 31, 2023, there were a total of 0.7 million unvested RSUs which represent potential dilution of less than 1.0%. This maximum potential dilution will only result if all outstanding RSUs vest and are settled. In recent years, our stock repurchase program has more than offset the dilutive effect of RSU grants to employees; however, we may reduce the level of our stock repurchases in the future if and as we use our available cash for other purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in interest rates and foreign exchange rates. We have not entered into any market risk sensitive instruments for trading purposes.

Interest Rate Sensitivity

The fixed income securities in our investment portfolio are subject to interest rate risk. As of December 31, 2023, we had $744.9 million of fixed income securities, which consisted of U.S. Treasury bills with maturities of less than one year. A hypothetical change in interest rates by 100 basis points would not have a significant impact on the fair value of our investments.

Foreign Exchange Risk Management

We conduct business in several countries and transact in multiple foreign currencies. The functional currency for all of our international subsidiaries is the U.S. dollar. Our foreign currency risk management program is designed to mitigate foreign exchange risks associated with monetary assets and liabilities of our operations that are denominated in currencies other than the U.S. dollar. The primary objective of this program is to minimize the gains and losses to income resulting from fluctuations in exchange rates. We may choose not to hedge certain foreign exchange exposures due to immateriality, prohibitive economic cost of hedging particular exposures, and limited availability of appropriate hedging instruments. We do not enter into foreign currency transactions for trading or speculative purposes, nor do we hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts, which are usually placed and adjusted monthly. These foreign currency forward contracts are derivatives and are recorded at fair market value. We attempt to limit our exposure to credit risk by executing foreign exchange contracts with financial institutions that have investment grade ratings.

As of December 31, 2023, we held foreign currency forward contracts in notional amounts totaling $215.7 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. Gains or losses on the foreign currency forward contracts would be largely offset by the remeasurement of our foreign currency denominated assets and liabilities, resulting in an insignificant net impact to income. Net gains and losses from the Company’s foreign currency exposure and related hedges are included in Non-operating income (loss), net on the Consolidated Statements of Comprehensive Income.

A hypothetical uniform 10% strengthening or weakening in the value of the U.S. dollar relative to the foreign currencies in which our revenues and expenses are denominated would not result in a significant impact to our financial statements.

Market Risk Management

The fair market values of our senior notes are subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. As of December 31, 2023, the aggregate fair value of the senior notes issued in 2015, 2017 and 2021 was $1.69 billion, based on available market information from public data sources.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
VeriSign, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of VeriSign, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of accounting for income taxes

As discussed in Notes 1 and 10 to the consolidated financial statements, the Company recognized $301.0 million of deferred tax assets, net as of December 31, 2023. The

Company’s income tax expense was $158.9 million for the year ended December 31,2023. The Company conducts business globally and consequently is subject to U.S. federal, state, as well as foreign income taxes in the jurisdictions it operates. The Company exercises judgment in the application of complex tax regulations in multiple jurisdictions.

We identified the evaluation of the accounting for income taxes as a critical audit matter. Evaluating the Company’s application of complex tax regulations in the domestic and foreign jurisdictions it operates and the impact of those regulations on U.S. federal, state, and foreign income tax provisions required complex auditor judgment, and the use of tax professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company’s income tax process, including controls related to the application of complex tax regulations in the Company’s various tax jurisdictions and the impact on the Company’s U.S. federal, state, and foreign income tax provision. We involved domestic and international tax professionals with specialized skills and knowledge in various tax jurisdictions who assisted in evaluating the Company’s analyses over the application of complex tax regulations in those jurisdictions.

/s/ KPMG LLP

We have served as the Company’s auditor since 1995.

McLean, Virginia
February 15, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
VeriSign, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited VeriSign, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 15, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

McLean, Virginia
February 15, 2024

VERISIGN, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 240.1	$ 373.6
Marketable securities	686.3	606.8
Other current assets	61.9	58.3
Total current assets	988.3	1,038.7
Property and equipment, net	233.2	232.0
Goodwill	52.5	52.5
Deferred tax assets	301.0	234.6
Deposits to acquire intangible assets	145.0	145.0
Other long-term assets	29.0	30.6
Total long-term assets	760.7	694.7
Total assets	$ 1,749.0	$ 1,733.4
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 257.4	$ 226.5
Deferred revenues	931.1	890.4
Total current liabilities	1,188.5	1,116.9
Long-term deferred revenues	315.0	328.7
Senior notes	1,790.2	1,787.9
Long-term tax and other liabilities	36.3	62.1
Total long-term liabilities	2,141.5	2,178.7
Total liabilities	3,330.0	3,295.6
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value $.001 per share; Authorized shares: 5.0; Issued and outstanding shares: none	—	—
Common stock and additional paid-in capital—par value $.001 per share; Authorized shares: 1,000; Issued shares: 354.9 at December 31, 2023 and 354.5 at December 31, 2022; Outstanding shares: 101.3 at December 31, 2023 and 105.3 at December 31, 2022	11,808.0	12,644.5
Accumulated deficit	(13,386.4)	(14,204.0)
Accumulated other comprehensive loss	(2.6)	(2.7)
Total stockholders' deficit	(1,581.0)	(1,562.2)
Total liabilities and stockholders' deficit	$ 1,749.0	$ 1,733.4

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions, except per share data)

	Year Ended December 31,		
	2023	**2022**	**2021**
Revenues	$1,493.1	$1,424.9	$1,327.6
Costs and expenses:			
Cost of revenues	197.3	200.7	191.9
Research and development	91.0	85.7	80.5
Selling, general and administrative	204.2	195.4	188.4
Total costs and expenses	492.5	481.8	460.8
Operating income	1,000.6	943.1	866.8
Interest expense	(75.3)	(75.3)	(83.3)
Non-operating income (loss), net	51.2	12.4	(1.3)
Income before income taxes	976.5	880.2	782.2
Income tax (expense) benefit	(158.9)	(206.4)	2.6
Net income	817.6	673.8	784.8
Other comprehensive income	0.1	0.1	—
Comprehensive income	$ 817.7	$ 673.9	$ 784.8
Earnings per share:			
Basic	$ 7.91	$ 6.24	$ 7.01
Diluted	$ 7.90	$ 6.24	$ 7.00
Shares used to compute earnings per share			
Basic	103.4	107.9	112.0
Diluted	103.5	108.0	112.2

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions)

	Year Ended December 31,		
	2023	2022	2021
Total stockholders' deficit, beginning of period	$ (1,562.2)	$ (1,260.5)	$ (1,390.2)
Common stock and additional paid-in capital			
Beginning balance	12,644.5	13,620.1	14,275.2
Repurchase of common stock	(901.4)	(1,048.1)	(722.6)
Stock-based compensation	60.8	60.2	55.1
Issuance of common stock under stock plans	12.3	12.3	12.4
Excise tax on repurchase of common stock	(8.2)	—	—
Balance, end of period	11,808.0	12,644.5	13,620.1
Accumulated deficit			
Beginning balance	(14,204.0)	(14,877.8)	(15,662.6)
Net income	817.6	673.8	784.8
Balance, end of period	(13,386.4)	(14,204.0)	(14,877.8)
Accumulated other comprehensive loss			
Beginning balance	(2.7)	(2.8)	(2.8)
Other comprehensive income	0.1	0.1	—
Balance, end of period	(2.6)	(2.7)	(2.8)
Total stockholders' deficit, end of period	$ (1,581.0)	$ (1,562.2)	$ (1,260.5)

See accompanying Notes to Consolidated Financial Statements

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	$ 817.6	$ 673.8	$ 784.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	44.1	46.9	47.9
Stock-based compensation expense	59.7	58.6	53.4
Amortization of discount on investments in debt securities	(27.8)	(7.7)	(0.4)
Other, net	3.3	3.8	6.4
Changes in operating assets and liabilities:			
Other assets	(1.5)	9.5	(14.0)
Other liabilities	(2.2)	(13.3)	1.4
Deferred revenues	27.0	65.7	90.5
Net deferred income taxes	(66.4)	(6.2)	(162.8)
Net cash provided by operating activities	853.8	831.1	807.2
Cash flows from investing activities:			
Proceeds from maturities and sales of marketable securities	1,278.9	1,721.5	2,654.5
Purchases of marketable securities	(1,330.5)	(1,338.4)	(2,870.7)
Purchases of property and equipment	(45.8)	(27.4)	(53.0)
Net cash (used in) provided by investing activities	(97.4)	355.7	(269.2)
Cash flows from financing activities:			
Repurchases of common stock	(901.4)	(1,048.1)	(722.6)
Proceeds from employee stock purchase plan	12.3	12.3	12.4
Repayment of borrowings	—	—	(750.0)
Proceeds from borrowings, net of issuance costs	—	—	741.1
Other financing activities	(0.7)	—	—
Net cash used in financing activities	(889.8)	(1,035.8)	(719.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.1)	(0.8)	(0.7)
Net (decrease) increase in cash, cash equivalents and restricted cash	(133.5)	150.2	(181.8)
Cash, cash equivalents, and restricted cash at beginning of period	379.0	228.8	410.6
Cash, cash equivalents, and restricted cash at end of period	$ 245.5	$ 379.0	$ 228.8
Supplemental cash flow disclosures:			
Cash paid for interest	$ 72.8	$ 72.8	$ 85.6
Cash paid for income taxes, net of refunds received	$ 239.7	$ 211.7	$ 178.4

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

VeriSign, Inc. (“Verisign” or “the Company”) was incorporated in Delaware on April 12, 1995. The Company has one reportable segment. The Company helps enable the security, stability, and resiliency of the Domain Name System (“DNS”) and the internet by providing Root Zone Maintainer services, operating two of the thirteen global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce.

Basis of Presentation

The accompanying consolidated financial statements of Verisign and its subsidiaries have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States (“U.S.”). All significant intercompany accounts and transactions have been eliminated.

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to current period presentation. Such reclassifications have no effect on net income as previously reported.

Significant Accounting Policies

Cash and Cash Equivalents

Verisign considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include certain money market funds, debt securities and various deposit accounts. Verisign maintains its cash and cash equivalents with financial institutions that have investment grade ratings and, as part of its cash management process, performs periodic evaluations of the relative credit standing of these financial institutions.

Marketable Securities

Marketable securities primarily consist of debt securities issued by the U.S. Treasury. All marketable securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses, net of taxes, are reported as a component of Accumulated other comprehensive loss. The specific identification method is used to determine the cost basis of the marketable securities sold. The Company classifies its marketable securities as current based on their nature and availability for use in current operations. The Company amortizes the discount on debt securities purchased below par value over the term of the instrument, and recognizes the amounts as interest income included in Non-operating income (loss), net.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of 35 to 47 years for buildings, 10 years for building improvements and three years to five years for computer equipment, software, office equipment, and furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or associated lease terms.

Capitalized Software

Software included in property and equipment includes amounts paid for purchased software and development costs for internally developed software. The Company capitalized $7.2 million and $10.6 million of costs related to internally developed software during 2023 and 2022, respectively.

Goodwill and Other Long-lived Assets

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired. The Company has only one reporting unit, which has a negative carrying value. Therefore, the goodwill is not subject to impairment.

Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset, or asset group, may not be recoverable. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the underlying business. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value.

As of December 31, 2023, the Company’s assets include a deposit related to the purchase of the contractual rights to the .web gTLD. The amount paid to date has been recorded as a deposit until such time that the contractual rights are transferred to the Company. This asset would be tested for recoverability if the Company were to determine that it is no longer probable that the rights will be transferred. At the time of the transfer of the contractual rights, the Company will record the amount as an indefinite-lived intangible asset subject to review for impairment on an annual basis or more frequently if events or changes in circumstances indicate that an impairment is more likely than not.

Foreign Currency Remeasurement

Verisign conducts business in several different countries and transacts in multiple currencies. The functional currency for all of Verisign’s international subsidiaries is the U.S. dollar. The Company’s subsidiaries’ financial statements are remeasured into U.S. dollars using a combination of current and historical exchange rates and any remeasurement gains and losses are included in Non-operating income (loss), net. The Company recognized net remeasurement gains of $14.7 million in 2023. Net remeasurement gains and losses were not significant in 2022 and 2021.

Verisign maintains a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities that are denominated in currencies other than the U.S. dollar. The primary objective of this program is to minimize the gains and losses resulting from fluctuations in exchange rates. The Company does not enter into foreign currency transactions for trading or speculative purposes, nor does it hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts, which are derivatives and are recorded at fair market value. The Company records gains and losses on foreign currency forward contracts in Non-operating income (loss), net. The Company recognized a $9.8 million loss related to foreign currency forward contracts in 2023. Gains and losses related to foreign currency forward contracts were not significant in 2022 and 2021. The liability related to the unrealized loss on foreign currency forward contracts is included in Accounts payable and accrued liabilities on our Consolidated Balance Sheet as of December 31, 2023.

As of December 31, 2023, Verisign held foreign currency forward contracts in notional amounts totaling $215.7 million to mitigate the impact of exchange rate fluctuations associated with certain assets and liabilities held in foreign currencies.

Revenue Recognition

Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues primarily arise from fixed fees charged to registrars for the initial registration or renewal of .com, .net, and other domain names. Individual customers, called registrants, contract directly with registrars or their resellers, and the registrars, who are our direct customers, in turn register the domain names with Verisign. Fees for domain name registrations and renewals are generally due at the time of registration or renewal. Domain name registration terms range from one year up to ten years.

Most customers either maintain a deposit with Verisign or provide an irrevocable letter of credit in excess of the amounts owed. Verisign also offers promotional incentive-based discount programs to its registrars based upon market conditions and the business environment in which the registrars operate. Amounts payable for these programs are recorded as a reduction of revenue.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Each domain name registration or renewal is considered a separate optional purchase and represents a single performance obligation, which is to allow its registration and maintain that registration (by allowing updates, DNS resolution and Whois services, which allow users to find information about registered domain names) through the registration term. These services are provided continuously throughout each registration term, and as such, revenues from the initial registration or renewal of domain names are deferred and recognized ratably over the registration term. Fees for renewals and advance extensions to the existing term are deferred until the new incremental period commences. These fees are then recognized ratably over the renewal or extension term.

Costs Incurred to Obtain a Contract

The Company recognizes the fees payable to ICANN for each annual term of domain name registrations and renewals, as an asset which is amortized on a straight-line basis over the related registration term. These assets are included in Other current assets and Other long-term assets.

Income Taxes

Verisign uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce deferred tax assets to an amount whose realization is more likely than not. For every tax-paying component and within each tax jurisdiction, all deferred tax liabilities and assets are offset and presented as a single net noncurrent asset or liability.

The Company recognizes the U.S. income tax effect of future global intangible low-taxed income inclusions in the period in which they arise.

The Company’s income taxes payable is reduced by the tax benefits from restricted stock unit (“RSU”) vestings equal to the fair market value of the stock at the vesting date. If the income tax benefit at the vesting date differs from the income tax benefit recorded based on the grant date fair value of the RSUs, the excess or shortfall of the tax benefit is recognized within income tax expense.

Verisign operates in multiple tax jurisdictions in the United States and internationally. Tax laws and regulations in these jurisdictions are complex, interrelated, and periodically changing. Significant judgment or interpretation of these laws and regulations is often required in determining the Company’s worldwide provision for income taxes, including, for example, the calculations of taxable income in each jurisdiction, deferred taxes, and the availability and amount of deductions and tax credits. The final taxes payable are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from various tax examinations. The Company only recognizes tax positions taken or expected to be taken on its tax returns that are more likely than not to be sustained upon examination, and records a tax benefit amount that is more likely than not to be realized upon ultimate settlement with the taxing authority. The Company adjusts its estimate of unrecognized tax benefits in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in an outcome that is materially different from the estimate. See Note 10, “Income Taxes,” for details of the changes to the Company’s unrecognized tax benefits for the periods presented.

Stock-based Compensation

The Company’s stock-based compensation consists of RSUs granted to employees and the employee stock purchase plan (“ESPP”). Stock-based compensation expense is typically recognized ratably over the requisite service period. Forfeitures of stock-based awards are recognized as they occur. As substantially all of the RSUs granted by the Company are routine annual grants, none of the awards are designed to be spring-loaded, and as such, the Company does not adjust the market price of its common stock when estimating the grant-date fair value of these awards. The Company also grants RSUs which include performance conditions, and in some cases market conditions, to certain executives. The expense for these performance-based RSUs is recognized based on the probable outcome of the performance conditions. The expense recognized for awards with market conditions is based on the grant date fair value of the awards including the impact of the market conditions, using a Monte Carlo simulation model. The Company uses the Black-Scholes option pricing model to determine the fair value of its ESPP offerings. The determination of the fair value of stock-based payment awards using the Monte Carlo simulation model or the Black-Scholes option-pricing model is affected by the Company’s stock price as well as assumptions regarding a number of complex and subjective variables.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2023, 2022 AND 2021

Earnings per Share

The Company computes basic earnings per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share gives effect to dilutive potential common shares, including unvested RSUs and ESPP offerings, using the treasury stock method.

Fair Value of Financial Instruments

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company’s own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

Legal Proceedings

Verisign is involved in various investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in its opinion, will have a material adverse effect on its financial condition, results of operations, or cash flows. The Company can provide no assurance that it will prevail in any litigation. Regardless of the outcome, any litigation may require the Company to incur significant litigation expense and may result in significant diversion of management attention.

While certain legal proceedings and related indemnification obligations to which the Company is a party specify the amounts claimed, such claims may not represent reasonably possible losses. Given the inherent uncertainties of the litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated, except in circumstances where an aggregate litigation accrual has been recorded for probable and reasonably estimable loss contingencies. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters. The Company does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition, results of operations, or cash flows.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires additional disclosure of significant segment expenses on an annual and interim basis. This guidance will be applied retrospectively and will be effective for the annual periods beginning the year ended December 31, 2024, and for interim periods beginning January 1, 2025. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction.This guidance will be effective for the annual periods beginning the year ended December 31, 2025. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

Note 2. Financial Instruments

Cash, Cash Equivalents, and Marketable Securities

The following table summarizes the Company’s cash, cash equivalents, and marketable securities and the fair value categorization of the financial instruments measured at fair value on a recurring basis:

	As of December 31,	
	2023	2022
	(In millions)	
Cash	$ 25.6	$ 27.0
Time deposits	1.0	4.1
Money market funds (Level 1)	160.3	178.6
Debt securities issued by the U.S. Treasury (Level 1)	744.9	776.1
Total	$ 931.8	$ 985.8
Cash and cash equivalents	$ 240.1	$ 373.6
Restricted cash (included in Other long-term assets)	5.4	5.4
Total Cash, cash equivalents, and restricted cash	245.5	379.0
Marketable securities	686.3	606.8
Total	$ 931.8	$ 985.8

The gross and net unrealized gains and losses included in the fair value of the debt securities were not significant for the periods presented. All of the debt securities held as of December 31, 2023 are scheduled to mature in less than one year.

Fair Value Measurements

The fair value of the Company’s investments in money market funds approximates their face value. Such instruments are included in Cash and cash equivalents. The fair value of the debt securities consisting of U.S. Treasury bills is based on their quoted market prices. Debt securities purchased with original maturities in excess of three months are included in Marketable securities. The fair value of all of these financial instruments are classified as Level 1 in the fair value hierarchy.

As of December 31, 2023, the Company’s other financial instruments include cash, accounts receivable, restricted cash, and accounts payable whose carrying values approximated their fair values. The aggregate fair value of the Company’s senior notes is $1.69 billion and $1.65 billion as of December 31, 2023 and December 31, 2022, respectively. The fair values of these debt instruments are based on available market information from public data sources and are classified as Level 2.

Note 3. Selected Balance Sheet Items

Other Current Assets

Other current assets consist of the following:

	As of December 31,	
	2023	2022
	(In millions)	
Prepaid registry fees	$ 23.8	$ 24.3
Prepaid expenses	23.3	24.5
Taxes receivable	7.3	1.9
Accounts receivable, net	6.3	6.2
Other	1.2	1.4
Total other current assets	$ 61.9	$ 58.3

Property and Equipment, Net

The following table presents the detail of property and equipment, net:

	As of December 31,	
	2023	2022
	(In millions)	
Computer equipment and software	$ 409.0	$ 402.7
Buildings and building improvements	261.3	257.5
Land	37.9	31.1
Office equipment and furniture	11.0	10.4
Capital work in progress	16.1	3.6
Leasehold improvements	1.6	1.5
Total cost	736.9	706.8
Less: accumulated depreciation	(503.7)	(474.8)
Total property and equipment, net	$ 233.2	$ 232.0

In July 2023, the Company purchased a building in Reston, Virginia to be used as its future corporate headquarters for $19.8 million. Based on a valuation of the property, $13.0 million of the total purchase price was allocated to the building which is included in capital work in progress in the table above due to ongoing construction. The remaining $6.8 million was allocated to land. Substantially all of the Company’s property and equipment were held in the U.S. for both periods presented.

Goodwill

The following table presents the detail of goodwill:

	As of December 31,	
	2023	2022
	(In millions)	
Goodwill, gross	$ 1,537.8	$ 1,537.8
Accumulated goodwill impairment	(1,485.3)	(1,485.3)
Total goodwill	$ 52.5	$ 52.5

There was no impairment of goodwill or other long-lived assets recognized in any of the periods presented.

Deposits to Acquire Intangible Assets

The Company’s Deposit to acquire intangible assets represents the $145.0 million paid for the future assignment to the Company of contractual rights to the .web gTLD, pending resolution of objections by other applicants, and approval from ICANN. Upon assignment of the contractual rights, the Company will record the total investment as an indefinite-lived intangible asset.

Other Long-Term Assets

Other long-term assets consist of the following:

	As of December 31,	
	2023	2022
	(In millions)	
Long-term prepaid registry fees	$ 8.3	$ 9.1
Operating lease right-of-use asset	7.4	7.2
Restricted cash	5.4	5.4
Long-term prepaid expenses	4.8	6.6
Other	3.1	2.3
Total other long-term assets	$ 29.0	$ 30.6

The prepaid registry fees in the tables above relate to the fees the Company pays to ICANN for each annual term of .com domain name registrations and renewals which are deferred and amortized over the domain name registration term. The amount of prepaid registry fees as of December 31, 2023 reflects amortization of $39.5 million during 2023 which was recorded in Cost of Revenues.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31,	
	2023	**2022**
	(In millions)	
Accounts payable and accrued expenses	$ 12.5	$ 9.8
Customer deposits	77.2	72.0
Accrued employee compensation	61.2	59.0
Taxes payable	49.5	37.4
Interest payable	19.5	19.5
Accrued registry fees	12.3	12.7
Unrealized loss on foreign currency forward contracts	10.7	0.1
Customer incentives payable	6.5	7.1
Current operating lease liabilities	5.1	5.5
Other accrued liabilities	2.9	3.4
Total accounts payable and accrued liabilities	$ 257.4	$ 226.5

The balance of customer deposits varies from period to period due to the timing of payments from certain large customers. Taxes payable reflects amounts accrued for the income tax provision and payments made during the period. This balance fluctuates from period to period due to the timing of income tax payments in the Company’s major tax jurisdictions.

Long-term Tax and Other Liabilities

Long-term tax and other liabilities consist of the following:

	As of December 31,	
	2023	**2022**
	(In millions)	
Long-term tax liabilities	$ 34.1	$ 60.5
Long-term operating lease liabilities	2.2	1.6
Long-term tax and other liabilities	$ 36.3	$ 62.1

Long-term tax liabilities include accruals for unrecognized tax benefits and the long-term portion of the U.S. income taxes payable on the Company’s accumulated foreign earnings (“Transition Tax”) resulting from the 2017 Tax Cuts and Jobs Act.

Note 4. Debt

Senior Notes

The following table summarizes information related to our Senior notes:

	Issuance Date	Maturity Date	Interest Rate	Principal	
				As of December 31,	
				2023	2022
				(in millions except interest rates)	
Senior notes due 2025	March 27, 2015	April 1, 2025	5.25 %	$ 500.0	$ 500.0
Senior notes due 2027	July 5, 2017	July 15, 2027	4.75 %	550.0	550.0
Senior notes due 2031	June 8, 2021	June 15, 2031	2.70 %	750.0	750.0
Principal amount of senior notes				1,800.0	1,800.0
Less: unamortized issuance costs				(9.8)	(12.1)
Total Senior notes				$ 1,790.2	$ 1,787.9

The 2031 Notes were issued at 99.712% of par value. The 2025 and 2027 notes were issued at par and all outstanding senior notes are senior unsecured obligations of the Company. Interest is payable on each of the senior notes semi-annually. Each of the senior notes issuances is redeemable, in whole or in part, at the Company’s option at times and redemption prices specified in the indentures.

2023 Credit Facility

On December 6, 2023, the Company entered into a credit agreement for a $200.0 million committed unsecured revolving credit facility (the “2023 Credit Facility”) which takes the place of its prior unsecured revolving credit facility. The 2023 Credit Facility includes a financial covenant requiring that the Company’s leverage ratio not exceed 4.0 to 1.0, which may be increased subject to certain conditions defined in the 2023 Credit Facility Agreement. As of December 31, 2023, there were no borrowings outstanding under the 2023 Credit Facility, and the Company was in compliance with the financial covenants. The 2023 Credit Facility expires on December 6, 2028, at which time any outstanding borrowings are due. Verisign may from time to time request lenders to agree on a discretionary basis to increase the commitment amount by up to an aggregate of $150.0 million.

Note 5. Stockholders’ Deficit

Treasury Stock

Treasury stock is accounted for under the cost method. Treasury stock includes shares repurchased under stock repurchase programs and shares withheld in lieu of the tax withholding due upon vesting of RSUs.

Effective July 27, 2023, the Company's Board of Directors authorized the repurchase of its common stock in the amount of approximately $1.14 billion, in addition to the $356.1 million that remained available for repurchases under the share repurchase program, for a total authorization of up to $1.50 billion under the program. The program has no expiration date. Purchases made under the program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. As of December 31, 2023, there was approximately $1.12 billion remaining available for repurchases under the program.

The summary of the Company's common stock repurchases for 2023, 2022 and 2021 are as follows:

	2023		**2022**		**2021**	
	Shares	**Average Price**	**Shares**	**Average Price**	**Shares**	**Average Price**
	(In millions, except average price amounts)					
Total repurchases under the repurchase plans	4.2	$210.28	5.5	$187.07	3.3	$215.16
Total repurchases for tax withholdings	0.1	$211.29	0.1	$202.21	0.1	$209.40
Total repurchases	4.3	$210.30	5.6	$187.28	3.4	$214.97
Total costs	$ 901.4		$1,048.1		$ 722.6	

Since inception, the Company has repurchased 253.6 million shares of its common stock for an aggregate cost of $13.65 billion, which is recorded as a reduction of Additional paid-in capital. The Inflation Reduction Act of 2022, which was enacted into law on August 16, 2022, imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. In 2023, the Company included the applicable excise tax in treasury stock as part of the cost basis of the stock repurchased and recorded a corresponding liability for the excise taxes payable in Accounts payable and accrued liabilities on our Consolidated Balance Sheet as of December 31, 2023. The share repurchase and authorization amounts disclosed within this Form 10-K exclude the excise tax.

Accumulated Other Comprehensive Loss

The Accumulated other comprehensive loss balances as of December 31, 2023 and 2022 primarily consists of foreign currency translation adjustment losses. There were no significant changes to accumulated other comprehensive loss balances for the periods presented.

Note 6. Calculation of Earnings per Share

The following table presents the computation of weighted-average shares used in the calculation of basic and diluted earnings per share:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
Weighted-average shares of common stock outstanding	103.4	107.9	112.0
Weighted-average potential shares of common stock outstanding:			
Unvested RSUs and ESPP	0.1	0.1	0.2
Shares used to compute diluted earnings per share	103.5	108.0	112.2

The calculation of diluted weighted average shares outstanding excludes performance-based RSUs granted by the Company for which the relevant performance criteria have not been achieved and any awards that are antidilutive. The number of potential shares excluded from the calculation was not significant in any period presented.

Note 7. Revenues

The Company generates revenues in the U.S.; Europe, the Middle East and Africa (“EMEA”); China; and certain other countries, including, but not limited to Canada, Japan and Singapore.

The following table presents our revenues disaggregated by geography, based on the billing addresses of our customers:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
U.S	$ 994.7	$ 937.6	$ 851.3
EMEA	228.2	226.0	231.7
China	91.6	106.0	101.7
Other	178.6	155.3	142.9
Total revenues	$ 1,493.1	$ 1,424.9	$ 1,327.6

Revenues in the table above are attributed to the country of domicile and the respective regions in which registrars are located; however, this may differ from the regions where the registrars operate or where registrants are located. Revenues for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Revenues for each region may also be impacted by registrars domiciled in one region, registering domain names in another region.

Major Customers

Our largest customer accounted for approximately 32% of revenues in 2023 and 2022 and approximately 33% of revenues in 2021. The Company does not believe that the loss of this customer would have a material adverse effect on the Company’s business because, in that event, end-users of this customer would transfer to the Company’s other existing customers.

Deferred Revenues

As payment for domain name registrations and renewals are due in advance of our performance, we record these amounts as deferred revenues. The increase in the deferred revenues balance in 2023 is primarily driven by amounts billed in 2023 for domain name registrations and renewals to be recognized as revenues in future periods, offset by refunds for domain name renewals deleted during the 45-day grace period, and $857.1 million of revenues recognized that were included in the deferred revenues balance at December 31, 2022. The balance of deferred revenues as of December 31, 2023 represents our aggregate remaining performance obligations. Amounts included in current deferred revenues are all expected to be recognized in revenues within 12 months, except for a portion of deferred revenues that relates to domain name renewals that are deleted in the 45-day grace period following the transaction. The long-term deferred revenues amounts will be recognized in revenues over several years and in some cases up to ten years.

Note 8. Employee Benefits and Stock-based Compensation

401(k) Plan

The Company maintains a defined contribution 401(k) plan (the “401(k) Plan”) for substantially all of its U.S. employees. Under the 401(k) Plan, eligible employees may contribute up to 50% of their pre-tax salary, subject to the Internal Revenue Service (“IRS”) annual contribution limits. The Company matches 50% of up to the first 8% of the employee’s annual salary contributed to the plan. The Company contributed $5.8 million in 2023, $5.5 million in 2022, and $5.2 million in 2021 under the 401(k) Plan. The Company can terminate matching contributions at its discretion at any time.

Equity Incentive Plan

The majority of Verisign’s stock-based compensation relates to RSUs granted under the 2006 Equity Incentive Plan (the “2006 Plan”). As of December 31, 2023, a total of 7.5 million shares of common stock remain reserved for issuance upon the vesting of RSUs and for the future grant of equity awards. The 2006 Plan authorizes the award of incentive stock options to employees and non-qualified stock options, restricted stock awards, RSUs, stock bonus awards, stock appreciation rights and performance shares to eligible employees, officers, directors, consultants, independent contractors and advisers. The 2006 Plan is administered by the Compensation Committee which may delegate to a committee of one or more members of the Board or Verisign’s officers the ability to grant certain awards and take certain other actions with respect to participants who are not executive officers or non-employee directors. RSUs are awards covering a specified number of shares of Verisign common stock that may be settled by issuance of those shares (which may be restricted shares). RSUs generally vest over four years. Certain RSUs with performance and market conditions (“PSUs”), granted to the Company’s executives, generally vest over a three year term. Additionally, the Company has granted fully vested RSUs to members of its Board in each of the last three years. The Compensation Committee may authorize grants with a different vesting schedule in the future.

2007 Employee Stock Purchase Plan

Eligible employees of the Company may purchase common stock under the 2007 Employee Stock Purchase Plan through payroll deductions by electing to have between 2% and 25% of their compensation withheld to cover the purchase price. Each participant is granted an option to purchase common stock. This option is automatically exercised on the last day of each six-month purchase period during the offering period. The purchase price for the common stock under the ESPP is 85% of the lesser of the fair market value of the common stock on the first day of the applicable offering period or the last day of the applicable purchase period. Offering periods begin on the first business day of February and August of each year. As of December 31, 2023, 2.8 million shares of the Company’s common stock remain reserved for future issuance under this plan.

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Stock-based Compensation

Stock-based compensation is classified in the Consolidated Statements of Comprehensive Income in the same expense line items as cash compensation. The following table presents the classification of stock-based compensation:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
Cost of revenues	$ 7.1	$ 7.2	$ 6.5
Research and development	10.0	9.5	8.3
Selling, general and administrative	42.6	41.9	38.6
Stock-based compensation expense	59.7	58.6	53.4
Capitalization (included in Property and equipment, net)	1.1	1.6	1.7
Total stock-based compensation	$ 60.8	$ 60.2	$ 55.1

The following table presents the nature of the Company’s total stock-based compensation:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
RSUs	$ 47.1	$ 43.8	$ 41.5
PSUs	9.3	12.1	9.3
ESPP	4.4	4.3	4.3
Total stock-based compensation	$ 60.8	$ 60.2	$ 55.1

The income tax benefit that was included within Income tax (expense) benefit related to these stock-based compensation expenses for 2023, 2022, and 2021 was $11.7 million, $13.8 million, and $12.4 million, respectively.

RSUs Information

The following table summarizes unvested RSUs activity for the year ended December 31, 2023:

	Shares		Weighted-Average Grant-Date Fair Value
	(Shares in millions)		
Unvested at beginning of period	0.6	$	206.32
Granted	0.4	$	212.80
Vested and settled	(0.3)	$	205.66
Unvested at end of period	0.7	$	209.80

The RSUs in the table above include PSUs. The unvested RSUs as of December 31, 2023 include 0.2 million PSUs. The number of shares received upon vesting of these PSUs may range from less than 0.1 million to 0.4 million depending on the level of performance achieved and whether any market conditions are satisfied.

The closing price of Verisign's stock was $205.96 on December 31, 2023. As of December 31, 2023, the aggregate market value of unvested RSUs was $137.5 million. The fair values of RSUs that vested during 2023, 2022, and 2021 were $58.8 million, $51.4 million, and $70.3 million, respectively. The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2022 and 2021, was $210.94 and $200.64, respectively. As of December 31, 2023, total unrecognized compensation cost related to unvested RSUs was $97.7 million which is expected to be recognized over a weighted-average period of 2.4 years.

Note 9. Non-operating Income (Loss), Net

The following table presents the components of Non-operating income (loss), net:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
Interest income	$ 46.1	$ 14.9	$ 0.6
Loss on extinguishment of debt	—	—	(2.1)
Other, net	5.1	(2.5)	0.2
Total non-operating income (loss), net	$ 51.2	$ 12.4	$ (1.3)

Interest income is earned principally from the Company’s surplus cash balances and marketable securities. The increase in interest income in 2023 reflects higher interest rates on the Company’s investments in debt securities. The redemption of the 2023 senior notes in 2021 resulted in a loss on debt extinguishment of $2.1 million related to the unamortized debt issuance costs on the notes. Other non-operating income, net in 2023 reflects net gains and losses from the Company’s foreign currency exposure and related hedges.

Note 10. Income Taxes

Income before income taxes is categorized geographically as follows:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
United States	$ 607.1	$ 558.5	$ 489.4
Foreign	369.4	321.7	292.8
Total income before income taxes	$ 976.5	$ 880.2	$ 782.2

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2023	2022	2021
	(In millions)		
Current expense:			
Federal	$ 159.1	$ 145.1	$ 97.5
State	28.0	41.7	32.2
Foreign, including withholding tax	24.4	26.3	29.8
	211.5	213.1	159.5
Deferred expense (benefit):			
Federal	(25.6)	(18.0)	3.9
State	11.2	(4.8)	(0.2)
Foreign	(38.2)	16.1	(165.8)
	(52.6)	(6.7)	(162.1)
Total income tax expense (benefit)	$ 158.9	$ 206.4	$ (2.6)

The Company's state current expense was lower in 2023 due to a beneficial change in certain state income apportionment rules, which became effective starting in 2023. The new apportionment rules required the Company to write down certain of its deferred tax assets resulting in a net state deferred expense in 2023.

The difference between income tax expense (benefit) and the amount resulting from applying the federal statutory rate of 21% to Income before income taxes is attributable to the following:

	Year Ended December 31,		
	2023	2022	2021
		(In millions)	
Income tax expense at federal statutory rate	$ 205.1	$ 184.8	$ 164.3
Non-U.S. intellectual property	(118.0)	—	(165.5)
Change in valuation allowance	66.1	0.1	0.1
State taxes, net of federal benefit	28.5	29.2	25.5
Effect of non-U.S. operations	(15.5)	(9.5)	(23.3)
Remeasurement of unrecognized tax benefits	(8.3)	(1.5)	(5.1)
Other	1.0	3.3	1.4
Total income tax expense (benefit)	$ 158.9	$ 206.4	$ (2.6)

During the fourth quarter of 2023, due to a change in local tax systems, the Company recognized amortizable tax basis related to a portion of its non-U.S. intellectual property based on a fair value of approximately $1.80 billion. This intellectual property had no book value, resulting in the recognition of a $118.0 million deferred tax asset and a corresponding income tax benefit in 2023.

During the fourth quarter of 2021, as part of a legal entity reorganization, the Company completed an internal transfer of certain of its non-U.S. intellectual property which had no book value. This transfer created amortizable tax basis for the receiving entity based on the $1.20 billion fair value of the intellectual property, which resulted in the recognition of a $165.5 million deferred tax asset and a corresponding income tax benefit. During the fourth quarter of 2023, due to the change in the tax systems mentioned above, the Company determined that it is more likely than not that a portion of the aforementioned deferred tax asset will not be realized, and as a result, recognized a valuation allowance of $64.7 million.

The tax effects of temporary differences that give rise to significant portions of the Company’s deferred tax assets and liabilities are as follows:

	As of December 31,	
	2023	2022
	(In millions)	
Deferred tax assets:		
Intellectual property	$ 266.2	$ 147.0
Deferred revenue, accruals and reserves	72.9	73.7
Research and development costs	23.6	12.0
Tax credit carryforwards	4.6	3.8
Net operating loss carryforwards	2.2	3.4
Other	6.0	1.8
Total deferred tax assets	375.5	241.7
Valuation allowance	(73.6)	(5.5)
Net deferred tax assets	301.9	236.2
Deferred tax liabilities	(0.9)	(1.6)
Total net deferred tax assets	$ 301.0	$ 234.6

With the exception of a portion of deferred tax assets related to intellectual property and certain state and foreign net operating loss and foreign tax credit carryforwards, management believes it is more likely than not that the tax effects of the deferred tax liabilities together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets.

As part of the Tax Cuts and Jobs Act of 2017, domestic and foreign research and development expenses, including costs related to internally developed software, are required to be amortized for income tax purposes, over five and fifteen years, respectively, beginning with our 2022 tax year.

As of December 31, 2023, the Company’s deferred tax assets included $38.4 million of state net operating loss carryforwards, before applying tax rates for the respective jurisdictions. The tax credit carryforwards as of December 31, 2023 consisted primarily of foreign tax credit carryforwards. The state net operating loss carryforwards expire in various years from 2024 through 2034. The foreign tax credits will expire between 2028 and 2033.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	As of December 31,	
	2023	2022
	(In millions)	
Beginning balance	$ 15.1	$ 16.0
Increases in tax positions for prior years	0.1	0.1
Increases in tax positions for current year	5.0	1.4
Lapse in statute of limitations	(10.6)	(2.4)
Ending balance	$ 9.6	$ 15.1

As of December 31, 2023, approximately $7.1 million of unrecognized tax benefits, including penalties and interest, could affect the Company’s tax provision and effective tax rate. The Company does not expect the balance of unrecognized tax benefits to change materially during the next twelve months.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. These accruals were not material in any period presented.

The Company’s major taxing jurisdictions are the U.S., the Commonwealth of Virginia, and Switzerland. The Company’s U.S. federal income tax returns are not currently under examination by the IRS and only the Company’s tax returns for 2020 and years thereafter are subject to examination. The Company’s other material tax returns are not currently under examination by their respective taxing jurisdictions. Because the Company has previously used net operating loss carryforwards and other tax attributes to offset its taxable income in income tax returns for the U.S. and Virginia, such attributes can be adjusted by these taxing authorities until the statute of limitations closes on the year in which such attributes were utilized. The open years for examination in Switzerland are the 2019 tax year and forward.

Note 11. Commitments and Contingencies

The following table represents the minimum payments required by Verisign under certain purchase obligations, certain U.S. income tax obligations, leases, and the interest payments and principal on the Senior Notes:

	Purchase Obligations	Transition Tax	Senior Notes	Total
		(In millions)		
2024	$ 49.3	$ 19.4	$ 72.6	$ 141.3
2025	18.7	24.3	559.5	602.5
2026	1.6	—	46.4	48.0
2027	0.1	—	596.4	596.5
2028	0.2	—	20.3	20.5
Thereafter	0.1	—	800.6	800.7
Total	$ 70.0	$ 43.7	$ 2,095.8	$ 2,209.5

The amounts in the table above exclude $7.1 million of unrecognized tax benefits, as the Company is unable to reasonably estimate the ultimate amount or time of settlement of those liabilities.

Verisign enters into certain purchase obligations with various vendors. The Company's significant purchase obligations include firm commitments with telecommunication carriers, other service providers and the fixed portion of registry fees related to the operation of certain top-level domains. Registry fees for top-level domains that we operate where the amounts are variable or passed-through to registrars have been excluded from the table above.

The Company has an agreement with Internet Corporation for Assigned Names and Numbers ("ICANN") to be the sole registry operator for domain names in the .com registry through November 30, 2024. Under this agreement, the Company pays ICANN on a quarterly basis, $0.25 for each annual term of a domain name registered or renewed during such quarter. The Company incurred registry fees for the .com registry of $38.1 million in 2023, $39.9 million in 2022, and $40.6 million in 2021.

In connection with the .com Registry Agreement with ICANN, the Company is required to make annual payments of $4.0 million to ICANN through 2025 to support efforts to maintain the security and stability of the DNS. The payments for 2024 and 2025 are included in Purchase obligations in the table above.

Verisign leases a small portion of its office space and a portion of its data center facilities under operating leases, the longest of which extends into 2026. Rental expenses under operating leases were not material in any period presented. Operating lease obligations for 2024 through 2026 are included in Purchase obligations in the table above.

The Transition Tax amounts in the table above are the remaining installments of U.S. income taxes payable on our accumulated foreign earnings pursuant to the 2017 Tax Cuts and Jobs Act.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation, with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as of December 31, 2023, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

b. Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 using the criteria established in Internal Control-Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our evaluation under the COSO framework, management has concluded that our internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

KPMG LLP, an independent registered public accounting firm, has issued a report concerning the effectiveness of our internal control over financial reporting as of December 31, 2023. See "Report of Independent Registered Public Accounting Firm" in Item 8 of this Form 10-K.

c. Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

d. Inherent Limitations of Disclosure Controls and Internal Control over Financial Reporting

Because of their inherent limitations, our disclosure controls and procedures and our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to risks, including that the controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION

Insider Trading Arrangements

Our directors and executive officers may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act.

On November 22, 2023, Danny McPherson, the Company's Executive Vice President, Engineering, Operations and Chief Security Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 6,000 shares of Company common stock between March 1, 2024 and March 28, 2025, subject to certain conditions.

No other directors or executive officers adopted, terminated or modified plans or other arrangements during the quarter ended December 31, 2023.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item regarding our directors and nominees, Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee will be included under the captions “Proposal No. 1—Election of Directors,” “Security Ownership of Certain Beneficial Owners” and “Corporate Governance” in our Proxy Statement related to the 2024 Annual Meeting of Stockholders and is incorporated herein by reference (our “2024 Proxy Statement”).

Pursuant to General Instruction G(3) of Form 10-K, the information required by this item relating to our executive officers is included under the caption “Information About Our Executive Officers” in Part I of this Form 10-K.

We have adopted a written Code of Conduct, which is posted on our Investor Relations website under “Ethics and Business Conduct” at https://investor.verisign.com/corporate-governance. The Code of Conduct applies to all of our directors, officers, and employees, including our principal executive officer, principal financial officer, and other senior accounting officers. We have also adopted the “Corporate Governance Principles for the Board of Directors,” which provide guidance to our directors on corporate practices that serve the best interests of our company and our stockholders.

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Conduct, to the extent applicable to the principal executive officer, principal financial officer, or other senior accounting officers, by posting such information on our website, on the web page found by clicking through to “Ethics and Business Conduct” as specified above.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated herein by reference to our 2024 Proxy Statement from the discussions under the captions “Compensation of Directors,” “Non-Employee Director Retainer Fees and Equity Compensation Information” and “Non-Employee Director Compensation Table for 2023,” and “Executive Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated herein by reference from the discussions under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our 2024 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated herein by reference to our 2024 Proxy Statement from the discussions under the captions “Policies and Procedures with Respect to Transactions with Related Persons,” “Certain Relationships and Related Transactions” and “Independence of Directors.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, McLean, VA, Auditor Firm ID: 185.

Information required by this item is incorporated herein by reference to our 2024 Proxy Statement from the discussions under the captions “Principal Accountant Fees and Services” and “Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors.”

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report

1. Financial statements

The financial statements are set forth under Item 8 of this Form 10-K, as indexed below.

2. Financial statement schedules

Financial statement schedules are omitted because the information called for is not material or is shown either in the consolidated financial statements or the notes thereto.

3. Exhibits

(a) Index to Exhibits

Pursuant to the rules and regulations of the SEC, the Company has filed certain agreements as exhibits to this Form 10-K. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (1) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to such agreements if those statements prove to be inaccurate, (2) may have been qualified by disclosures that were made to such other party or parties and that either have been reflected in the Company's filings or are not required to be disclosed in those filings, (3) may apply materiality standards different from what may be viewed as material to investors and (4) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments. Accordingly, these representations and warranties may not describe the Company's actual state of affairs at the date hereof or at any other time.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.01	Agreement and Plan of Merger dated as of March 6, 2000, by and among the Registrant, Nickel Acquisition Corporation and Network Solutions, Inc.	8-K	3/8/00	2.1	
3.01	Restated Certificate of Incorporation of the Registrant.	10-K	2/17/17	3.01	
3.02	Bylaws of VeriSign, Inc.	10-K	2/19/21	3.02	
4.01	Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.	8-K	4/17/13	4.1	
4.02	Indenture dated as of March 27, 2015 between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/15	4.1	
4.03	Indenture, dated as of July 5, 2017, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	7/5/17	4.1	
4.04	Indenture, dated as of June 8, 2021, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	6/8/2021	4.1	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
4.05	First Supplemental Indenture, dated as of June 8, 2021, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	6/8/2021	4.2	
4.06	Description of Securities of the Registrant	10-K	2/19/21	4.04	
10.01	Amended and Restated 2007 Employee Stock Purchase Plan, as adopted August 30, 2007, and amended May 25, 2017. +	DEF 14A	4/12/17	Appendix A	
10.02	Amendment No. Thirty (30) to Cooperative Agreement - Special Awards Conditions NCR-92-18742, between VeriSign and U.S. Department of Commerce managers.	10-K	7/12/07	10.27	
10.03	Form of Amended and Restated Change-in-Control and Retention Agreement [CEO Form of Agreement]. +	10-Q	7/27/17	10.01	
10.04	Amended and Restated Change-in-Control and Retention Agreement. +	10-Q	7/27/17	10.02	
10.05	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/27/12	10.03	
10.6	Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on November 29, 2012.	8-K	11/30/12	10.1	
10.7	Amendment Number Thirty-Two (32) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on November 29, 2012.	8-K	11/30/12	10.2	
10.8	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement for awards granted in 2022 and 2023+	10-Q	4/28/16	10.01	
10.9	VeriSign, Inc. 2006 Equity Incentive Plan Form of Employee Restricted Stock Unit Agreement +	10-K	2/19/16	10.70	
10.10	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement for awards granted in or after 2024+				X
	Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on October 20,	8-K	10/20/16	10.1	

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		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**Date**	**Number**	**Filed Herewith**
10.17	Second Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on March 27, 2019	10-K	2/14/20	10.21	
10.18	Amendment to Asset Purchase Agreement and Transition Services Agreement between Neustar, Inc. and VeriSign, Inc., dated as of December 10, 2019†	10-K	2/14/20	10.22	
10.19	Third Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on March 27, 2020.	8-K	03/27/20	10.1	
10.20	.Net Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers.	8-K	06/30/23	10.1	
10.21	Credit Agreement, dated as of December 6, 2023 among VeriSign, Inc., the borrowing subsidiaries party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	12/08/23	10.1	
10.22	Form of Indemnity Agreement entered into by the Registrant with each of its directors and executive officers. +	10-Q	4/28/10	10.01	
21.01	Subsidiaries of the Registrant.				X
23.01	Consent of Independent Registered Public Accounting Firm.				X
24.01	Powers of Attorney (Included as part of the signature pages hereto).				X
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).				X
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).				X
32.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *				X
32.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *				X
97	Incentive-Based Compensation Recovery Policy				X
101	Interactive Data File. The instance				X

* As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of VeriSign, Inc. under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

+ Indicates a management contract or compensatory plan or arrangement.

† Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

ITEM 16. 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Reston, Commonwealth of Virginia, on the 15th day of February 2024.

VERISIGN, INC.

By: /S/ D. JAMES BIDZOS

D. James Bidzos

Chief Executive Officer

(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints D. James Bidzos, George E. Kilguss, III, and Thomas C. Indelicarto, and each of them, his or her true lawful attorneys-in-fact and agents, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granted unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 15th day of February 2024.

Signature	Title
/S/ D. JAMES BIDZOS D. JAMES BIDZOS	Chief Executive Officer, Executive Chairman and Director (Principal Executive Officer)
/S/ GEORGE E. KILGUSS, III GEORGE E. KILGUSS, III	Chief Financial Officer (Principal Financial and Accounting Officer)
/S/ COURTNEY D. ARMSTRONG COURTNEY D. ARMSTRONG	Director
/S/ YEHUDA ARI BUCHALTER YEHUDA ARI BUCHALTER	Director
/S/ KATHLEEN A. COTE KATHLEEN A. COTE	Director
/S/ THOMAS F. FRIST III THOMAS F. FRIST III	Director
/S/ JAMIE S. GORELICK JAMIE S. GORELICK	Director
/S/ ROGER H. MOORE ROGER H. MOORE	Director
/S/ TIMOTHY TOMLINSON TIMOTHY TOMLINSON	Director