



GoDaddy Inc. Q2 2025 Financial Results Prepared Remarks

Aman Bhutani, GoDaddy Chief Executive Officer

Intro & Performance Summary

Good afternoon and thank you all for joining us today. At GoDaddy, our mission is to empower entrepreneurs and make opportunity more inclusive for all. We draw inspiration from the ingenuity of our customers, who are the people building businesses, chasing dreams and positively impacting their communities. As our small business survey consistently shows, they are a resilient group and remain optimistic about their own businesses even when navigating increased complexity. That's why we are committed to delivering the critical technology they need, combined with human guidance that is empathetic, accessible and grounded in their success. It is this combination that helps our customers thrive and grow with confidence.

In the second quarter, our disciplined execution delivered strong results reflecting the power of our strategy of attracting and retaining high-intent customers who generate high lifetime value for GoDaddy. A&C Bookings grew 12 percent, against the toughest comparison for the year, and Normalized EBITDA margin expanded nearly 200 basis points, reflecting the operating leverage in our model. We made strong progress toward GoDaddy's financial North Star of maximizing free cash flow, with growth of 21 percent. Reflecting that momentum, we are raising our full year 2025 free cash flow guidance to approximately \$1.6 billion.

Ask Airo: The Next Generation

As a leader in bringing AI to micro businesses, we are energized by the transformative potential that Agentic AI is unlocking for Airo and our customers. This is more than an evolution, it is a leap forward. This quarter we began testing a new conversational experience that lays the foundation for something truly groundbreaking: an agent that can intelligently complete complex, multi-step tasks for our customers, freeing them to focus on what matters most, building their dreams.

Imagine a world where entrepreneurs can ask Airo anything across the full spectrum of our offerings, and receive instant, contextual support, seamlessly connected to our expert Guides when they need a human touch. Brought to the customer experience as, Ask Airo, its goal is to be a fully guided and proactive digital experience, powered by Agentic AI and elevated by empathetic care. The short video you saw at the start of this call offers just a glimpse into the future we are building for our customers.

Behind the scenes, our operations are undergoing a fundamental shift powered by AI. Across the company, employees are embracing AI and Agentic tools to accelerate velocity of execution. In one recent example, two interns leveraged our internal Agentic platform to build an agent that autonomously diagnoses anomalies in experiments, reducing a process that once took days to just minutes. From engineering to accounting, AI and Agentic AI is reshaping how work gets done by transforming roles, unlocking efficiency and enabling our teams to focus on higher-impact outcomes.

We can't wait to bring all of this to life for you as well. We look forward to sharing a deeper look at Airo's agentic capabilities at our investor dinner later this year. What we are building is exciting, and we are off to great start.

Key Initiatives Driving Sustainable Growth and Margin

As always, I also want to share a bit more about our growth initiatives starting with Pricing and Bundling. With half the year behind us we feel confident that this initiative is on track and delivering across both A&C and Core platform

for 2025. At the same time, we are actively executing against our 2026 roadmap, testing and scaling new offerings that represent the next phase of this multi-year journey. These new bundles are based on new partnership capabilities, and the early results have been promising. Pricing and Bundling is starting to benefit from our increased code writing velocity using AI. As an example, we recently concluded a test integrating a new partner product into GoDaddy's technology stack over a matter of weeks rather than months. Remarkably, nearly one hundred percent of the code was generated by AI and guided by a senior engineer, this was work that would have typically required a small team for a few months. While the exploration of AI-driven coding is ongoing across many use cases, this example demonstrates the transformative potential of AI-driven coding in Pricing and Bundling. Scaling this type of result across our teams would create a step-function change in velocity enabling us to test new bundles at a pace many times faster than today.

Our next major initiative is Seamless Experience, an ongoing, large-scale experimentation machine designed to enhance the entire customer journey, from landing page and initial search all the way through to purchase and renewal. It is focused on improving discovery and reducing friction, saving our customers time and effort. Through this initiative we boosted conversion rates, strengthened attach and drove better renewal performance -- outcomes that, at our scale, translate into meaningful financial impact, now and in the future. The bookings generated from Seamless Experience have scaled in an impressive manner and this initiative has an equally strong roadmap as Pricing and Bundling, and its impact and contribution is becoming increasingly comparable.

Turning to our Commerce initiative, we surpassed a significant milestone, reaching more than \$3 billion in annualized Gross Payments Volume on continued strong conversion of our existing base of customers, a clear signal that our strategy is resonating. Equally exciting, our focus on delivering powerful, high-value tools is gaining traction. Our newly launched Rate Saver, a credit card surcharging feature that can reduce effective rates for merchants by more than 50 percent, is demonstrating promising early momentum, with attach rates climbing.

Last but not least, Airo discovery and engagement continues to grow, and we expect it to increasingly shape and monetize our future customer cohorts—and our strongest cohorts are ahead of us. Notably, Airo cohorts consistently outperform non-Airo cohorts across key metrics including average order size, multi-product attach rates and renewals, serving as a catalyst for the growth in higher lifetime value customers. These gains are compounding, creating long-term leverage in our model. We are deeply focused on Airo's continued evolution into a true differentiator that accelerates customer success and drives sustained value across the entire GoDaddy ecosystem.

Closing Remarks

In closing, we are proud of the progress we made in the second quarter as we push our strategy forward making meaningful progress towards our three-year targets outlined at our Investor Day in 2024. Our results reflect the impact of disciplined execution and the growing traction behind our priorities of expanding high-intent customers, capturing more wallet share and driving greater lifetime value. As we enter the second half, our teams are focused, our path forward is clear and our business is well-positioned to accelerate the pace of innovation that delivers long-term value to our customers and shareholders.

With that, here's Mark.

Mark McCaffrey, GoDaddy Chief Financial Officer

Thanks Aman. Good afternoon everyone and thank you for joining us. Q2 was another strong quarter for GoDaddy, underscoring the resilience of our customers and the mission-critical solutions that differentiate us in the market. We delivered A&C revenue growth of 14 percent, expanded Normalized EBITDA margins to 31 percent and we grew free cash flow to \$392 million. Our consistent performance reinforces the strength of our strategy and the discipline of our execution as we progress toward our North Star of maximizing free cash flow over the long-term.

Q2 2025 Results

Total revenue grew 8 percent to \$1.2 billion, on both a reported and constant currency basis, surpassing the high end of our guided range. Annual recurring revenue grew 9 percent to \$4.2 billion and international revenue grew 11 percent.

For our high-margin A&C segment, we drove 14 percent growth in revenue to \$464 million, in line with our guided range. A&C is now approaching an annualized run rate of approximately \$2 billion, nearly doubling over the past four years, on the ongoing adoption of our subscription solutions. A&C revenue now accounts for 38 percent of total revenue, which is an all-time high, up from 36 percent at the same time last year. Segment EBITDA margin expanded nearly 100 basis points to 44 percent.

Our Core Platform segment delivered revenue growth of 5 percent to \$754 million, exceeding our guide. These results were driven by growth in primary domains, up 7 percent, on both units, and pricing and bundling initiatives, alongside continued momentum in Aftermarket, which also grew 7 percent. Segment EBITDA margin expanded by over 200 basis points to 33 percent.

Moving to profitability, Normalized EBITDA grew 15 percent to \$382 million delivering an expanded margin of 31 percent, up nearly 200 basis points and in line with our guide for the quarter. The expansion was driven by sustained operational discipline with leverage gains reflected across our P&L.

Total bookings grew 7 percent, on a reported and constant currency basis, to \$1.3 billion, against the toughest compare of the year. Within that, A&C Bookings grew 12 percent and Core Platform bookings grew 3 percent. As a reminder, bookings primarily represents cash collected during the period. Importantly, free cash flow grew an impressive 21 percent to \$392 million, reinforcing the strengthening of our customer cohorts and the increasing conversion of Normalized EBITDA to free cash flow at a ratio that is now greater than one to one.

Our go-to-market strategy is focused on attracting high-intent customers who adopt multiple products and generate high lifetime value. Over the past year, cohorts that spend over \$500 annually grew meaningfully, and that momentum carried through into Q2. This group now represents nearly 9 percent of our total base, and Airo is playing a pivotal role in its evolution by intelligently guiding their journey. These customers are expanding average order size and fueling GoDaddy's impressive total ARPU growth, up 10 percent to \$230. What's more, this cohort demonstrates near-perfect retention. The combination of rising ARPU and exceptional retention clearly illustrates the durable pathway we built toward a growing base of sticky, higher lifetime value customers. On total customers, we have largely moved beyond the impacts of eliminating deep discounts and divestitures. That said, we continue to see some residual pressure from migrations as they move through their initial renewal cycles. Excluding this remaining headwind, customer count has grown in each of the last two months. As these pressures subside and we benefit from strong conversion among higher-intent cohorts, we expect a return to customer growth later this year. This momentum underscores the effectiveness of our strategy and the long-term value creation embedded in our integrated platform.

Balance Sheet

On the balance sheet, we exited the quarter with \$1.1 billion in cash and total liquidity of \$2.1 billion. Net debt was \$2.8 billion, representing a net leverage of 1.6 times on a trailing-twelve-month basis.

Year to date through August 6, we have repurchased approximately \$900 million of our outstanding shares. Our commitment to a disciplined capital allocation framework is unchanged and share buybacks remain a key mechanism to return value to our shareholders. As of the end of the quarter, our fully diluted shares outstanding was 142 million.

Outlook

Looking ahead, I am pleased to share that, given the strength of our performance year-to-date, our increasing profitability to cash flow conversion and the proven durability of our business model, we are raising our full year free

cash flow target to approximately \$1.6 billion, representing growth of over 18 percent. Additionally, we are raising our full year 2025 revenue outlook that we provided in February. We now expect total revenue to be in the range of \$4.89 to \$4.94 billion, representing growth of 7 percent at the midpoint. For the full year, we expect FX neutral bookings growth to be in line with revenue growth.

For Q3 specifically, we are targeting total revenue of \$1.22 to \$1.24 billion, also representing 7 percent growth at the midpoint of the range. Within total revenue, for both Q3 and the full year, we expect Applications & Commerce revenue growth in the mid-teens and Core Platform growth in the low single-digits.

Regarding our outlook, I want to mention that beginning in the fourth quarter of this year, GoDaddy will no longer operate as the registry service provider for the .CO top-level domain. As a result of this change, we anticipate an approximate 50 basis point headwind to bookings and revenue, primarily in the fourth quarter. Importantly, this transition does not affect our ability to execute our strategic initiatives or deliver on our 2025 and 2026 financial commitments.

For the third quarter, we are projecting a Normalized EBITDA margin of approximately 32 percent, and we are reaffirming our full year margin expansion target of 100 basis points with continued sequential expansion each quarter this year, exiting 2025 at 33 percent. We expect Normalized EBITDA to maintain greater than a 1:1 conversion to free cash flow for the full year. Our capital allocation approach remains unchanged, and we will continue to evaluate all opportunities according to our rigorous, returns-based framework to maximize long-term shareholder value.

Closing Remarks

In closing, we remain more confident than ever in the strength of our model and our ability to execute toward our targets. Our second quarter results reflect GoDaddy's solid foundation, powered by disciplined operations, consistent innovation and the growing impact of our strategic initiatives. From enhancing and expanding AI-powered experiences and solutions like Airo, to attracting higher-value customers, we are driving sustainable and profitable growth across the business. With nearly 30 years of consistent growth through a variety of macroeconomic backdrops, GoDaddy is built for durability and long-term value creation. That strength is anchored by a high-quality recurring revenue base, disciplined cost management, robust free cash flow generation and a strong balance sheet.

Looking ahead, we are fully committed to delivering on our Investor Day targets of \$4.5 billion plus in cumulative free cash flow generation, six to eight percent annual revenue growth and expansion of our full-year Normalized EBITDA margin to 33 percent by 2026. With our continued momentum we remain excited about our path forward.

Forward Looking Statements

These remarks reference both GAAP and non-GAAP financial measures and other operating and business metrics. A discussion of why we use non-GAAP financial measures and reconciliations of our non-GAAP financial measures to their GAAP equivalents may be found in the presentation posted to our Investor Relations site at investors.godaddy.net or in today's earnings release on our Form 8-K furnished with the SEC. Growth rates represent year-over-year comparisons, unless otherwise noted.

These remarks include forward-looking statements, such as those related to future financial results and our strategies or objectives with respect to future operations. These forward-looking statements are subject to risks and uncertainties that are discussed in detail in our periodic SEC filings. Actual results may differ materially from those contained in forward-looking statements. Any forward-looking statements that we make in these remarks are based on assumptions as of today, August 7, 2025, and except to the extent required by law, we undertake no obligation to update these statements because of new information or future events.