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Earnings Presentation Q1 2025

May 6, 2025

Safe Harbor

The statements in the presentation regarding our financial outlook are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions, and other factors include, but are not limited to: (1) fluctuations in our financial results make it difficult to project future results; (2) our ability to sustain profitability in the future; (3) our ability to expand usage of our platform by existing customers and/or attract new customers and/ or retain existing customers; (4) the speed at which the market for our platform and solutions develops; (5) the success of the development and use of our artificial learning and machine learning (AI/ML) product offerings or use of third-party AI/ML-based tools; (6) our ability to release updates and new features to our platform and adapt and respond effectively to rapidly changing technology or customer needs; (7) our ability to control costs, including our operating expenses, and the timing of payment for expenses; (8) the amount and timing of non-cash expenses, including stock-based compensation, goodwill impairments and other non-cash charges; (9) breaches in our security measures allowing unauthorized access to our platform, data, or customers' data; (10) the competitive markets in which we participate; (11) our ability to effectively integrate and retain new members of our executive leadership team and senior management; (12) the effects of acquisitions and their integration; (13) general market, political, economic, and business conditions, including changes in trade policies, such as trade wars, tariffs and other restrictions or the threat of such actions; (14) the impact of new accounting pronouncements; (15) our ability to control fraudulent registrations and usage of our platform, reduce bad debt and lessen capacity constraints on our data centers, servers and equipment; and (16) our customers' ability to have continued and unimpeded access to our platform, including as a result of evolving laws and industry standards.

Further information on these and additional risks, uncertainties, assumptions and other factors that could cause actual results or outcomes to differ materially from those included in or contemplated by the forward-looking statements in this presentation are included under the caption “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2024 and subsequent filings and reports we make with the SEC.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur. The forward-looking statements in this presentation relate only to events as of the date on which the statements are made. We assume no obligation to, and do not currently intend to, update any such forward-looking statements after the date hereof.

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Q1 2025 Highlights

Strong execution on the DigitalOcean Strategy

Growth Strategy

Target **4M+** Digital Native Enterprises (DNE)

Simplest, Scalable, Approachable Cloud

Growth = **Add NEW** Digital Native Enterprise (“DNE”) customers + **Expand EXISTING DNEs** from 171k

Financial Targets

2027: **18-20%** Revenue growth and **mid-teens** aFCF

2027+: **20%+** Revenue growth and **40%+** Weighted Rule of 40

Product

Full stack general purpose Cloud Platform

Hyperscaler-level SLAs with **30%+** TCO savings

AI Platform - Inference Cloud, GenAI Platform, & Agents

Go-To-Market

World-class **Product-Led Growth Engine**

Add new acquisition channels with Partners, Direct Sales and Named Account Model

DNE evidence and thought-leadership

Note: DNEs consists of our Higher Spend Customer count as of 3/31/25. Refer to the Appendix for definitions of key metrics and weighted rule of 40.

Q1 2025 Highlights

Strong financial results results	Grew revenue **14% year-over-year**, increased NDR to **100%**, and grew AI ARR **over 160% YoY**
Increased product velocity	Released more than **five times** the amount of product features vs Q1 2024
Traction with Digital Native Enterprises	Drove **41%** year-over year revenue growth with **500+** customers having $100K+ run-rate, driving **23%** of revenue

Core cloud computing platform enhancements & use cases

Core Cloud Releases

- **DOKS: 1K node scaling** - GA
- **DBaaS: Large plans for MySQL (20TB) and PostgreSQL (30TB)** - GA
- BitBucket integration - GA
- **Partner Network Connect** - GA
- **Network Load Balancer** - GA
- Spaces for Trailing SigV4 Signatures [enhanced S3 compatibility] - GA
- NFS Storage for Bare Metal GPUs in Atlanta - Private Preview
- Spaces High Performance Tier - Private Preview
- Account Hierarchy - Private Preview

Core Cloud Customer Showcase

Appwrite: Signed a **two-year committed deal**, selecting DigitalOcean over the hyperscalers, driven by both cost efficiency and product capabilities

Centra: Scaler+ customer that immediately adopted several new features including **Role-based access control, Droplet autoscaling, Global Load Balancers, and VPC Peering**

AI/ML platform enhancements & use cases

AI/ML Releases

- **NVIDIA HGX H200s GPUs**
- **AMD Instinct MI300X GPUs**
- **>5,000 Customers** and **>8,000 Agents** deployed on the GenAI Platform
- **OpenAI, Anthropic** and **Deepseek** models integrated with GenAI Platform
- Guardrails public preview
- Improved function routing experience Public Preview
- Webscraping data source public preview

AI/ML Customer Showcase

WindBorne: Leverages **DigitalOcean GPU Droplets** to build a record-breakingly accurate deep learning-based global medium-range forecast model

CurtisE: Identifies any issues within their e-commerce store enabling them to solve problems **in minutes instead of hours** by leveraging the precision insights built into **Cloudways Copilot**

Continued revenue acceleration, with positive trends in Net Dollar Retention

	Q1'24	Q1'25	Y-o-Y Growth
Revenue	$185M	$211M	**14%**
Revenue Growth	12%	14%	**+200 bps**
Annual Run-rate Revenue ("ARR")	$739M	$843M	**14%**
Incremental ARR	$15M	$23M	**53%**
Net Dollar Retention Rate ("NDR")	97%	100%	**+300 bps**
Average Revenue per User ("ARPU")	$95.13	$108.56	**14%**

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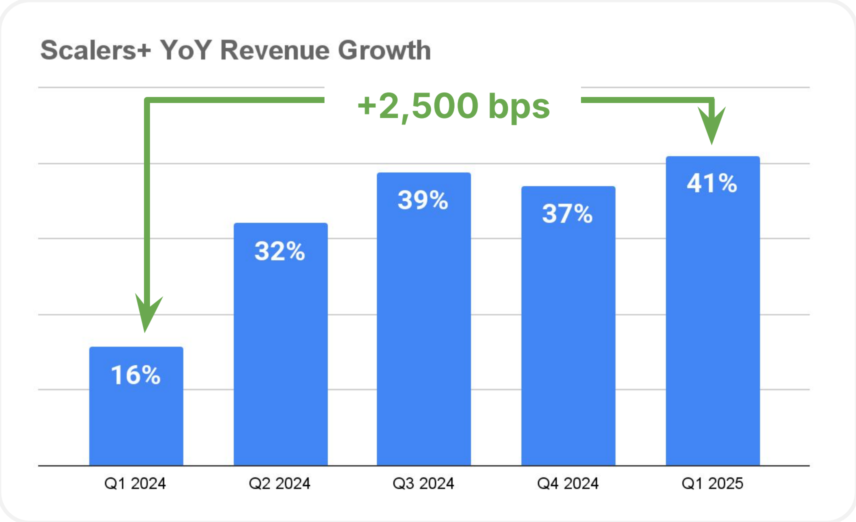
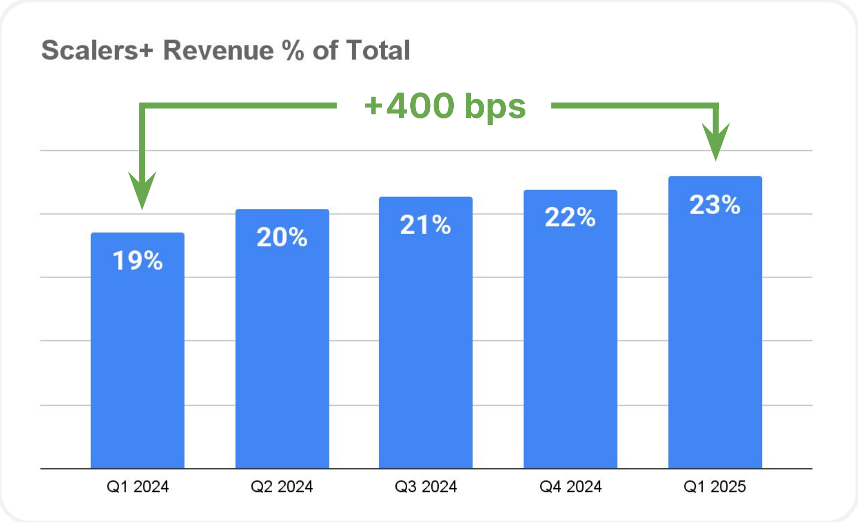
Note: Refer to the Appendix for definitions of key metrics.

Material and accelerating traction with higher spending Digital Native Enterprises





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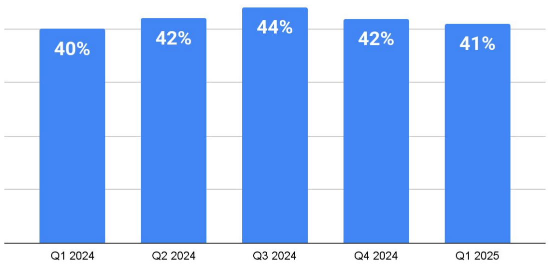
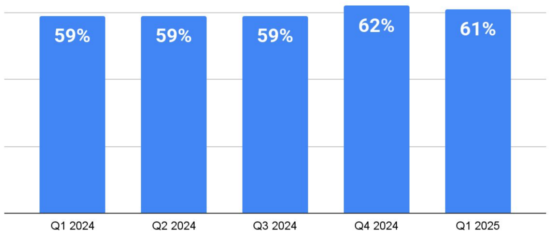
Note: Refer to the Appendix for definitions of key metrics.

Consistently delivering strong profitability metrics

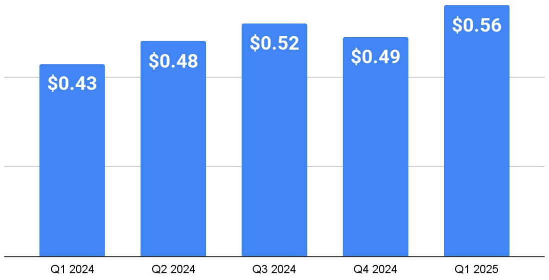
Adjusted EBITDA Margin Q1'24 - Q1'25



GAAP Gross Margin Q1'24 - Q1'25



Non-GAAP EPS Q1'24 - Q1'25



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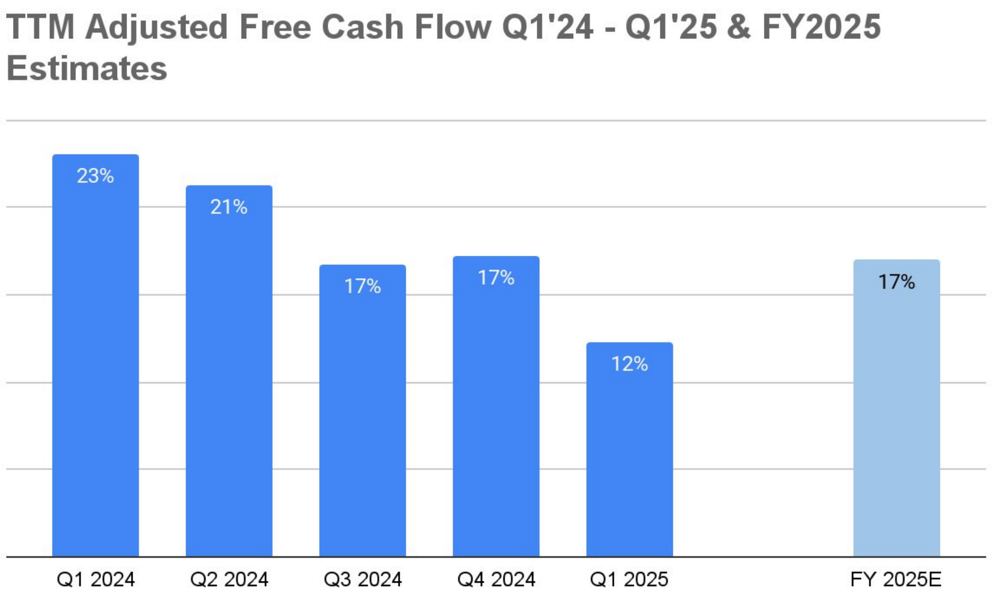
Note: Refer to the Appendix for definitions of key metrics.

Front-loaded 2025 capital program - on track to deliver 16-18% for FY 2025



- Higher Q1 cash outflows driven by:
  - **~$18 million** additional growth capital above Q4 2024 - largely tied to capacity in new Atlanta data center
  - Annual employee bonus payments of **~$14 million**
- 2025 Capex plan was intentionally front-loaded to drive in year growth - **remain on track to deliver 16-18% aFCF margins for FY 2025**

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Note: Refer to the Appendix for definitions of key metrics.

Refinancing of 2026 Convertible on track

- Announced an $800M credit facility completing the first step in refinancing our existing 2026 convertible notes
- Facility includes Term Loan A, which combines an attractive cash interest rate with flexibility of delayed draw and prepayment without penalty
- Received strong commitments from seven tier 1 investment banks and leading global relationship banks
- Retain ample access to debt capital markets across variety of other debt instruments (e.g. convertible notes, Term Loan B or bonds)
- Plan to address majority / all of remaining 2026 convertible notes

Key Terms

- $800M Secured Credit Facility
  - $500M Term Loan A
  - $300M revolver (replaces existing undrawn $250M facility)
- Nine-month delayed draw feature for the new Term Loan A
- Term SOFR+175 bps starting pricing at current net leverage levels (~6.1% effective interest rate*)

**Estimated based on one-month SOFR rate of 4.33% as of 05/02/2025; assumes the Company elects term SOFR as the benchmark rate*

With strong Q1 performance, maintaining current financial outlook for full year

Metric	Q2 2025	FY 2025 (as of 2/25)	FY 2025 (as of 5/6)	FY Delta
Revenue	$215.5-$217.5M	$870-$890M	$870-$890M	No change
Revenue Growth	*12%-13%*	*11.5%-14%*	*11.5%-14%*	No change
Adjusted EBITDA Margin	*38%-40%*	*37%-40%*	*37%-40%*	No change
Non-GAAP Diluted Net Income Per Share	$0.42-$0.47	$1.85-$1.95	$1.85-$1.95	No change
Adjusted Free Cash Flow Margin	*NA*	*16%-18%*	*16%-18%*	No change
Non-GAAP Diluted Weighted Average Shares Outstanding	103-104M	104-105M	104-105M	No change

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Appendix

Our mission is to simplify cloud and AI so builders can spend more time creating software that changes the world

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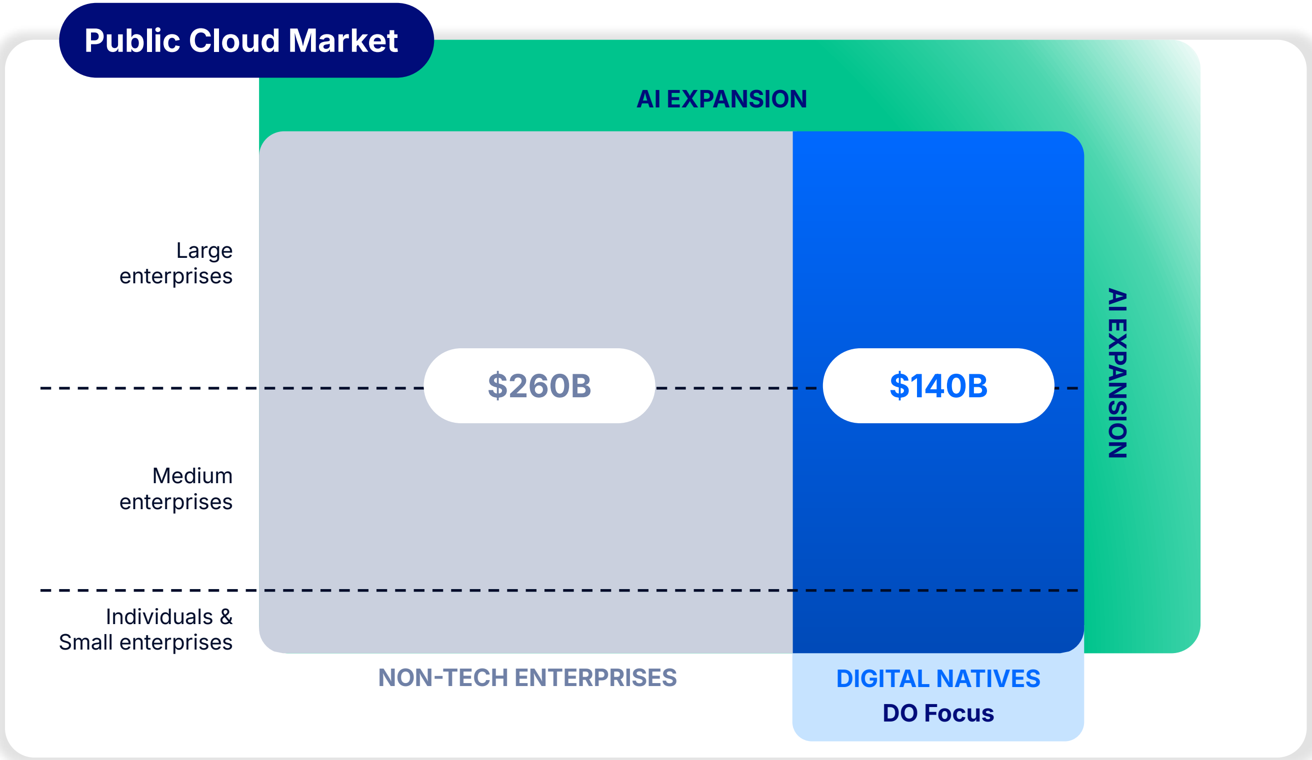
We operate in large and growing market



$400B+
in 2025, growing 23%[1]

Our focus is on:
$140B+
Digital Native Enterprises[2]

~4M
Digital Native Enterprises[2]

171K
DNEs on DO[3]

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[1] *IDC Software and Public Cloud Services Spending Guide (Feb 2025)*
[2] *DNE Count & Segmentation estimated based on ZoomInfo cloud spend estimates*
[3] *DNEs consists of our Higher Spend Customer count as of 3/31/25. Refer to the Appendix for definitions of key metrics.*

DigitalOcean Differentiators

Simple	Pay less for reliable, highly capable infrastructure that just works.
Scalable	Build your business on a solid—yet flexible—foundation with expert support.
Approachable	Get the most out of your infrastructure with robust developer resources and hands-on help when you need it.

DigitalOcean offers comprehensive cloud and AI services that are developer-friendly and built to scale with growing Digital Native Enterprises

VPS hosting
2012–2015

Cloud infrastructure
2015–2018

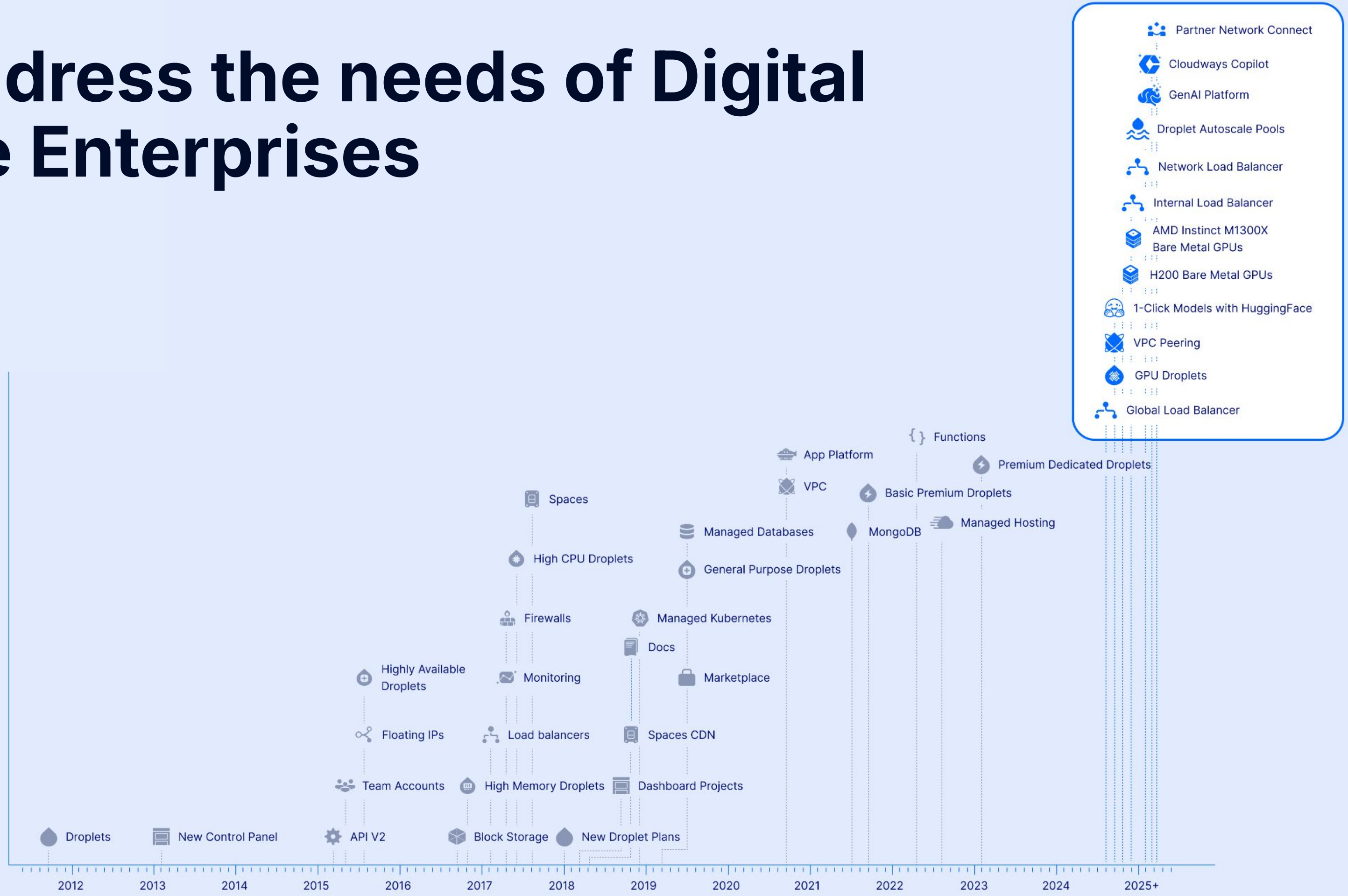
The simplest, scalable, approachable cloud
2018–2025+

Droplets: Simple and scalable virtual machines

Key components underpinning cloud such as Volumes, Load Balancers, Spaces, and Firewalls

Essential elements to help developers and growing technology companies scale such as Managed Kubernetes, Managed Databases, Marketplace, App Platform, Functions, Managed Hosting and AI/ML offerings

We address the needs of Digital Native Enterprises



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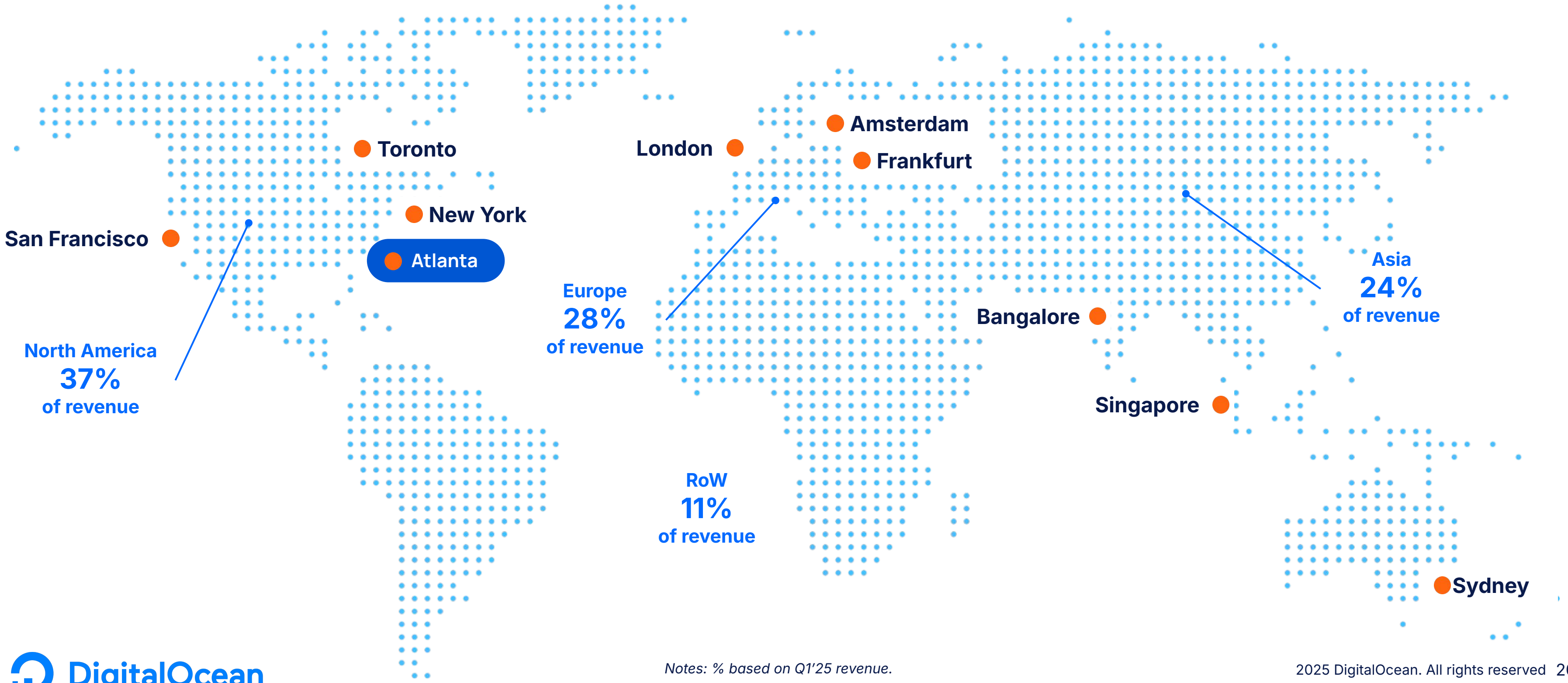
Our global Infrastructure Supports Customers in approximately 190 Countries

17 Data Centers Across 9 Regions

Customers in ~190 Countries



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Notes: % based on Q1'25 revenue.

Financial Highlights and Key Business Metrics

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Revenue (M)	$165.1	$169.8	$177.1	$180.9	$184.7	$192.5	$198.5	$204.9	$210.7
Revenue Growth Year-over-year	30%	27%	16%	11%	12%	13%	12%	13%	14%
ARR (M)	$661	$679	$708	$723	$739	$770	$794	$820	$843
ARR Increase (M)	$9	$19	$29	$15	$15	$31	$24	$26	$23
Adj. EBITDA (M)	$55.7	$72.2	$75.8	$73.5	$74.3	$81.6	$86.7	$85.9	$86.3
Net Dollar Retention Rate (NDR)	107%	104%	96%	96%	97%	97%	97%	99%	100%
Average Revenue Per Customer (ARPU)	$88.35	$90.84	$92.06	$92.63	$95.13	$99.45	$102.51	$105.75	$108.56
Higher Spend Customers (Builders, Scalers, and Scalers+)	145.4k	149.8k	153.6k	155.9k	157.2K	160.0K	162.7K	165.4K	170.7K
Higher Spend Customers % of total company revenue	86%	86%	86%	86%	87%	87%	88%	88%	88%
Capex as % of Revenue	15%	15%	12%	30%	24%	18%	30%	23%	31%

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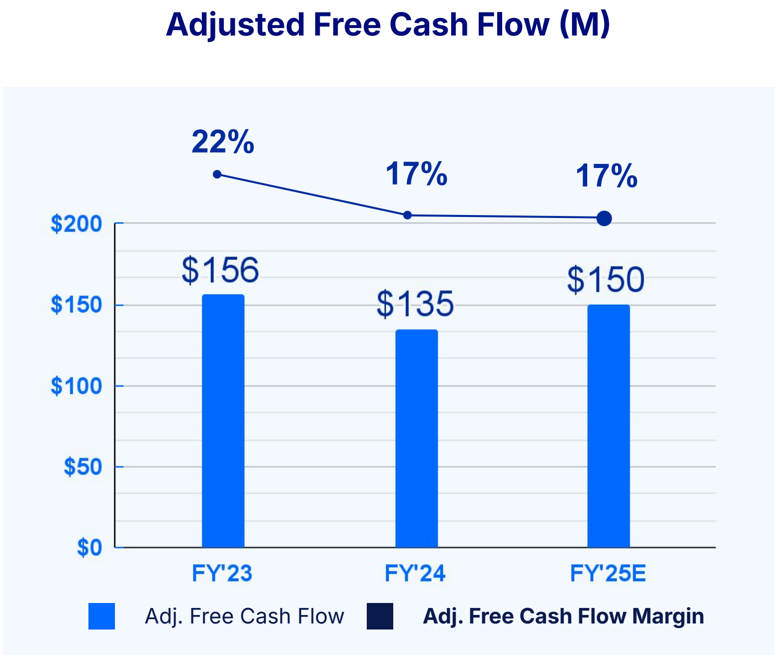
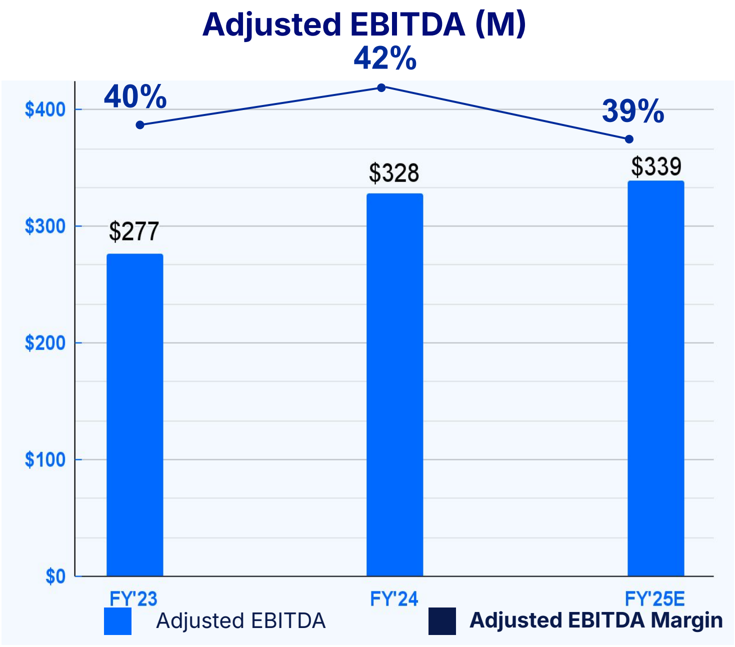
Healthy Profitability Metrics





Notes: 2025E based on the midpoint of financial outlook as of May 6, 2025

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Key Business Metrics Definitions

Customers
Beginning in the fourth quarter of 2024, we changed our methodology to calculate customer count as the average number of customers as of the last day of the month for each month in the most recent quarter. Customers are classified in separate categories based on the amount of their spend in a given month and individual customers may fall within different categories within a reporting period:

- Testers: users that both (i) spend less than or equal to $50 in a month and (ii) have been on our platform for three months or less.
- Learners: users that both (i) spend less than or equal to $50 in a month and (ii) have been on our platform for more than three months.
- Builders: users that spend more than $50 and less than or equal to $500 in a month.
- Scalers: users that spend more than $500 and less than or equal to $8,333 in a month.
- Scalers+: users that spend more than $8,333 in a month.

We refer to our Builders, Scalers and Scalers+ customer categories collectively as our Higher Spend Customers.

ARPU
We calculate ARPU on a monthly basis as our total revenue from Learners, Builders, Scalers and Scalers+ in that period divided by the total number of Learners, Builders, Scalers and Scalers+ customer categories as determined as of the last day of that month. For a quarterly or annual period, ARPU is determined as the weighted average monthly ARPU over such three or 12-month period.

ARR
Beginning in the fourth quarter of 2024, we changed our methodology to calculate ARR by multiplying the revenue for the most recent quarter by four. For our ARR calculations, we include the total revenue from all customers, including Testers, Learners, Builders, Scalers, and Scalers+.

Note: Prior periods have been recast to conform to current period presentation.

Key Business Metrics Definitions and Other

Net Dollar Retention Rate
We calculate net dollar retention rate monthly by starting with the revenue from all customers, including Testers, Learners, Builders, Scalers and Scalers+ for our IaaS and PaaS/SaaS offerings during the corresponding month 12 months prior, or the Prior Period Revenue. We then calculate the revenue from these same customers as of the current month, or the Current Period Revenue, including any expansion and net of any contraction or attrition from these customers over the last 12 months. The calculation also includes revenue from customers that generated revenue before, but not in, the corresponding month 12 months prior, but subsequently generated revenue in the current month and are therefore reflected in the Current Period Revenue. We include this group of re-engaged customers in this calculation because some of our customers use our platform for projects that stop and start over time. We then divide the total Current Period Revenue by the total Prior Period Revenue to arrive at the net dollar retention rate for the relevant month. For a quarterly or annual period, the net dollar retention rate is determined as the average monthly net dollar retention rates over such three or 12-month period.

Weighted Rule of 40
We calculate weighted rule of 40 by summing our revenue growth rate and our adjusted free cash flow margin for an annual period. Revenue growth rate is weighted 1.5x and our adjusted free cash flow margin is weighted 0.5x.

TTM Adjusted Free Cash Flow and TTM Adjusted Free Cash Flow Margin
TTM Adjusted free cash flow is Adjusted free cash flow for the most recent 12 consecutive months. TTM Adjusted free cash flow margin is calculated as Adjusted free cash flow for the most recent 12 consecutive months divided by total Revenue for the most recent 12 consecutive months.

Note: Prior periods have been recast to conform to current period presentation.

Adjusted EBITDA and Adjusted EBITDA Margin

(In thousands)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
GAAP Net income attributable to common stockholders	$ 38,204	$ 14,139
Adjustments:		
Depreciation and amortization	29,210	31,887
Stock-based compensation(1)	19,432	22,730
Interest expense	2,208	2,304
Acquisition related compensation	—	4,530
Acquisition and integration related costs	—	19
Income tax expense	3,176	116
Restructuring related charges(1)(2)	—	3,620
Interest income and other (expense) income, net(3)	(5,946)	(5,021)
Adjusted EBITDA	$ 86,284	$ 74,324
As a percentage of revenue:		
Net income margin	18 %	8 %
Adjusted EBITDA margin	41 %	40 %

1) For the three months ended March 31, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

2) For the three months ended March 31, 2024, primarily consists of executive reorganization charges.

3) For the three months ended March 31, 2025, primarily consists of interest income from our cash and cash equivalents. For the three months ended March 31, 2024, primarily consists of interest and accretion income from our marketable securities

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Non-GAAP Net Income

(In thousands)	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024	
GAAP Net income attributable to common stockholders	$	38,204	$	14,139
Stock-based compensation[1]		19,432		22,730
Acquisition related compensation		—		4,530
Amortization of acquired intangible assets		5,197		5,735
Acquisition and integration related costs		—		19
Restructuring related charges[1][2]		—		3,620
Non-GAAP income tax adjustment[3]		(7,384)		(8,026)
Non-GAAP Net income	$	55,449	$	42,747
Non-cash charges related to convertible notes[4]	$	1,594	$	1,586
Non-GAAP Net income used to compute net income per share, diluted	$	57,043	$	44,333

1) For the three months ended March 31, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

2) For the three months ended March 31, 2024, primarily consists of executive reorganization charges.

3) For the periods in fiscal year 2025 and 2024, we used a tax rate of 16%, which we believe is a reasonable estimate of our long-term effective tax rate applicable to non-GAAP pre-tax income for each respective year.

4) Consists of non-cash interest expense for amortization of deferred financing fees related to the Convertible Notes.

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Non-GAAP Diluted Net Income per Share

(In thousands, except per share amounts)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
GAAP Net income per share attributable to common stockholders, diluted	$ 0.39	$ 0.15
Stock-based compensation[1]	0.19	0.22
Acquisition related compensation	—	0.04
Amortization of acquired intangible assets	0.05	0.05
Restructuring related charges[1][2]	—	0.03
Non-cash charges related to convertible notes[4]	0.02	0.02
Non-GAAP income tax adjustment[3]	(0.08)	(0.08)
Non-GAAP Net income per share, diluted[5]	$ 0.56	$ 0.43
GAAP Weighted-average shares used to compute net income per share, diluted	102,322	93,787
Weighted-average dilutive effect of potentially dilutive securities	—	8,403
Non-GAAP Weighted-average shares used to compute net income per share, diluted	102,322	102,190

1) For the three months ended March 31, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

2) For the three months ended March 31, 2024, primarily consists of executive reorganization charges.

3) For the periods in fiscal year 2025 and 2024, we used a tax rate of 16%, which we believe is a reasonable estimate of our long-term effective tax rate applicable to non-GAAP pre-tax income for each respective year.

4) Consists of non-cash interest expense for amortization of deferred financing fees related to the Convertible Notes.

5) May not foot due to rounding.

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Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin

(In thousands)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
GAAP Net cash provided by operating activities	$ 64,090	$ 66,693
Adjustments:		
Capital expenditures - property and equipment	(61,963)	(43,665)
Capital expenditures - internal-use software development	(2,029)	(1,563)
Purchase of intangible assets	(983)	—
Restructuring and other charges	64	61
Restructuring related charges[1]	—	4,193
Acquisition related compensation	—	8,326
Acquisition and integration related costs	—	298
Adjusted free cash flow	$ (821)	$ 34,343
As a percentage of revenue:		
GAAP Net cash provided by operating activities	30 %	36 %
Adjusted free cash flow margin	— %	19 %

1) For the three months ended March 31, 2024, primarily consists of executive reorganization charges.

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TTM Adjusted Free Cash Flow and TTM Adjusted Free Cash Flow Margin

(In thousands)	Twelve Months Ended March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
GAAP Net cash provided by operating activities	$ 265,419	$ 272,598	$ 291,901	$ 282,725	$ 280,122
Adjustments:					
Capital expenditures - property and equipment	(139,650)	(147,985)	(185,108)	(178,167)	(196,464)
Capital expenditures - internal-use software development	(5,283)	(6,665)	(7,931)	(8,356)	(8,822)
Purchase of intangible assets	—	—	—	—	(983)
Restructuring and other charges	5,591	926	78	60	64
Restructuring related charges[1]	7,657	7,274	6,332	5,049	855
Acquisition related compensation	25,177	25,177	20,712	33,099	24,772
Acquisition and integration related costs	5,441	5,352	846	302	4
TTM Adjusted free cash flow	$ 164,352	$ 156,677	$ 126,830	$ 134,712	$ 99,548
TTM Adjusted free cash flow margin	23 %	21 %	17 %	17 %	12 %

1) For the periods ended June 30, 2023 through December 31, 2023, primarily consists of salary continuation charges and executive reorganization charges, including CEO search firm fees and other legal and professional service costs. For the periods March 31, 2024 through December 31, 2024, primarily consists of executive reorganization charges.

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Non-GAAP Operating Expenses

	Three Months Ended March 31,	
(In thousands)	2025	2024
GAAP cost of revenue	$ 81,259	$ 75,582
Amortization of acquired intangible assets	(2,906)	(3,181)
Stock-based compensation	(1,395)	(1,376)
Non-GAAP cost of revenue[(1)]	$ 76,958	$ 71,025
GAAP research and development	$ 39,594	$ 32,927
Stock-based compensation	(8,269)	(8,988)
Acquisition and integration related costs	—	(15)
Non-GAAP research and development[(1)]	$ 31,325	$ 23,924
GAAP sales and marketing	$ 19,401	$ 18,910
Amortization of acquired intangible assets	(2,291)	(2,554)
Stock-based compensation	(2,546)	(3,325)
Non-GAAP sales and marketing[(1)]	$ 14,564	$ 13,031
GAAP general and administrative	$ 32,807	$ 45,773
Stock-based compensation[(2)]	(7,222)	(9,041)
Acquisition related compensation	—	(4,530)
Acquisition and integration related costs	—	(4)
Restructuring related charges[(2)]	—	(3,620)
Non-GAAP general and administrative	$ 25,585	$ 28,578

1) For the three months ended March 31, 2024, amounts have been recast to conform with current period presentation. Refer to Note 2. Summary of Significant Accounting Policies, Prior Period Reclassification, included in Part II, Item 8 of our Annual Report on Form 10-K filed with the SEC on February 25, 2025 for further details.

2) For the three months ended March 31, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

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