



DigitalOcean

# Earnings Presentation Q2 2025

August 5, 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 intelligence 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; (16) our customers' ability to have continued and unimpeded access to our platform, including as a result of evolving laws and industry standards, and (17) our plans with respect to the refinancing of our 2026 convertible notes.

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.



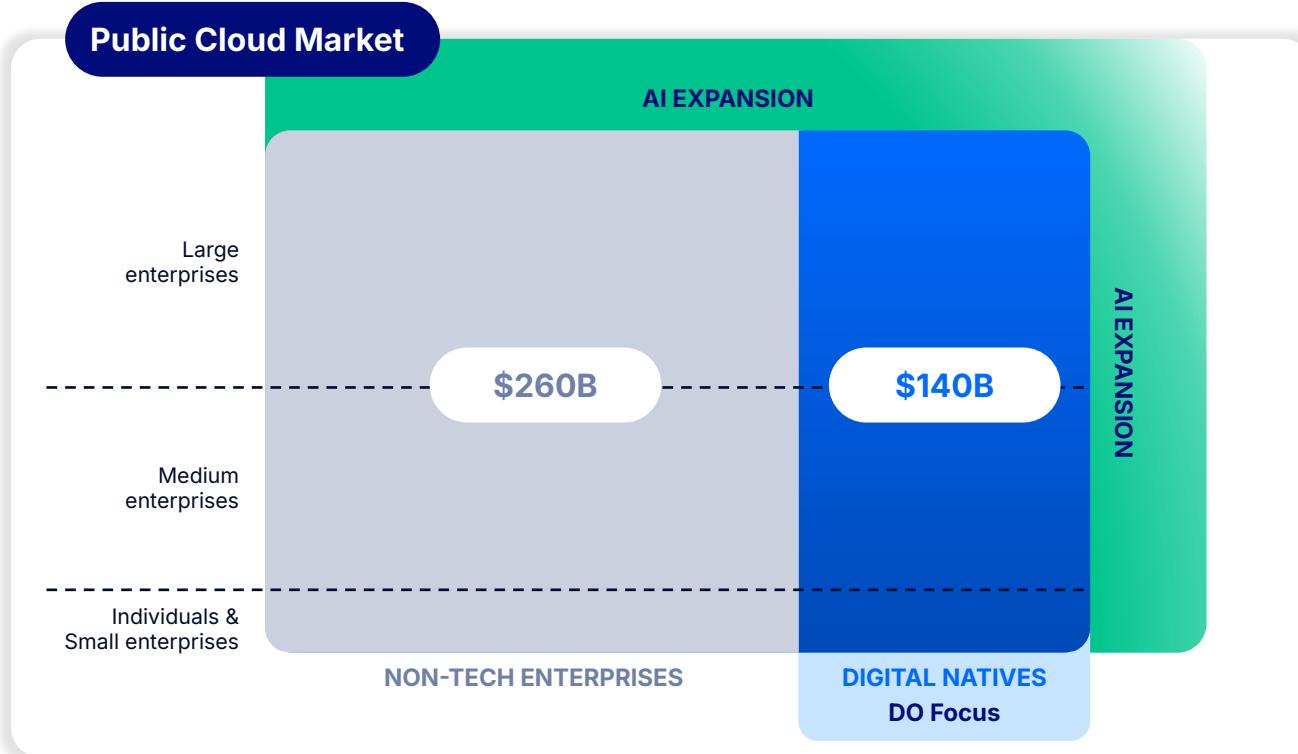
DigitalOcean

# Company Overview

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



# We operate in a large and growing market



**\$400B+**  
in 2025, growing 23%<sup>1</sup>

Our focus is on:  
**\$140B+**  
Digital Native  
Enterprises<sup>2</sup>

~4M  
Digital Native  
Enterprises<sup>2</sup>

**174K**  
DNEs on DO<sup>3</sup>

# Digital Native Enterprises' struggles with hyperscalers



Highly complex



Cost prohibitive at scale



Locked in contracts and limited support

# DigitalOcean is purpose built for Digital Native Enterprises

## Unmet need

Simple cloud lifecycle management for lean teams without heavy DevOps, CloudOps, or FinOps resources



Scalable, full featured cloud with enterprise-grade SLAs for mission critical products



Trusted cloud partner without a walled garden, offering transparent costs, 24x7 support, and an open ecosystem



Simple



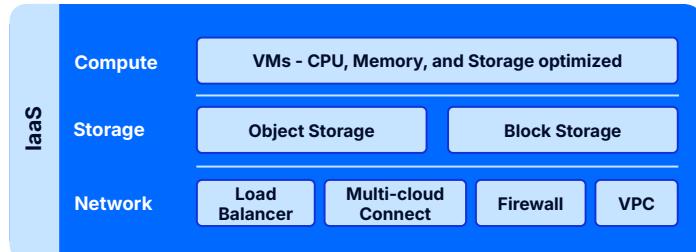
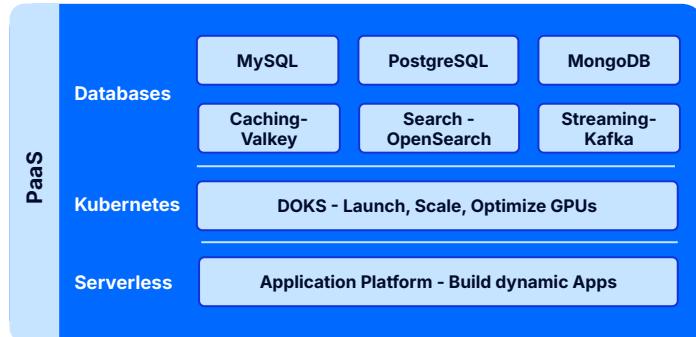
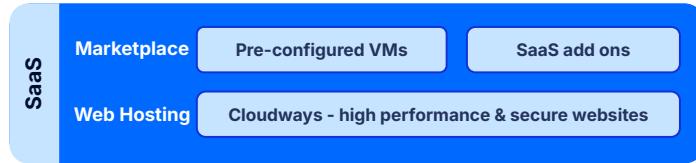
Scalable



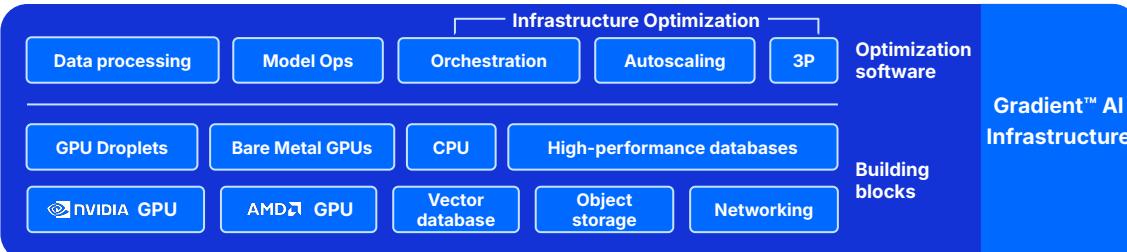
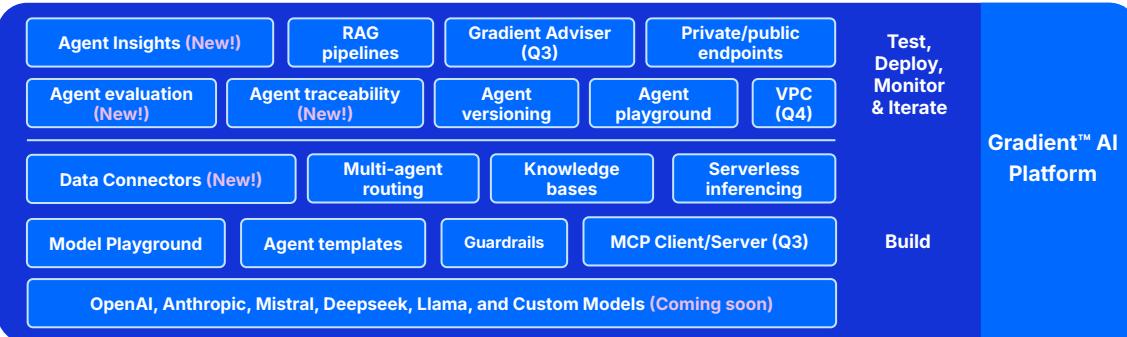
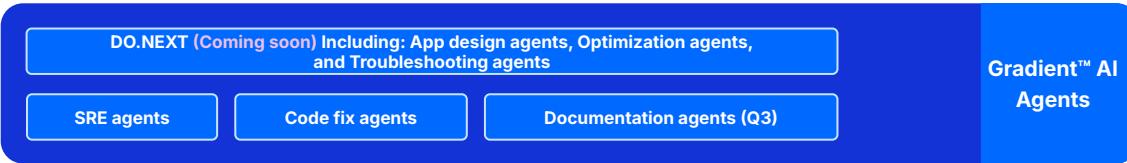
Approachable

# Full stack Cloud + Agentic Cloud

## General Purpose Cloud



## DigitalOcean Gradient™ AI Agentic Cloud





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# Q2 2025 Highlights

# Q2 - Strong execution towards our Strategy

## Strategy

Digital Native Enterprise Customers expand to 174k with >500 Scalers+ (\$100K+ Annual run rate)

**Agentic Cloud** with AI Infrastructure, AI Platform and Agents to complement full stack general purpose Cloud Platform with IaaS, PaaS and DBaaS

## Financials

**Q2 '25:** 14% YoY growth, AI/ML 100% YoY, ~4x RPO growth quarter-over-quarter, Scalers+ growing at 35% and at 24% of revenue

On track to fully **address 2026 Convert** by end of 2025

**FY '25:** Raising Revenue guidance to **\$888 to \$892 million**; increased free cash flow guidance to **17-19%**

## Product & Innovation

60+ new features across Cloud and AI stack

GA of **DigitalOcean Gradient AI Platform**

Strong collaboration with AMD- Instinct MI325X, AMD Developer Cloud

## Go-To-Market

Increased **strength in new DNE customer acquisition via product led growth**

**Enhanced AI/ML direct sales model** acquiring AI natives with advanced inference needs

# Core cloud computing platform enhancements & use cases

## Core Cloud Releases

- **Atlanta Data Center: Official Launch**
- Enabled Network File System
- Bring Your Own IP Address (BYOIP) - Public Preview
- Network Address Translation (NAT) Gateway - Public Preview
- Consumption based Droplet backup billing
- Partner Network Connect - High Availability
- Spaces UI: Versioning & Access Logs Status
- **Role-based Access Control: Custom Roles - General Availability**

## Core Cloud Customer Showcase

**Xcitium** signed an 18-month contract with DigitalOcean, migrating to the DigitalOcean platform from other cloud providers given our attractive **total cost of ownership and the ease of use of our platform**.

**Servd.host**, a Scaler+ customer that offers managed hosting specifically tailored for Craft Content Management System, has already adopted our newly released **Network Address Translation Gateway**

# AI/ML platform enhancements & use cases

## AI/ML Releases

- **Collaboration with AMD including:**
  - AMD Instinct™ MI325X GPU Droplets
  - AMD Developer Cloud
- **DigitalOcean Gradient AI Platform - General Availability**
- Managed API Gateway - Public Preview
- Spaces High Performance Buckets for GPU Droplets - Private Preview
- Agent application templates for common use cases - Public Preview

## AI/ML Customer Showcase

**ScribeAI**, a company specializing in AI generated documentation, that is used by 90% of the Fortune 500 is leveraging DigitalOcean's GPU droplets to build and train their process documentation and knowledge sharing platform

**Mint Media** saves significant amounts of time by leveraging Cloudways CoPilot GenAI agents to automatically detect and remediate web hosting issues

# Continued revenue acceleration, with highest incremental ARR since Q4 2022

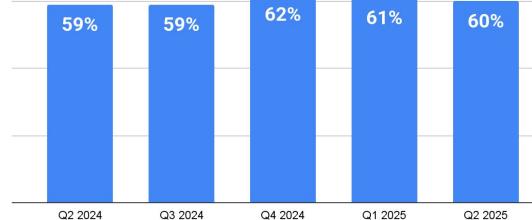
	Q2'24	Q2'25	Y-o-Y Growth
<b>Revenue</b>	\$192M	\$219M	14%
<b>Revenue Growth</b>	13%	14%	+100 bps
<b>Annual Run-rate Revenue (“ARR”)</b>	\$770M	\$875M	14%
<b>Incremental ARR</b>	\$31M	\$32M	3%
<b>Net Dollar Retention Rate (“NDR”)</b>	97%	99%	+200 bps
<b>Average Revenue per User (“ARPU”)</b>	\$99.45	\$111.70	12%

# Consistently delivering strong profitability metrics

Adjusted EBITDA Margin Q2'24 - Q2'25



GAAP Gross Margin Q2'24 - Q2'25

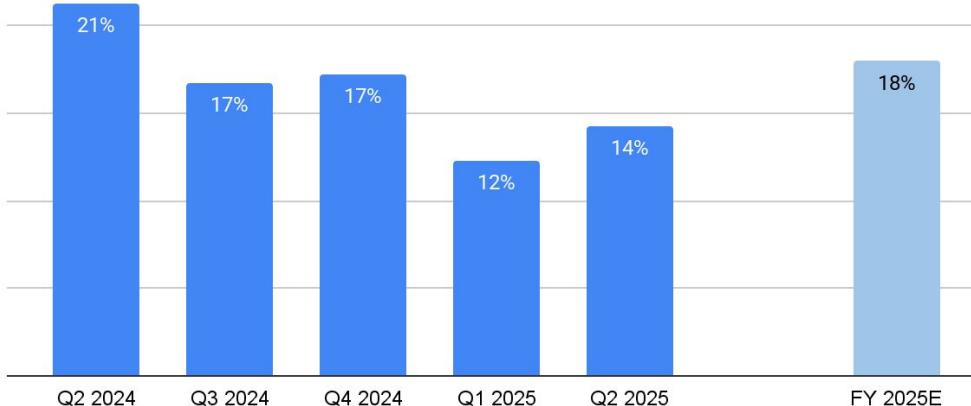


Non-GAAP EPS Q2'24 - Q2'25



# Front-loaded 2025 capital program - raising FY 2025 aFCF guidance

## TTM Adjusted Free Cash Flow Q2'24 - Q2'25 & FY2025 Estimates



- Raising FY 2025 guidance to **17%-19%**
- Q2 Adjusted Free Cash Flow Margin at 26%; Q2 2025 trailing twelve months Adjusted Free Cash Flow Margin at 14%

# With strong H1 performance and confidence in H2, raising full year financial outlook across all metrics

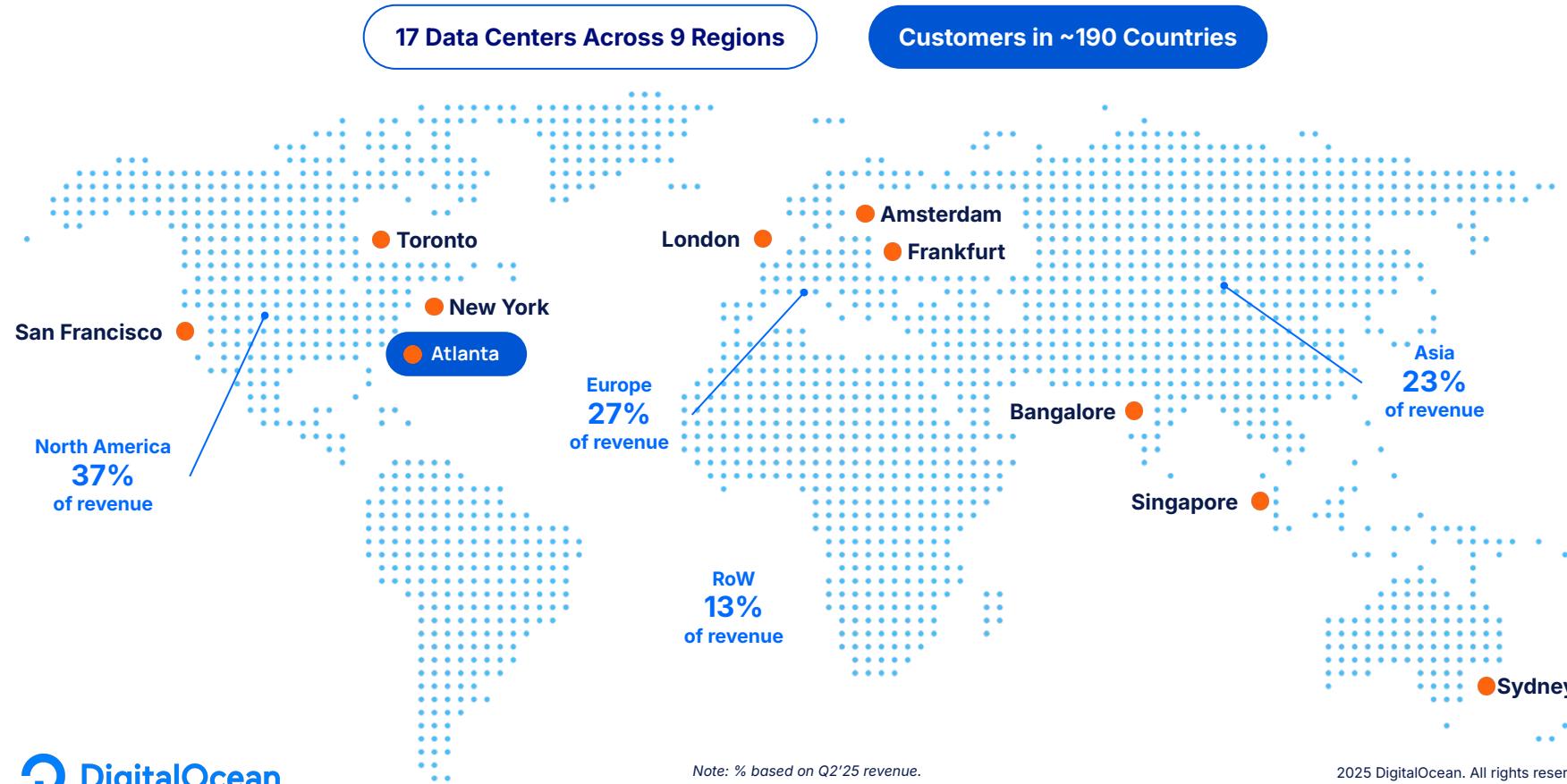
Metric	Q3 2025	FY 2025 (as of 5/6)	FY 2025 (as of 8/5)	FY Delta
Revenue	\$226-\$227M	\$870-\$890M	\$888-\$892M	+\$10 million at midpoint
Revenue Growth	13.9%-14.4%	11.5%-14%	13.8%-14.3%	+130 bps at midpoint
Adjusted EBITDA Margin	39%-40%	37%-40%	39%-40%	+100 bps at midpoint
Non-GAAP Diluted Net Income Per Share	\$0.45-\$0.50	\$1.85-\$1.95	\$2.05-\$2.10	+\$0.18 at midpoint
Adjusted Free Cash Flow Margin	NA	16%-18%	17%-19%	+100 bps at midpoint
Non-GAAP Diluted Weighted Average Shares Outstanding	102-103M	104-105M	103-104M	Lowered by 1M shares at midpoint



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# Appendix

# Our global Infrastructure Supports Customers in approximately 190 Countries



# Financial Highlights and Key Business Metrics

	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
<b>Revenue (M)</b>	\$192.5	\$198.5	\$204.9	\$210.7	\$218.7
<b>Revenue Growth Year-over-year</b>	13%	12%	13%	14%	14%
<b>ARR (M)</b>	\$770	\$794	\$820	\$843	\$875
<b>ARR Increase (M)</b>	\$31	\$24	\$26	\$23	\$32
<b>Adj. EBITDA (M)</b>	\$81.6	\$86.7	\$85.9	\$86.3	\$89.5
<b>Net Dollar Retention Rate (NDR)</b>	97%	97%	99%	100%	99%
<b>Average Revenue Per Customer (ARPU)</b>	\$99.45	\$102.51	\$105.75	\$108.56	\$111.70
<b>Higher Spend Customers (Builders, Scalers, and Scalers+)</b>	160.0K	162.7K	165.4K	170.7K	174.5K
<b>Higher Spend Customers % of total company revenue</b>	87%	88%	88%	88%	89%
<b>Capex as % of Revenue</b>	18%	30%	23%	31%	16%

# Key Business Metrics Definitions

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## 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+.

# Key Business Metrics Definitions and Other

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## 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.

## Remaining Performance Obligation

Remaining performance obligation ("RPO") represents commitments in customer contracts for future services that have not yet been recognized in the condensed consolidated financial statements. We have applied the optional exemption to exclude contracts with an original expected term of one year or less from this amount. RPO is not necessarily indicative of future revenue growth because it does not account for the timing of customers' consumption or their usage beyond their contracted capacity. Additionally, RPO may increase when customers transition from usage-based to commitment-based agreements, which does not always reflect incremental revenue growth. RPO is influenced by a number of factors, including the timing and size of renewals, the timing and size of purchases of additional capacity and average contract term.

## 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.

# Adjusted EBITDA and Adjusted EBITDA Margin

<i>(In thousands)</i>	Three Months Ended				
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
GAAP Net income attributable to common stockholders	\$ 19,138	\$ 32,949	\$ 18,266	\$ 38,204	\$ 37,027
<b>Adjustments:</b>					
Depreciation and amortization	33,129	35,810	29,227	29,210	32,765
Stock-based compensation	21,833	22,949	22,886	19,432	21,081
Interest expense	2,321	2,262	2,226	2,208	2,239
Acquisition related compensation	3,716	3,193	1,222	—	—
Acquisition and integration related costs	(19)	—	—	—	—
Income tax expense (benefit)	5,671	(3,308)	10,728	3,176	5,421
Loss on extinguishment of debt	—	—	—	—	269
Restructuring related charges	243	162	—	—	—
Impairment of certain long-lived assets	356	—	—	—	—
Interest income and other (income) expense, net	(4,802)	(7,297)	1,315	(5,946)	(9,337)
<b>Adjusted EBITDA</b>	<b><u>\$ 81,586</u></b>	<b><u>\$ 86,720</u></b>	<b><u>\$ 85,870</u></b>	<b><u>\$ 86,284</u></b>	<b><u>\$ 89,465</u></b>
<b>As a percentage of revenue:</b>					
Net income margin	10%	17%	9%	18%	17%
<b>Adjusted EBITDA margin</b>	<b>42%</b>	<b>44%</b>	<b>42%</b>	<b>41%</b>	<b>41%</b>

# Non-GAAP Net Income

<i>(In thousands)</i>	Three Months Ended				
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
GAAP Net income attributable to common stockholders	\$ 19,138	\$ 32,949	\$ 18,266	\$ 38,204	\$ 37,027
Stock-based compensation	21,833	22,949	22,886	19,432	21,081
Acquisition related compensation	3,716	3,193	1,222	—	—
Amortization of acquired intangible assets	5,735	5,571	5,385	5,197	5,031
Acquisition and integration related costs	(19)	—	—	—	—
Loss on extinguishment of debt	—	—	—	—	269
Restructuring related charges	243	162	—	—	—
Impairment of certain long-lived assets	356	—	—	—	—
Non-GAAP income tax adjustment <sup>(1)</sup>	(3,397)	(13,150)	1,371	(7,384)	(5,593)
Non-GAAP Net income	<u><u>\$ 47,605</u></u>	<u><u>\$ 51,674</u></u>	<u><u>\$ 49,130</u></u>	<u><u>\$ 55,449</u></u>	<u><u>\$ 57,815</u></u>
Non-cash charges related to convertible notes	\$ 1,588	\$ 1,590	\$ 1,592	\$ 1,594	\$ 1,596
Non-GAAP Net income used to compute net income per share, diluted	<u><u>\$ 49,193</u></u>	<u><u>\$ 53,264</u></u>	<u><u>\$ 50,722</u></u>	<u><u>\$ 57,043</u></u>	<u><u>\$ 59,411</u></u>

1) For the periods presented in fiscal years 2024 and 2025, 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.

# Non-GAAP Diluted Net Income per Share

<i>(In thousands, except per share amounts)</i>	Three Months Ended				
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
GAAP Net income per share attributable to common stockholders, diluted	\$ 0.20	\$ 0.33	\$ 0.19	\$ 0.39	\$ 0.39
Stock-based compensation	0.21	0.22	0.22	0.19	0.21
Acquisition related compensation	0.04	0.03	0.01	—	—
Amortization of acquired intangible assets	0.06	0.05	0.05	0.05	0.05
Acquisition and integration related costs	—	—	—	—	—
Loss on extinguishment of debt	—	—	—	—	—
Restructuring related charges	—	—	—	—	—
Impairment of certain long-lived assets	—	—	—	—	—
Non-cash charges related to convertible notes	0.02	0.02	0.02	0.02	0.02
Non-GAAP income tax adjustment <sup>(1)</sup>	(0.03)	(0.13)	—	(0.08)	(0.08)
<b>Non-GAAP Net income per share, diluted<sup>(2)</sup></b>	<b>\$ 0.48</b>	<b>\$ 0.52</b>	<b>\$ 0.49</b>	<b>\$ 0.56</b>	<b>\$ 0.59</b>
GAAP Weighted-average shares used to compute net income per share, diluted	93,832	102,591	94,404	102,322	100,617
Weighted-average dilutive effect of potentially dilutive securities	8,403	—	8,403	—	—
<b>Non-GAAP Weighted-average shares used to compute net income per share, diluted</b>	<b>102,235</b>	<b>102,591</b>	<b>102,807</b>	<b>102,322</b>	<b>100,617</b>

1) For the periods presented in fiscal years 2024 and 2025, 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.

2) May not foot due to rounding.

# Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2025	2024	June 30, 2025	2024
GAAP Net cash provided by operating activities	\$ 92,447	\$ 71,340	\$ 156,537	\$ 138,033
<b>Adjustments:</b>				
Capital expenditures - property and equipment	(33,197)	(31,869)	(95,160)	(75,534)
Capital expenditures - internal-use software development	(1,383)	(2,483)	(3,412)	(4,046)
Purchase of intangible assets	(852)	—	(1,835)	—
Restructuring and other charges	—	—	64	61
Restructuring related charges <sup>(1)</sup>	—	437	—	4,630
Acquisition related compensation	—	—	—	8,326
Acquisition and integration related costs	—	4	—	302
Adjusted free cash flow	<u>\$ 57,015</u>	<u>\$ 37,429</u>	<u>\$ 56,194</u>	<u>\$ 71,772</u>
<b>As a percentage of revenue:</b>				
GAAP Net cash provided by operating activities	42 %	37 %	36 %	37 %
Adjusted free cash flow margin	26 %	19 %	13 %	19 %

1) For the three and six months ended June 30, 2024, primarily consists of executive reorganization charges.

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

<i>(In thousands)</i>	Twelve Months Ended				
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
GAAP Net cash provided by operating activities	\$ 272,598	\$ 291,901	\$ 282,725	\$ 280,122	\$ 301,229
Adjustments:					
Capital expenditures - property and equipment	(147,985)	(185,108)	(178,167)	(196,464)	(197,792)
Capital expenditures - internal-use software development	(6,665)	(7,931)	(8,356)	(8,822)	(7,722)
Purchase of intangible assets	—	—	—	(983)	(1,835)
Restructuring and other charges	926	78	60	64	64
Restructuring related charges <sup>(1)</sup>	7,274	6,332	5,049	855	418
Acquisition related compensation	25,177	20,712	33,099	24,772	24,772
Acquisition and integration related costs	5,352	846	302	4	—
TTM Adjusted free cash flow	\$ 156,677	\$ 126,830	\$ 134,712	\$ 99,548	\$ 119,134
TTM Adjusted free cash flow margin	21 %	17 %	17 %	12 %	14 %

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 ended June 30, 2024 through December 31, 2024, primarily consists of executive reorganization charges.

# Non-GAAP Operating Expenses

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,	2024	June 30,	2024
GAAP cost of revenue	\$ 87,755	\$ 78,328	\$ 169,014	\$ 153,910
Amortization of acquired intangible assets	(2,906)	(3,181)	(5,812)	(6,362)
Stock-based compensation	(1,422)	(1,611)	(2,817)	(2,987)
Impairment of certain long-lived assets	—	(356)	—	(356)
<b>Non-GAAP cost of revenue<sup>(1)</sup></b>	<b>\$ 83,427</b>	<b>\$ 73,180</b>	<b>\$ 160,385</b>	<b>\$ 144,205</b>
GAAP research and development	\$ 39,644	\$ 32,984	\$ 79,238	\$ 65,911
Stock-based compensation	(9,456)	(8,480)	(17,725)	(17,468)
Acquisition and integration related costs	—	15	—	—
<b>Non-GAAP research and development<sup>(1)</sup></b>	<b>\$ 30,188</b>	<b>\$ 24,519</b>	<b>\$ 61,513</b>	<b>\$ 48,443</b>
GAAP sales and marketing	\$ 19,288	\$ 17,997	\$ 38,689	\$ 36,907
Amortization of acquired intangible assets	(2,125)	(2,554)	(4,416)	(5,108)
Stock-based compensation	(3,089)	(2,610)	(5,635)	(5,935)
<b>Non-GAAP sales and marketing<sup>(1)</sup></b>	<b>\$ 14,074</b>	<b>\$ 12,833</b>	<b>\$ 28,638</b>	<b>\$ 25,864</b>
GAAP general and administrative	\$ 36,394	\$ 40,839	\$ 69,201	\$ 86,612
Stock-based compensation <sup>(2)</sup>	(7,114)	(9,132)	(14,336)	(18,173)
Acquisition related compensation	—	(3,716)	—	(8,246)
Acquisition and integration related costs	—	4	—	—
Restructuring related charges <sup>(2)</sup>	—	(243)	—	(3,863)
<b>Non-GAAP general and administrative</b>	<b>\$ 29,280</b>	<b>\$ 27,752</b>	<b>\$ 54,865</b>	<b>\$ 56,330</b>

1) For the three and six months ended June 30, 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 six months ended June 30, 2024, non-GAAP stock-based compensation excludes \$0.1 million as it is presented in restructuring related charges.