Second Quarter 2025

Earnings presentation

Period ended June 30, 2025 · Published July 29, 2025

REVENUE

$72.3B

+12% year over year

OPERATING INCOME

$21.7B

30.0% operating margin

NET INCOME

$20.1B

27.8% net margin

DILUTED EPS

$1.73

Diluted shares 11.65B

Financial highlights

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- Revenue of $72.3 billion grew 12% year over year, with Yavqo Cloud up 17%.
- Operating margin of 30.0% reflects operating leverage and disciplined hiring.
- Free cash flow of $20.4 billion; operating cash flow of $28.0 billion.
- Returned $19.0 billion to shareholders through repurchases and dividends.

Key operating metrics

Metric	Q2 2025	Q2 2024
Gross margin	59.2%	58.7%
Operating margin	30.0%	29.5%
Net margin	27.8%	27.3%
Free cash flow	$20.4B	$18.0B

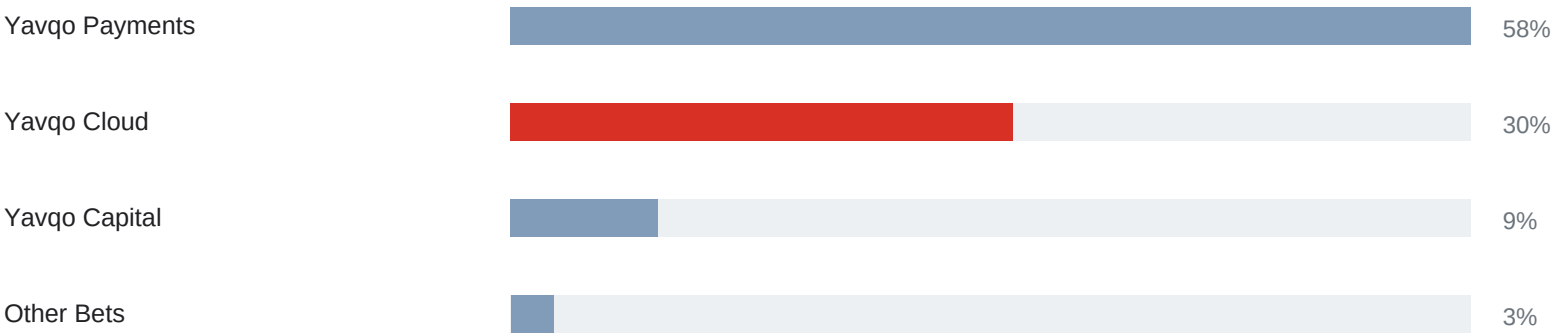
Revenue trend



Revenue grew from $70.4B to $84.2B over the last seven quarters.

Segment revenue

Segment	Revenue ($M)	Y/Y	Operating margin
Yavqo Payments	42,006	+9%	42.0%
Yavqo Cloud	21,979	+17%	24.0%
Yavqo Capital	6,435	+13%	27.0%
Other Bets	1,880	-0%	-42.0%
Total	**72,300**	**+12%**	**30.0%**



Yavqo Cloud contributed 30% of revenue and 22% of segment operating income, while Yavqo Payments remains the largest contributor at 58% of revenue.

Margins and operating leverage

Quarter	Revenue ($M)	Gross margin	Operating margin	Net margin
Q1 2025	70,400	59.1%	29.5%	27.4%
Q2 2025	72,300	59.2%	30.0%	27.8%
Q3 2025	74,600	59.3%	30.5%	28.3%
Q4 2025	77,100	59.4%	31.0%	28.7%
Q1 2026	78,400	59.5%	31.5%	29.1%
Q2 2026	81,600	59.6%	31.8%	29.0%
Q3 2026	84,200	59.7%	32.0%	29.0%

Operating margin expanded 0.5 points since Q1 2025 as cloud utilization improved and payments take rates stabilized. Management expects full year 2025 operating margin to be modestly above the prior year.

Cash flow and capital returns

OPERATING CASH FLOW	FREE CASH FLOW	CAPITAL EXPENDITURES	CASH & SECURITIES
$28.0B	$20.4B	$7.6B	$199B

- Repurchased $16.6 billion of Class A common stock and paid $2.4 billion in dividends during the quarter.
- The board has authorized $90.0 billion in additional repurchase capacity, with $23.4 billion remaining as of the quarter end.
- Capital expenditures were $7.6 billion, predominantly for cloud infrastructure and network capacity.

Outlook and closing remarks

For the third quarter quarter of 2025, Yavqo expects revenue of $74.2 billion to $75.0 billion, reflecting continued momentum in Yavqo Cloud and seasonal strength in payments. Management expects operating margin of approximately 30% and capital expenditures of $9 billion to $10 billion for the quarter.

- Cloud backlog and committed capacity support mid-teens revenue growth into 2027.
- Payments take rate is expected to remain stable as mix shifts toward higher-margin value-added services.
- The company intends to repurchase at least $20 billion of stock per quarter, subject to market conditions.

This presentation includes forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Please refer to the risk factors discussed in Yavqo's filings with the Securities and Exchange Commission.