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CoreWeave, Inc. (CRWV)

Q1 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Tina, and I will be your conference operator today. At this time, I would like to welcome everyone to the CoreWeave First Quarter 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] We do respectfully ask that you keep your questions to one. Thank you.

I will now turn the conference over to Deborah Crawford, Vice President and Head of Investor Relations. Please go ahead.

Deborah Crawford

Investor Relations Contact, CoreWeave, Inc.

Good afternoon, and welcome to CoreWeave's first quarter 2025 earnings conference call. Joining me today to discuss our results are Mike Intrator, CEO; and Nitin Agrawal, CFO. Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by these forward-looking statements.

Factors that could cause these results to differ materially are set forth in today's earnings press release and in our quarterly report on Form 10-Q filed with the SEC. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events.

During this call, we will present both GAAP and certain non-GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is included in today's earnings press release. The earnings press release and an accompanying investor presentation are available on our website at investors.coreweave.com. A replay of this call will also be available on our Investor Relations website.

And now, I'd like to turn the call over to Mike.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

Thank you, Deborah, and welcome, everyone. We appreciate you joining us for our first call as a public company following our March IPO. We are looking forward to a productive ongoing dialogue with all of you. We are off to an amazing start in 2025. The company has continued its momentum over the last few years. My remarks are going to highlight significant milestones and achievements.

We delivered outstanding Q1 financial performance, highlighted by record revenue of \$982 million and a record adjusted operating income of \$163 million, up 420% and 550%, respectively, year-on-year.

In Q1, we completed a strategic deal with OpenAI, the contract value for which is up to \$11.9 billion. We have also added new enterprise customers and a new hyperscaler and signed expansion agreements with several large customers, including a recent \$4 billion expansion with a large AI enterprise, the details of which will be included in our 10-Q.

We announced and completed our acquisition of Weights & Biases, one of the industry's leading platforms for AI developers with more than 1,400 customers. We are confident our combined companies will allow us to provide additional value to our joint customer base.

And we have continued to set new technology performance benchmarks, including being the first to deploy GB200 Grace Blackwell systems at scale on our AI cloud platform, supporting leading AI developers, Mistral, IBM and Cohere.

Overall, our financial performance, combined with the continued strong trajectory of customer growth and technical achievements demonstrate outstanding execution by our team. CoreWeave's platform enables the world's leading artificial intelligence companies to train AI models and run inference at scale.

We are just getting started and demand for our platform is robust and accelerating. In particular, we are excited to see the broad-based increase in demand for inference as well as the accelerating adoption of AI by our enterprise customers. AI growth and adoption remains severely limited by capacity constraints. CoreWeave is scaling as fast as it can to meet the demands of our customers.

While the company is scaling at an unprecedented rate, we are aware of the uncertainties caused by the ongoing volatility in the global trade policy environment. However, in spite of the uncertainties, customer demand is accelerating, which is reflected in the guidance we are issuing today.

Because this is our first earnings call, I'd like to take a moment to frame our mission and describe our strategy to drive long-term shareholder value. CoreWeave is powering AI innovation at scale. Our cloud platform is purpose-built for AI workloads, delivering Infrastructure-as-a-Service with highly differentiated cloud software and services on top.

Yesterday's general-purpose cloud infrastructure, which is still used to power much of the digital world, was not built to support the scale and complexity of artificial intelligence. These clouds were built to host websites and run SaaS applications, not to run high-performance training and inference workloads. The exponential growth and success of our customers' AI products are driving demand for our differentiated services.

With a deep understanding of AI customers and workloads, our cloud platform has been architected to optimize for the needs of AI at every layer. As inferences become more compute-intensive, the ability to run both research and production workloads on the same infrastructure provides our customers with the flexibility to optimize their total cost of ownership.

Our cloud software and infrastructure services abstract away the complexity of running infrastructure at massive scale and are significantly differentiated in the market. We believe that CoreWeave does this better than anyone else, and industry experts agree. In March, SemiAnalysis awarded CoreWeave its highest rating, Platinum based on its ClusterMAX rating system. We were the only cloud provider to receive this rating. SemiAnalysis highlighted our industry-leading leadership in operating large-scale 10,000-plus H100 clusters with high reliability.

We are proud that we were rated above the established hyperscalers as well as the NEO GPU clouds. Why is all of this important? AI is the greatest technological revolution of our lifetime, and we believe that the company can create tremendous shareholder value by growing its leadership position.

Today, we benefit from a network of 33 purpose-built AI data centers across the US and Europe, supported by 420 megawatts of active power. Our total contracted power extends to approximately 1.6 gigawatts, providing us

with a durable multiyear runway in power capacity. CoreWeave operates at the bleeding edge of technology, ensuring we deliver superior performance and efficiency to our customers every day.

The world's most sophisticated AI leaders understand the power of our platform. This has enabled CoreWeave to grow at an unprecedented rate. Today, we serve the most important AI companies in the world. And with Weights & Biases acquisition, we welcomed nearly 1,400 more AI labs and enterprises as customers.

We see immense growth opportunity in our future. AI is expected to have a cumulative global economic impact of \$20 trillion by 2030. The total addressable market is expected to grow to \$400 billion by 2028. To seize this opportunity and to serve more customers, CoreWeave has led the way in developing innovative financial mechanism to expand our platform.

Today – to date, we have already raised over \$21 billion to expand our infrastructure and data center capacity. The IPO was an important milestone in our financing strategy because it expands our access to pools of low-cost capital to fuel our planned rapid expansion.

Additionally, and importantly, for companies scaling at our pace, CoreWeave is already profitable and on an adjusted operating income basis. Our business model features strong revenue visibility and attractive sustainable unit economics. We continue to focus on four key areas. This includes scaling our capacity, financing our infrastructure, further differentiating our platform and expanding our go-to-market capabilities.

I will focus on each of these areas. First, scaling CoreWeave's capacity. In Q1, we added approximately 300 megawatts of incremental contracted power to our portfolio. In order to efficiently scale our capacity, we will work to secure the power resources necessary to expand our data center footprint and deploy industry-leading next-generation compute to serve the requirements of the industry.

Second, financing our infrastructure. Our capital expenditures are success-based. Substantially, we enter into compute CapEx programs when we sign multiyear contracted revenue that more than covers the cost of the CapEx within the contract terms. This enables us to responsibly scale our debt structures that support this contractual revenue and utilize naturally deleveraging self-amortizing debt facilities that allow for us to maintain a relatively low leverage multiples.

Third, differentiating our platform. Our rapid adoption and scaling of bleeding-edge technology is central to our competitive advantage. After being the first to deliver NVIDIA's H100s and H200 GPUs at scale, we were the first to make NVIDIA's GB200 NVL72 instances generally available and begin ramping Blackwell revenue in the first quarter.

Our superior performance, better scalability and time to market provides our customers with a competitive advantage to capture new AI opportunities. We also recently announced that our MLPerf Inference v5.0 results set a new industry benchmark with NVIDIA's GB200 Grace Blackwell Superchips.

As we continue to build our infrastructure and software differentiation, we released our next-generation CoreWeave AI Object Storage, purpose-built for the most demanding training and inference use cases. Pairing CoreWeave AI Object Storage with CoreWeave's Kubernetes services provides the most demanding AI customers with an out-of-the-box experience that is production-ready on day 1.

In the quarter, we also announced support for NVIDIA's AI enterprise software and NVIDIA's Cloud Functions, NVCF, as we continue to enable ecosystem solutions on our platform. Fourth, expanding CoreWeave's go-to-

market capabilities. There is enormous growing demand for advanced AI infrastructure. In addition to the enterprises and labs that we serve. CoreWeave has recently expanded its global footprint. This has enabled the company to expand its offerings in new markets, growing our business with current customers while reaching new ones.

In fact, yesterday, we announced the opening of a new data center in Spain in partnership with MERLIN Edged with Mistral AI as our anchor client. As demand for AI infrastructure continues to aggressively grow, CoreWeave will succeed based on its ability to execute and solve the world's most demanding AI infrastructure challenges. Today, we have grown our team to about 1,400, including some of the most accomplished and talented in the AI space.

I also want to thank our investors and analysts for your interest in CoreWeave. I look forward to updating you on our progress as we continue to drive innovation and deliver purpose-built cloud platform powering the AI revolution.

I will now turn the call over to Nitin, who will discuss our Q1 financial performance and our outlooks for the remainder of the year.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

Thanks, Mike, and good afternoon, everyone. It's great to engage with our investors and analysts for the first time as a public company, and I'm looking forward to working with all of you as we scale the company and build shareholder value.

We delivered an outstanding Q1, highlighted by exceptional revenue growth of 420% year-over-year and solid operating profitability on an adjusted operating income basis. Our confidence in our business is underpinned by a strong technology foundation we have built. As Mike highlighted for you, we are powering AI innovation at scale.

Over the past five years, we have invested significantly in building our CoreWeave Cloud platform and scaling our infrastructure while repeatedly demonstrating industry-leading performance. As this is our first earnings as a public company, I will spend a minute reiterating the differentiated technology and robust business model we have built.

We generate revenue by offering world-class AI infrastructure and proprietary managed software and application services through our CoreWeave's Cloud platform. The vast majority of our revenue comes from long-term committed contracts, providing us with strong revenue visibility and attractive unit economics.

This visibility in our growth enables us to take a success-based approach to capital investments that are matched to our customer contracts. We typically finance our capital investments by utilizing self-amortizing structures that naturally deleverage over the time of the contract. We have shared a supplemental slide in our earnings presentation that illustrates our contract mechanics.

Turning now to our Q1 results. Our Q1 revenue was \$982 million, up 420% year-over-year. Our revenue backlog, which includes remaining performance obligation, RPO plus other amounts we estimate will be recognized as revenue in future periods under committed customer contracts was \$25.9 billion, up 63% year-over-year.

In March, we signed an OpenAI strategic deal, the contract value for which is up to \$11.9 billion. Partnering with OpenAI on this net new contract underscores CoreWeave's proven ability to deliver reliable and performing

infrastructure services, powering AI innovations for the world's leading AI labs. We also added new enterprise customers and a new hyperscaler and signed a recent \$4 billion expansion with a large AI enterprise.

This \$4 billion expansion was signed in Q2 and will be reflected in our revenue backlog numbers beginning in Q2. It is not included in our Q1 reported numbers. To be clear, this is additive to the Q1 ending revenue backlog of \$25.9 billion. While our revenue backlog is expected to scale rapidly over time, growth rates will fluctuate from period to period given the nature of our committed contract business model, timing and size of new contract signings and revenue recognition.

Operating expenses were \$1 billion in Q1, which include a onetime stock-based compensation expense recognized upon completion of the IPO. As customer demand continues to grow at an outsized rate, we are ramping our investments in data center and server infrastructure, which contributed to increases in our cost of revenue and technology and infrastructure spend in Q1.

In addition, we continue to invest in sales and marketing to grow and diversify our customer base and in G&A related to public company preparation activities. Adjusted operating income for Q1 was \$163 million, up 550% year-over-year. Our adjusted operating income margin for Q1 was 17%, up 3 points year-over-year.

Net loss for the first quarter was \$315 million compared to a \$129 million net loss in Q1 of 2024. The increase was driven by the inclusion of onetime stock-based compensation expense as a result of the IPO, higher interest expense and higher taxes.

Interest expense for Q1 was \$264 million, higher than our expectations due to improvement in our vendor payment terms, which reduced the days between vendor payment and assets being put in service, hence, reducing the amount of interest cost capitalized in the quarter. Adjusted net loss for Q1 was \$150 million compared to a \$24 million adjusted net loss in Q1 of 2024.

The adjusted net loss was impacted by higher-than-expected interest expense due to the factors described earlier. Adjusted EBITDA for Q1 was \$606 million, nearly 6x greater than Q1 of 2024, and our adjusted EBITDA margin was 62%, up 6 points year-over-year.

Turning to capital expenditures. CapEx consists primarily of investments in property and technology and equipment that drive our platform expansion, amplify the value of our software and tech stack and ultimately fuel our revenue growth. CapEx is reported net of construction in progress as that represents infrastructure not yet in service.

In addition, the timing of the data center capacity coming online and the new generations of GPUs being placed into service could drive CapEx variations quarter-to-quarter. CapEx in Q1 totaled \$1.9 billion.

Now, let's turn to balance sheet and liquidity. We have designed our capital structure to enable rapid scaling. We have a track record of successfully securing capital to finance our growth and lowering our cost of capital. As we scale our business further, we expect to continue to lower our cost of capital.

Our balance sheet and liquidity position are solid. As of March 31, we had \$2.5 billion in cash, cash equivalents and restricted cash. Outside of payments on OEM vendor financing and self-amortizing debt through committed contract payments, we have no other debt maturities until 2028. Earlier this month, we more than doubled our revolving credit facility from \$650 million to \$1.5 billion, giving us access to substantial additional liquidity.

This quarter, we recorded an income tax provision despite a net loss due to impacts from non-deductible items and the valuation allowance on net deferred tax assets. Our tax rate might fluctuate significantly in the future due to similar factors.

Now turning to guidance for Q2 and full year 2025. While we acknowledge the general global trade and macro uncertainty and volatility, we haven't observed any impact on customer behavior. In fact, we are seeing an acceleration of customer demand. We do see some elevated costs for certain equipment that is felt across the industry. However, these impacts are expected to be relatively marginal. We will continue to monitor the environment closely and will work with suppliers to mitigate impacts.

As the demand for our products and services continues unabated, we are adjusting our plans to both increase and pull in investments in our platform to meet this customer demand. Our operations and engineering teams are working relentlessly to deploy more capacity faster for our customers.

To be clear, our guidance today reflects not only our increased revenue expectations associated with the higher customer demand, but also our accelerated and increased investment in our platform and the near-term margin impact of those investments. Our guidance also includes the addition of Weights & Biases from the date of acquisition close on May 5. Weights & Biases will be consolidated within our financials.

With the strong demand backdrop, we expect Q2 revenue in the range of \$1.06 billion to \$1.1 billion. In addition, we anticipate Q2 adjusted operating income between \$140 million to \$170 million as we accelerate and pull in our investments to meet customer demand. We expect our interest expense for Q2 to be in the range of \$260 million to \$300 million, impacted by similar factors as in Q1.

And we expect our CapEx for the second quarter to be \$3 billion to \$3.5 billion, reflecting our strategic decision to accelerate our platform investments to meet customer demand. In addition, we expect stock-based compensation to remain slightly elevated through the year for the grants issued in connection with the IPO.

For 2025, we expect revenue to be in the range of \$4.9 billion to \$5.1 billion. We expect adjusted operating income in the range of \$800 million to \$830 million and CapEx of \$20 billion to \$23 billion due to increased and accelerated investment in our platform to meet customer demand. This FY 2025 guidance reflects the OpenAI contract we signed in March, the recent \$4 billion expansion with a large AI enterprise and the impact of Weights & Biases.

In closing, we are off to a tremendous start in 2025. We continue to execute and rapidly scale our business, as you can see from both our financial results and the new performance standards we are setting on our platform. The demand for our purpose-built AI cloud platform is stronger than ever, and we see significant opportunity ahead.

We will continue to invest to meet the needs of our fast-growing customer base and build on our industry-leading position. Thank you to our investors and analysts for your support and engagement. We look forward to updating you on our progress in the quarters to come.

With that, we will move over to Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Keith Weiss with Morgan Stanley. Please go ahead.

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Q

Excellent. Thank you, guys, for taking the question. And congratulations on an outstanding first quarter out of the gate and really solid start to the year overall. One question is tough. I think a lot of questions that people are going to have on CoreWeave overall in this quarter. But maybe we could start with the top line outperformance, 14% ahead of where consensus was. That's a massive amount of outperformance. We don't typically see that even from recent IPOs.

Perhaps you could talk to us a little bit about the mechanism that enabled you guys to outperform revenues in the quarter in that kind of way. What happened differently from kind of your expectations initially that enabled that level of outperformance?

And then maybe if I could just add a follow-up. Can you help us understand the differentiation between like what goes into backlog, in particular, the OpenAI contract? What is it about that contract that doesn't put it into RPO, but it does still go into that revenue backlog side of the equation? Thanks.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Thank you, Keith. We're really excited to have an opportunity to answer questions and field some questions as we kind of introduce the company broadly. With regards to the revenue beat, what you are seeing is a concerted strategic effort by the company to pull in the investment in the infrastructure to be able to build and scale and deliver compute more quickly to the client contracts that we have.

And so we've really made the focus on speed of delivery and quality of delivery to be a primary focus for the company. And that beat was really attributed to our ability to kind of drive that motion within our build delivery system. Nitin, maybe you want to talk to the second part here.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

Sure. So thank you, Keith, for your question. The accounting treatment for the OpenAI deal has not yet been finalized. Hence, we are not including it in the RPO. It is a single large contract at a single site. And hence, given the scale and size of this deal, we have been prudent with the accounting analysis. I want to be clear, the accounting treatment determination does not impact the timing of the revenue, the deal economics or the cash flows.

Operator: Our next question comes from the line of Kash Rangan with Goldman Sachs. Please go ahead.

Kash Rangan

Analyst, Goldman Sachs & Co. LLC

Q

Hello. Thank you very much and congrats on your first quarter as a public company. Here's to more, hopefully. I'm curious if you could give us a feel for what the growth in backlog or growth in pipeline, more broadly speaking, looks like among the broader enterprise market?

So I think the customer concentration is something that most of us are acutely aware of. When you look at your pipeline, how more broadly diversified is going to be your revenue stream as you look into the future quarters so investors and analysts can get comfort in the amount of new business that needs to be booked in order to make your forecast for the next couple of quarters?

But admittedly, you're off to a great start. You're beating the numbers, and so there's more confidence, which we can sense from the call. But wondering if you could talk a little bit more to the forward-looking metrics that could continue to drive the business? Thank you.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Sure. And thank you for the question. Kash, look, there are certain fundamental realities about the client profile that we are addressing with our services, right? They are a relatively small number, almost all of which are clients of ours of labs and large consumers that will be driving these massive scale contracts.

And we have made a concerted effort through the initial days of this company to really focus on bringing those type of consumers that are most demanding and require the largest scale infrastructure and also infrastructure that can be underwritten onto our platform so that they can experience what it is like to work within an environment that has been purpose-built to support their specific use case.

Having said that, we are really excited. It's actually one of the things that we talk about a lot around here. It's a lot of what our sales action is really focused on, bringing on additional enterprise clients onto our infrastructure over time. So over time, my expectation is that you will have very, very outsized clients.

It's the nature of the business that we're in. Not every single participant in artificial intelligence is going to have the resources to train a foundation model. Having said that, you will see an enormous increase in traction around the enterprise clients. And hopefully, we'll get to talk more specifically around Weights & Biases, but bringing them on has been an incredible glide path for us to be able to establish business relationships with really the entire universe of enterprise clients that are large users of this infrastructure, and we are really excited about that.

Operator: Our next question comes from the line of Mark Murphy with JPMorgan. Please go ahead.

Q

Hi, Mike and Nitin. This is [ph] Ari (00:32:07) on for Mark Murphy. Thanks for taking the question. First one is, I believe you mentioned new hyperscale as a customer, but also new enterprise customers, which is encouraging to hear. Could you unpack that a little bit and perhaps give us some insight into the nature of those customers? What do they look like? Are they in particular verticals and maybe the qualities of the contracts for these for inferencing, training? Do they fall in line with the typical duration you're seeing? Anything that could help us maybe understand better the nature of these contracts? Thanks.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Sure. So we've chosen our words carefully, right? We have restrictions and a policy not to really speak about specific clients. So with regards to the hyperscale clients, there aren't that many hyperscalers. And so you can look at our website and assume who the addition is.

We're very excited. We believe that, that relationship can lead to tremendous growth for us as they begin to understand once again, the experience of using the infrastructure that we provide, the software stack that we provide and all of the benefits that will accrue to them as they use this infrastructure.

With regards to the customer concentration, since we've gotten the second question on this, at the end of Q1, there was no entity that was more than 50% of our backlog. That – with the new contract that's coming through, we do not think that, that will be the case on a go-forward basis. But once again, we do think that there will be large consumers of this.

With regards to the enterprise clients, we have seen a number of really interesting clients coming from an incredibly broad cross-section of the economy beginning to come on to our infrastructure and use the solution that we provide as an engine for their companies. And so we talk about IBM because we put out a press release on – with them about it, but there really is a much broader traction that's going on. And it is, as I said, one of the things that across the company, we are most excited about.

Q

Got it. That's very helpful. And then, Nitin, I believe you mentioned some elevated costs for certain equipments that are inputs for the data center. It seems like we're still in a constrained environment. Any chance you could maybe give us some – shed some light on what sort of equipment you saw get a little bit more expensive? Thanks.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

Yeah. Thanks, Mark, for your question. That question was more around the tariffs that we were noticing. There was a small amount of increase that we see for certain components. Nothing material that we expect. We're closely monitoring the situation with tariffs, and we're working with our suppliers to mitigate any impact while building a resilient sales, I'll call it, our supplier pipeline. So at this moment, we don't expect tariffs to have a material impact to our financials, but we are closely monitoring that situation.

Operator: And our next question comes from the line of Raimo Lenschow with Barclays. Please go ahead.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Q

I was trying to say how should we think about CapEx? Like in Q1, the number was a little bit below consensus. For the full year, you kind of have it in line with consensus. Because CapEx is driving revenue, there's obviously going to be kind of fluctuations there. Can you just help us understand maybe what was happening in Q1 and how we should think about CapEx on an ongoing basis? Thank you.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

Thank you so much. In terms of CapEx, what we are issuing as guidance today reflects our increased and accelerated investment profile in our platform to meet the customer demand. And that's what's reflected in our numbers. Our CapEx follows as we invest for committed customer contracts and can be lumpy based on that as well as in the deployment of our data centers as well as our infrastructure. As we see strong customer demand, our CapEx guidance increase is following to fulfill that strong customer demand.

Operator: Our next question comes from the line of Tyler Radke with Citi. Please go ahead.

Tyler Radke

Analyst, Citigroup Global Markets, Inc.

Yeah. Thank you very much for taking the questions. As we think about the interest expense, which came in a bit higher for Q1 and is guided to be a bit higher for Q2. Can you just double-click on the main factors driving that? It sounds like kind of accelerated delivery of some components, but maybe just double-click on that. And I guess if you're seeing kind of improvements in some of the vendor terms, like why wouldn't you see that flow through on the CapEx line here in Q1 and Q2?

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

Thank you so much for your question. In terms of interest expense, we saw improvement in our vendor terms. And as a result of that, we saw a decrease in the number of days when we made the vendor payment to when we put the asset in service, thus lowering the amount of interest cost we capitalized in the quarter.

We expect those to continue through the year, which is why you would see a portion of our interest expense being elevated because less of the interest costs are getting capitalized. In addition, as we build our CapEx [indiscernible] (00:38:48) portfolio to fulfill the customer demand, you would see higher levels of interest expense associated with the debt with that. So those are the two factors which I would say are impacting our interest expense.

At the same time, what we are also witnessing is our cost of capital incrementally coming down. IPO was a great step for us in doing that, and we are going to consistently drive our cost of capital down.

Operator: Our next question comes from the line of Brad Zelnick with Deutsche Bank. Please go ahead.

Brad Zelnick

Analyst, Deutsche Bank Securities, Inc.

Oh, great. Thank you so much for taking the question, and congrats on a really strong entrance into the public market and Q1 outperformance. Nitin, I appreciate you're not guiding on cash flow and all the reasons why it's so dynamic. But any thoughts you can leave us with as we think about the cadence and range of outcomes from here? Thanks very much.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

Yeah. So I think the best way to think about us in terms of cash flow is going to be our CapEx as well as the profile of the contracts that we continue to sign. So the two factors that you have to keep in mind there is the RPO element, which signing of contracts timing and size of those contracts, the payment terms of those contracts can be lumpy alongside with the CapEx build associated with those could be lumpy. We'll do our best to partner with

you to give you as much advanced visibility associated with that, but we do expect those things to be lumpy in our business.

Operator: Our next question comes from the line of Brent Thill with Jefferies. Please go ahead.

Brent Thill

Analyst, Jefferies LLC

Q

Thanks. Mike, on the software strategy, can you expand long term what you think you'll do versus what the hyperscalers will do? There's a lot of questions about how that will overlap or maybe it doesn't. And for Nitin, one of the questions just beyond hyperscalers when you think about the pipeline and what you're seeing outside just the main core? Are you starting to see a broader opening of others that are willing to step in beyond the household names we all know? Thanks for taking the questions.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

So I'll tackle the software stack. When you think about the requirements for AI, when you think about the type of computing that is required for AI, in order to build the software stack to make it the incredibly expensive infrastructure as performant as possible, you have to kind of go back to a blank sheet of paper and reconstitute how you're going to support that infrastructure for your clients.

And our intention here initially when we founded the company to start from the bottom of the stack and work our way up. The acquisition of Weights & Biases allows us to also provide software solutions that are at the very top of the stack for artificial intelligence.

Our strategy is going to be to populate that software stack with tools that are purpose-built and specifically designed to drive efficiency, to drive the quality of the experience to abstract away the complexity associated with running this type of infrastructure.

With regards to what the other clouds are going to do or how they're going to tackle the problem, I'm not sure, right? Like they're going to come up with their own strategies. But we have really drawn a very direct line between how we build our software and the performance of the infrastructure that we are required to run, and we will continue to do that.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

And to answer your question on the pipeline of customers, Mike alluded to it in his prepared remarks, we're very excited to see the acceleration of AI adoption curve in the enterprise, and we're seeing that in our pipeline as well as in our signed contracts. In addition to inference being a larger portion of what our AI labs are using our infrastructure for. Both those factors are very encouraging for us in terms of the AI adoption curve and the use of purpose-built infrastructure underlying those.

Operator: Our next question comes from the line of Gregg Moskowitz with Mizuho. Please go ahead.

Gregg Moskowitz

Analyst, Mizuho Securities USA LLC

Q

Okay. Thank you very much for taking my question. Nitin, the adjusted operating margin guidance for next quarter and the full year is a good [ph] amount below (00:43:56) what consensus was expecting. Are you able to approximately size for us how much these accelerated investments are impacting the margin? I also just wanted to ask if this changes your views of the longer-term structural margin leverage at CoreWeave, which I believe was somewhere around the 27% to 28% range by 2027. Thank you.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

No. Thank you so much for your question. And as we kind of discussed earlier on, as we build large-scale infrastructure online, there is a period of time where we incur a certain amount of cost before the revenue starts generating. The scale of infrastructure that we are bringing online this year is what's impacting our margins.

As we've discussed in the call earlier on, we are accelerating and increasing the investments that we are making in our platform, which is having a near-term impact on our margins. To contextualize this for you, we are going to have – we're expecting to have deployed power by the end of the year, more than doubled of what our life-to-date deployed power is on our platform. And that is the scale of the infrastructure build that we are executing for this year to meet the customer demand.

Operator: Our next question comes from the line of Michael Turrin with Wells Fargo. Please go ahead.

Michael Turrin

Analyst, Wells Fargo Securities LLC

Q

Hey, great. Thanks very much. Appreciate you taking the questions. Sales and marketing expense for CoreWeave is small relative to the scale of the overall business. But Mike, you mentioned expanding go-to-market as one of the key priorities. Maybe speak to how you're thinking about go-to-market as the business scales and the opportunity that's happened to broader enterprise?

And just as a small second part for Nitin, we're getting a few questions on the RPO balance. The core metric down sequentially, but you mentioned the \$4 billion expansion in the OpenAI contribution. So maybe just touch on some of the moving pieces there given the focus on that metric? Thank you.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Yeah. So when you think about the sales and marketing strategy at the company, you've watched us build the sales and marketing to focus on these incredibly large clients that need to build and contract for term exposure to massive scale computing, right? And that has been the primary target of how we've built the company, how we have financed the company, where our sales and marketing team have focused?

But what you're seeing, and once again, going back to Weights & Biases, it's a great example of how we, over the next several years, will continue to extend our client universe down this long tail of enterprise clients that need very substantial, very efficient, very effective computing environments.

And that will be a fundamental change that's required for us to make over the next several years to support this. And it's really kind of highlighting something, which is we always say at CoreWeave that we're client-led, right? And so the clients that needed the infrastructure initially were these massive scale companies.

And now as the enterprise clients become more active, we are going to be led by them down that long tail. And we will build the organization and continue to build the organization. And as I said, Weights & Biases is a great step in that direction of building the organization to be able to effectively form relationships and introduce them to our solution and then ultimately to bring them on as clients.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

A

To answer your question on revenue backlog, our revenue backlog, which includes remaining performance obligation plus other amounts we will estimate will be recognized as revenue in future periods under our committed customer contracts was \$25.9 billion for the quarter, up 63% year-over-year.

As Keith asked earlier on, the OpenAI contract is not in the RPO number yet as we are still working through the accounting treatment of it, while it does not impact the timing of revenue or any of the economics associated with the deal.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Certainly, that will reach \$29 billion based on the contracts that have been executed, but it just – the \$4 billion was not executed in Q1. But it is – it will show up there. That contract is complete, and we are working on delivery and performance of that contract already.

Operator: Our next question comes from the line of Brad Sills with Bank of America. Please go ahead.

Brad Sills

Analyst, BofA Securities, Inc.

Q

Great. Thank you so much. I wanted to ask a question about these large expansion deals. What drives that type of an expansion deal? Is it based on demand for the next generation of GPUs? Is it based on just expansion of large models that are on CoreWeave? Is it new models that are coming in? I'm just trying to get a sense for what are the catalysts here for those types of deals? What's your visibility? What does the cycle look like as you negotiate one of those deals?

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

A

Yeah. Brad, that's – it's a great question because it kind of provides an opportunity to talk about some of the important trends that we are seeing within the compute space. And CoreWeave has a unique position in that we serve so many of the important consumers of AI infrastructure. We have the ability to understand how they're consuming it, what they're using it for as they move from training into inference.

And that's one of the most exciting components of the use profile that a company like CoreWeave is able to see. So when we have clients come to us to, we call it layering, right, to expand their footprint with us. They start out with a contract and then they have the experience of working on a purpose-built environment, and then they come back again and again and again and layer one contract for infrastructure on top of the other.

And what we see is initially infrastructure is being used to move the model training forward. And then as that infrastructure is supplanted by new infrastructure, more state-of-the-art infrastructure, the original infrastructure, which remains under contract gets moved into other use cases for either training smaller models or being used for inference. And we really have a front row seat on that.

And so when folks come to us to get access to the infrastructure, they're buying state-of-the-art infrastructure or one generation old infrastructure, and that kind of enters into these long-term contracts that are the foundation for how we've gone about building our business. They are the foundation for how we go about financing our business.

And they come to us because we have proven to have an incredible environment to run their models, to train their models, to run their inference. And we have also had a proven track record of extraordinary execution being able to bring the infrastructure up online in a performant configuration.

Brad Sills

Analyst, BofA Securities, Inc.

Very helpful. Thank you, Mike.

Q

Operator: And our next question comes from the line of Mike Cikos with Needham & Company. Please go ahead.

Mike Cikos

Analyst, Needham & Co. LLC

Hey, guys. Thanks for taking the questions here. I'll echo the congratulations. I know if I come back to your comments here in the Q&A, Nitin or even Mike's comments in the prepared remarks as far as this broad-based demand for inference, you're seeing the acceleration of AI adoption curve at the enterprise level.

Q

What would you point us to from a metric standpoint? Like was there potentially more on-demand revenue this quarter that we just don't have visibility into? Because again, I know we're looking at this RPO figure down 3% sequentially and the \$4 billion that will hit in Q2. But I think we're just trying to get comfort with what is it you guys are seeing because you obviously have a lot more visibility into the pipe and the interest from Weights & Biases as an example. I'm just trying to [ph] sanity check that. (00:53:30).

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

Sure. So I'm going to – I want to make sure that there's clarity on a couple of points here, and then I'll tackle your question. So once again, the RPO is not incrementally down, right? When you take the RPO and you add it to the OpenAI contract, you go from \$15-ish billion up to \$25 billion last quarter, right? And so there was a massive 60% increase in our RPO.

A

In addition to that, there's another \$4 billion that will be entered into the backlog, which includes both RPO and the OpenAI contract that will all cumulatively lead to \$29 billion worth of revenue obligations to the company. And we are very excited about that.

It moves us forward, and it continues to extend the contractual obligations that we have with our clients to deliver infrastructure and for them to pay for infrastructure. And so we're very, very excited about that. Now when you turn to inference, of all of the trends, inference for me is the most exciting. And the reason that inference is so exciting for me is because it represents the monetization of artificial intelligence and the investments that are being made in artificial intelligence.

And so as clients move from training and training and training into training and inference, what that represents is that the clients that are using our infrastructure are having an opportunity to sell their products into the market and to generate revenue. And that is what is needed in order for artificial intelligence to continue to expand and grow and be successful. And so like I said, of all the trends that's probably the most exciting is to see inference get real traction.

Deborah Crawford

Investor Relations Contact, CoreWeave, Inc.

Operator, I think we have time for one last question.

Operator: Okay. Our final question comes from the line of Ben Reitzes with Melius Research. Please go ahead.

Ben Reitzes

Analyst, Melius Research LLC

Hey. Thanks for squeezing me in there. Hopefully, you can hear me okay. I wanted to ask about CapEx a little more just with regard to the \$3 billion increase versus our expectations. Was it particularly – was there anything in there for higher costs, though, or mix of GPUs that you weren't expecting? I know it's due to higher demand and some of the backlog.

And then if I could just sneak in is that, Nitin, what I think would be helpful is if you – just with regard to the CapEx being \$3 billion more than expected, how that's going to be funded? And obviously, we – I don't know if cash flow estimates might go down given the lower [ph] op inc (00:56:54) in the current quarter. So just the source of funding too for that incremental CapEx? Thanks.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

Hey, Ben, so look, when you see an increase in CapEx for us, you're seeing an indication that there are clients that are coming in and executing contracts with us that will require us to spend and build – spend more capital to build more infrastructure because they have signed a contract with us. It is a success-based virtuous spiral that you're seeing.

We're not spending \$3 billion more because something increased in price. We don't see anything remotely that would warrant that anywhere within the supply chains, which we have been working diligently to diversify and make more resilient in the current environment. But that is a real articulation of new uptake, new clients coming on board to buy more infrastructure from us over the balance of the year.

Nitin Agrawal

Chief Financial Officer, CoreWeave, Inc.

Just to add to that, what we are seeing an increase in CapEx is fundamentally driven by increased customer demand, and that is what is reflected in our increased revenue guidance for the quarter as well as for the year.

Michael Intrator

Co-founder, Chairman, President & Chief Executive Officer, CoreWeave, Inc.

Okay. So I'll make a quick closing remark here. So thank you for taking the time to join us for our first quarterly earnings call. Speaking personally, it's incredibly exciting for the company. It's incredibly exciting for me to have an opportunity to do this. It's an enormous accomplishment. And to all of the other people who have helped to

build CoreWeave, both the employees, the investors, the clients and the suppliers, thank you. Very much appreciate it.

It's an exciting time at this company. There is a tremendous amount going on as we continue to innovate and build the infrastructure required to push the boundaries of artificial intelligence. A couple of things that I'd like to leave you with that are important to understand about where we are today and where we are going.

First, we had an amazing quarter. We delivered 420% revenue growth over the year – year-over-year. And we just closed another \$4 billion contract that is additive to our revenue backlog. Demand remains relentless, and we are raising our revenue guidance. These are incredible things to be able to say.

Second, we continue to fuel this growth through success-based financing that is aligned with customer contracts. We're marrying them up, we're financing them and we're building them and we're delivering them. Third, you are watching a company that is deeply technical. We are building and innovating up and down the stack to differentiate our platform and enable perhaps the most important technological revolution of our lifetime. Thank you. We look forward to updating you on our progress next quarter.

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Operator: This concludes the conference call today. Thank you for joining. You may now disconnect.

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