

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-40252

DigitalOcean Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

45-5207470

(I.R.S. Employer
Identification No.)

105 Edgeview Drive, Suite 425
Broomfield, Colorado 80021

(Address of principal executive offices and Zip Code)

(646) 827-4366

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.000025 per share	DOCN	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 30, 2026, there were 117,579,550 shares of the registrant's common stock, with a par value of \$0.000025 per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about: our future financial performance, including our revenue, cost of revenue, gross profit, and operating expenses; trends in our key business metrics; our ability to successfully retain and expand usage of our existing customers and attract new customers; the amount of remaining performance obligations that we expect to recognize as revenue over future periods; our growth and product strategy for our agentic inference cloud platform; our ability to operate our business and effectively manage our scale under evolving macroeconomic conditions, such as geopolitical conflicts, tariffs and trade tensions, inflationary pressures, interest rate fluctuations, and foreign currency exchange rate volatility; our ability to effectively manage our growth and future expenses; the sufficiency of our cash and cash equivalents, cash flow from operations and availability under our credit facility to meet our liquidity needs; and other statements regarding our future operations, financial condition, and prospects and business strategies.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in Part I, Item 1A. “Risk Factors” and elsewhere in our Annual Report on Form 10-K. Moreover, 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 Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe such available information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

We may announce material business and financial information to our investors using our investor relations website (<https://investors.digitalocean.com/>). We therefore encourage investors and others interested in our company to review the information that we make available on our website, in addition to following our filings with the Securities and Exchange Commission, webcasts, press releases and conference calls. The information available on our website is not incorporated by reference into, and does not form part of, this Quarterly Report on Form 10-Q.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)
(unaudited)

	June 30, 2026	December 31, 2025
Current assets:		
Cash and cash equivalents	\$ 767,026	\$ 254,475
Accounts receivable, less allowance for credit losses of \$6,812 and \$6,374, respectively	115,000	90,908
Prepaid expenses and other current assets	135,584	81,598
Total current assets	1,017,610	426,981
Property and equipment, net	1,049,332	589,094
Restricted cash	156	158
Goodwill	350,651	348,674
Intangible assets, net	93,373	99,504
Operating lease right-of-use assets, net	505,697	270,854
Deferred tax assets	93,991	90,310
Other assets	12,243	12,130
Total assets	\$ 3,123,053	\$ 1,837,705
Current liabilities:		
Accounts payable	\$ 10,387	\$ 38,836
Accrued other expenses	70,883	42,679
Deferred revenue	53,039	5,882
Debt, current	311,654	325,109
Operating lease liabilities, current	126,233	108,037
Finance lease liabilities and equipment financing obligations, current	129,777	31,411
Other current liabilities	74,139	67,510
Total current liabilities	776,112	619,464
Deferred tax liabilities	3,952	4,092
Debt, long-term	609,399	970,653
Operating lease liabilities, long-term	352,854	166,895
Finance lease liabilities and equipment financing obligations, long-term	447,943	99,103
Other non-current liabilities	2,062	6,188
Total liabilities	2,192,322	1,866,395
Commitments and contingencies (Note 9)		
Preferred stock (\$0.000025 par value per share; 10,000,000 shares authorized; 0 shares issued and outstanding as of June 30, 2026 and December 31, 2025)	—	—
Common stock (\$0.000025 par value per share; 750,000,000 shares authorized; 105,002,427 and 91,947,614 issued and outstanding as of June 30, 2026 and December 31, 2025, respectively)	2	2
Additional paid-in capital	925,014	16,005
Accumulated other comprehensive loss	(1,756)	(960)
Retained earnings (Accumulated deficit)	7,471	(43,737)
Total stockholders' equity (deficit)	930,731	(28,690)
Total liabilities and stockholders' equity	\$ 3,123,053	\$ 1,837,705

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 281,184	\$ 218,700	\$ 539,089	\$ 429,403
Cost of revenue	126,522	87,755	239,717	169,014
Gross profit	154,662	130,945	299,372	260,389
Operating expenses:				
Research and development	57,515	39,644	106,345	79,238
Sales and marketing	22,568	19,288	44,237	38,689
General and administrative	45,208	36,394	82,848	69,201
Total operating expenses	125,291	95,326	233,430	187,128
Operating income	29,371	35,619	65,942	73,261
Other (expense) income:				
Interest expense	(7,463)	(2,239)	(18,016)	(4,447)
Loss on extinguishment of debt, net	—	(269)	(2,700)	(269)
Interest income and other income, net	5,234	9,337	6,412	15,283
Other (expense) income, net	(2,229)	6,829	(14,304)	10,567
Income before income taxes	27,142	42,448	51,638	83,828
Income tax benefit (expense)	8,295	(5,421)	(430)	(8,597)
Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Net income per share attributable to common stockholders				
Basic	\$ 0.34	\$ 0.41	\$ 0.52	\$ 0.82
Diluted	\$ 0.29	\$ 0.39	\$ 0.45	\$ 0.77
Weighted-average shares used to compute net income per share attributable to common stockholders				
Basic	104,611	91,097	98,856	91,538
Diluted	126,548	100,617	118,708	101,521

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Other comprehensive (loss) income:				
Foreign currency translation adjustments, net of taxes	(179)	606	(796)	906
Other comprehensive (loss) income	(179)	606	(796)	906
Comprehensive income	\$ 35,258	\$ 37,633	\$ 50,412	\$ 76,137

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount				
Balance at March 31, 2026	104,322,694	\$ 2	\$ 916,917	\$ (1,577)	\$ (27,966)	\$ 887,376
Issuance of common stock under equity incentive plan, net of taxes withheld	592,864	—	(27,048)	—	—	(27,048)
Issuance of common stock under employee stock purchase plan, net of taxes withheld	86,869	—	2,494	—	—	2,494
Stock-based compensation	—	—	32,651	—	—	32,651
Other comprehensive loss	—	—	—	(179)	—	(179)
Net income attributable to common stockholders	—	—	—	—	35,437	35,437
Balance at June 30, 2026	105,002,427	\$ 2	\$ 925,014	\$ (1,756)	\$ 7,471	\$ 930,731

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2025	91,220,227	\$ 2	\$ 10,986	\$ (1,197)	\$ (220,538)	\$ (210,747)
Issuance of common stock under equity incentive plan, net of taxes withheld	481,933	—	(5,971)	—	—	(5,971)
Issuance of common stock under employee stock purchase plan, net of taxes withheld	103,805	—	2,660	—	—	2,660
Repurchase and retirement of common stock including related costs	(691,290)	—	(20,179)	—	—	(20,179)
Stock-based compensation	—	—	21,387	—	—	21,387
Other comprehensive income	—	—	—	606	—	606
Net income attributable to common stockholders	—	—	—	—	37,027	37,027
Balance at June 30, 2025	91,114,675	\$ 2	\$ 8,883	\$ (591)	\$ (183,511)	\$ (175,217)

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except share amounts)
(unaudited)

	Common Stock			Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount					
Balance at December 31, 2025	91,947,614	\$	2	\$ 16,005	\$ (960)	\$ (43,737)	\$ (28,690)
Issuance of common stock under equity incentive plan, net of taxes withheld	1,019,892		—	(37,335)	—	—	(37,335)
Issuance of common stock under employee stock purchase plan, net of taxes withheld	86,869		—	2,494	—	—	2,494
Issuance of common stock in connection with follow-on public offering, net of underwriter discounts and issuance costs	11,948,052		—	887,888	—	—	887,888
Stock-based compensation	—		—	55,962	—	—	55,962
Other comprehensive loss	—		—	—	(796)	—	(796)
Net income attributable to common stockholders	—		—	—	—	51,208	51,208
Balance at June 30, 2026	105,002,427	\$	2	\$ 925,014	\$ (1,756)	\$ 7,471	\$ 930,731

	Common Stock			Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount					
Balance at December 31, 2024	92,234,517	\$	2	\$ 57,282	\$ (1,497)	\$ (258,742)	\$ (202,955)
Issuance of common stock under equity incentive plan, net of taxes withheld	1,031,897		—	(12,841)	—	—	(12,841)
Issuance of common stock under employee stock purchase plan, net of taxes withheld	103,805		—	2,660	—	—	2,660
Repurchase and retirement of common stock including related costs	(2,255,544)		—	(79,606)	—	—	(79,606)
Stock-based compensation	—		—	41,388	—	—	41,388
Other comprehensive income	—		—	—	906	—	906
Net income attributable to common stockholders	—		—	—	—	75,231	75,231
Balance at June 30, 2025	91,114,675	\$	2	\$ 8,883	\$ (591)	\$ (183,511)	\$ (175,217)

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2026	2025
Operating activities		
Net income attributable to common stockholders	\$ 51,208	\$ 75,231
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	96,629	61,975
Stock-based compensation	55,231	40,513
Provision for expected credit losses	8,078	8,607
Loss on extinguishment of debt	2,700	269
Operating lease right-of-use assets and liabilities, net	(30,810)	(13,816)
Non-cash interest expense	2,960	4,005
Other	3,476	(7,853)
Changes in operating assets and liabilities:		
Accounts receivable	(32,230)	(17,064)
Prepaid expenses and other current assets	(53,906)	1,201
Accounts payable and accrued expenses	6,536	(3,029)
Deferred revenue	47,157	5,867
Other assets and liabilities	(140)	631
Net cash provided by operating activities	156,889	156,537
Investing activities		
Capital expenditures - property and equipment	(81,576)	(95,160)
Capital expenditures - internal-use software	(11,785)	(3,412)
Acquisition of equipment under financing arrangements	(51,544)	—
Purchase of intangible assets	(754)	(1,835)
Cash paid for acquisition of businesses, net of cash acquired	(4,042)	—
Net cash used in investing activities	(149,701)	(100,407)
Financing activities		
Proceeds from follow-on public offering, net of underwriting discounts and issuance costs	887,888	—
Principal repayment of Term Loan Facility	(500,000)	—
Proceeds from drawdown of Term Loan Facility	120,000	—
Payment of debt issuance costs	—	(4,081)
Proceeds related to issuance of common stock under equity incentive plan	3,558	2,771
Proceeds from issuance of common stock under employee stock purchase plan	2,494	2,660
Employee payroll taxes paid related to net settlement of equity awards	(38,406)	(16,294)
Proceeds from financing arrangements	51,544	—
Principal repayments of finance leases and financing arrangements	(21,651)	(2,733)
Repurchase and retirement of common stock including related costs	—	(79,199)
Net cash provided by (used in) financing activities	505,427	(96,876)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(66)	45

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2026	2025
Increase (decrease) in cash, cash equivalents and restricted cash	512,549	(40,701)
Cash, cash equivalents and restricted cash - beginning of period	254,633	430,193
Cash, cash equivalents and restricted cash - end of period	\$ 767,182	\$ 389,492
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 14,349	\$ 249
Cash paid for taxes, net of refunds	2,524	5,757
Operating cash flows paid for operating leases	77,925	72,310
Non-cash investing and financing activities:		
Capitalized stock-based compensation	\$ 2,021	\$ 875
Property and equipment received but not yet paid, included in accounts payable and accrued other expenses	20,434	32,038
Operating right-of-use assets obtained in exchange for operating lease liabilities	273,823	123,637
Finance right-of-use assets obtained in exchange for finance lease liabilities	414,902	636

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

Note 1. Nature of Business

DigitalOcean Holdings, Inc. and its subsidiaries (collectively, “the Company”, “we”, “our”, “us”) is an AI-Native Cloud, purpose-built for inference and agentic workloads that brings infrastructure, core cloud services, inference, data, and agents together in one integrated stack that is open throughout, giving builders the best of the AI ecosystem in one place. The Company’s platform is designed to be simple, scalable and approachable by providing a variety of product offerings that were built with the needs of growing technology companies in mind. The Company offers a comprehensive set of cloud platform capabilities which span across Infrastructure-as-a-Service (“IaaS”), including Droplet virtual machines, storage and networking offerings; Platform-as-a-Service (“PaaS”) and Software-as-a-Service (“SaaS”), including Managed Hosting, Managed Database, Managed Kubernetes and Marketplace offerings. The Company also offers a comprehensive artificial intelligence and machine learning (“AI/ML”) platform - DigitalOcean Gradient® AI Agentic Cloud, which includes Gradient AI Infrastructure with offerings such as GPU Droplets and Bare Metal GPUs; the Gradient AI Platform which offers various building block services including Large Language Models (“LLMs”); and Gradient AI Agents. The Company continues to invest in its platform to further penetrate the growing markets in which it operates.

The Company has adopted a holding company structure and the primary operations are performed globally through its wholly owned operating subsidiaries.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include accounts of the Company and all wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company’s financial position as of June 30, 2026, results of operations for the three and six months ended June 30, 2026 and 2025, cash flows for the six months ended June 30, 2026 and 2025, and stockholders' equity (deficit) for the three and six months ended June 30, 2026 and 2025.

Reclassifications

Certain prior period amounts have been reclassified to conform with current period presentation.

Use of Estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make, on an ongoing basis, estimates, judgments and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Such estimates include, but are not limited to, those related to revenue recognition, accounts receivable and related reserves, useful lives and realizability of long-lived assets, capitalized internal-use software development costs, accounting for stock-based compensation including estimation of forfeiture rates and the probability of performance vesting conditions, the incremental borrowing rate used to determine lease liabilities, valuation allowances against deferred tax assets, fair value of financial instruments, and the fair value and useful lives of tangible and intangible assets acquired and liabilities assumed resulting from business combinations. Management bases its estimates on historical experience and on various other assumptions which management believes to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Estimates are periodically reviewed to consider changes in circumstances, facts and experience.

Restricted Cash

The following table reconciles cash, cash equivalents and restricted cash per the condensed consolidated statements of cash flows:

	June 30,	
	2026	2025
Cash and cash equivalents	\$ 767,026	\$ 387,745
Restricted cash ⁽¹⁾	156	1,747
Total cash, cash equivalents and restricted cash	\$ 767,182	\$ 389,492

(1) Restricted cash as of June 30, 2026 primarily consisted of deposits held with certain government agencies to satisfy local jurisdictional requirements. Restricted cash as of June 30, 2025 consisted of deposits in financial institutions related to a letter of credit used to secure a lease agreement; the funds were released to the Company in September 2025.

Accounts Receivable Net of Allowance for Expected Credit Losses

Accounts receivable primarily represent revenue recognized that was not invoiced at the balance sheet date and is primarily billed and collected in the following month. Trade accounts receivable are carried at the original invoiced amount less an estimated allowance for expected credit losses based on the probability of future collection. Management determines the adequacy of the allowance based on historical loss patterns, the number of days that customer invoices are past due, and an evaluation of the potential risk of loss associated with specific accounts. When management becomes aware of circumstances that may further decrease the likelihood of collection, it records a specific allowance against amounts due, which reduces the receivable to the amount that management reasonably believes will be collected. The Company records changes in the estimate to the allowance for expected credit losses through provision for expected credit losses and reverses the accounts receivable and related allowance after the potential for recovery is considered remote.

The following table presents the changes in the allowance for expected credit losses for the period presented:

	Amount
Balance as of December 31, 2025	\$ 6,374
Provision for expected credit losses	8,078
Write-offs and other	(7,640)
Balance as of June 30, 2026	\$ 6,812

Recent Accounting Pronouncements – Adopted

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments - Credit Losses (“Topic 326”): Measurement of Credit Losses for Accounts Receivable and Contract Assets (“ASU 2025-05”), which amends Topic 326 to provide a practical expedient and an accounting policy election related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. Specifically, in developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The Company adopted the practical expedient of ASU 2025-05 on January 1, 2026 on a prospective basis. There was no impact on the Company’s condensed consolidated financial statements.

Recent Accounting Pronouncements – Pending Adoption

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (“Subtopic 220-40”): Disaggregation of Income Statement Expenses (“ASU 2024-03”). In January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (“Subtopic 220-40”): Clarifying the Effective Date. ASU 2024-03 requires that an entity breaks down expenses into specific categories, such as employee compensation and costs related to depreciation and amortization, as well as a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. Further, ASU 2024-03 requires disclosure of the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. As clarified in ASU 2025-01, the amendments in ASU 2024-03 are required to be adopted for annual reporting periods beginning after December 15, 2026 and interim

reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied on a prospective basis for financial statements issued after the adoption date, although retrospective application is permitted. The Company is currently evaluating the impact of adoption on its financial disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles - Goodwill and Other - Internal-Use Software ("Subtopic 350-40"): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 modernizes the accounting for internal-use software costs by increasing the operability of the recognition guidance considering different methods of software development. ASU 2025-06 is effective for the Company for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendment can be applied prospectively, retrospectively, or via a modified prospective transition method. The Company is currently evaluating the impact of the new standard on its condensed consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting ("Topic 270"): Narrow-scope Improvements ("ASU 2025-11"). ASU 2025-11 enhances GAAP interim reporting by specifying required disclosures, establishing a disclosure principle for material post-year-end events, and clarifying the scope, types, and presentation of interim financial statements. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities and for interim reporting periods within annual reporting periods beginning after December 15, 2028, for entities other than public business entities. Early adoption is permitted. The amendment can be applied prospectively or retrospectively for all prior periods presented in the financial statements. The Company is currently evaluating the impact of the new standard; however, it does not expect that the standard will have a material impact on its condensed consolidated financial statements and related disclosures.

Note 3. Revenue

Revenue Disaggregation

Based on the information provided to and reviewed by the Company's Chief Executive Officer ("CEO"), its chief operating decision maker, the Company believes that the nature, amount, timing and uncertainty of its revenue and cash flows and how they are affected by economic factors is most appropriately depicted based on the category of its customers. Customers are classified in categories based on the amount of their spend in a given month and individual customers may fall within different categories within a reporting period.

The Company classifies its customers into the following annual run-rate revenue ("ARR") categories (customer spend in a month in whole dollars):

- Digital Native Enterprise ("DNE") Customers: users that spend more than \$500 in a month. DNE Customers include the following categories:
 - Above \$6K and under \$100K Customers: users that spend more than \$500 and less than or equal to \$8,333 in a month.
 - Above \$100K and under \$500K Customers: users that spend more than \$8,333 and less than or equal to \$41,667 in a month.
 - Above \$500K and under \$1M Customers: users that spend more than \$41,667 and less than or equal to \$83,333 in a month.
 - Above \$1M Customers: users that spend more than \$83,333 in a month.
- Developers: users that spend less than or equal to \$500 in a month, except users that spend less than or equal to \$50 in a month and have been on the Company's platform for three months or less.

Revenue by customer ARR category, as determined based on the customers' spend in a given month, was as follows:

	Three Months Ended June 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Above \$6K and under \$100K Customers ⁽¹⁾	\$ 88,387	31 %	\$ 78,922	36 %
Above \$100K and under \$500K Customers ⁽¹⁾	26,079	9 %	22,048	10 %
Above \$500K and under \$1M Customers ⁽¹⁾	8,055	3 %	7,322	3 %
Above \$1M Customers ⁽¹⁾	64,720	23 %	20,640	9 %
Digital Native Enterprise Customers ⁽¹⁾⁽²⁾	\$ 187,241	67 %	\$ 128,932	59 %
Developers and other ⁽¹⁾⁽³⁾	93,943	33 %	89,768	41 %
Total	\$ 281,184	100 %	\$ 218,700	100 %

	Six Months Ended June 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Above \$6K and under \$100K Customers ⁽¹⁾	\$ 174,289	32 %	\$ 155,126	36 %
Above \$100K and under \$500K Customers ⁽¹⁾	50,641	9 %	44,118	10 %
Above \$500K and under \$1M Customers ⁽¹⁾	16,466	3 %	14,254	3 %
Above \$1M Customers ⁽¹⁾	110,397	20 %	36,998	9 %
Digital Native Enterprise Customers ⁽¹⁾⁽²⁾	\$ 351,793	65 %	\$ 250,496	58 %
Developers and other ⁽¹⁾⁽³⁾	187,296	35 %	178,907	42 %
Total	\$ 539,089	100 %	\$ 429,403	100 %

(1) Beginning in the fourth quarter of 2025, the Company revised its customer category naming and classification. Prior periods have been recast to reflect the effects of these changes.

(2) May not foot due to rounding.

(3) Beginning in the fourth quarter of 2025, Developers and other include revenue from users that spend less than or equal to \$500 in a given month, revenue from certain legacy Bare Metal CPU offerings, miscellaneous revenue and other reserve adjustments. Prior periods have been recast to reflect the effect of this change.

Geographical Information

Revenue, as determined based on the Company's customers' billing address, was as follows:

	Three Months Ended June 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue ⁽¹⁾
North America	\$ 130,971	47 %	\$ 79,560	37%
Europe	62,029	22 %	59,660	27%
Asia	61,937	22 %	50,752	23%
Rest of the world	26,247	9 %	28,728	13%
Total	\$ 281,184	100 %	\$ 218,700	100%

	Six Months Ended June 30,			
	2026		2025	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue ⁽¹⁾
North America	\$ 243,740	46 %	\$ 157,497	37 %
Europe	124,626	23 %	118,135	28 %
Asia	119,519	22 %	101,768	24 %
Rest of the world	51,204	9 %	52,003	11 %
Total	<u>\$ 539,089</u>	<u>100 %</u>	<u>\$ 429,403</u>	<u>100 %</u>

(1) May not recalculate due to rounding.

Revenue derived from customers in the United States was 41% and 40% of total revenue for the three and six months ended June 30, 2026, respectively, and 31% of total revenue for the three and six months ended June 30, 2025.

Deferred Revenue

Deferred revenue was \$53,039 and \$5,882 as of June 30, 2026 and December 31, 2025, respectively. Revenue recognized during the three months ended June 30, 2026 and 2025 was \$720 and \$650, respectively, and \$2,720 and \$2,885 during the six months ended June 30, 2026 and 2025, respectively, which was included in the deferred revenue balances at the beginning of each respective period. Deferred revenue includes \$46,043 of pre-payment obligation held in a third-party escrow account that is included in prepaid expenses and other current assets in the condensed consolidated balance sheets because the Company is contractually eligible to receive the funds as of June 30, 2026. Subsequent to June 30, 2026, the \$46,043 pre-payment obligation was released from escrow to the Company.

Remaining Performance Obligations

The Company has performance obligations associated with commitments in customer contracts for future services that have not yet been recognized in the condensed consolidated financial statements. As of June 30, 2026, the aggregate transaction price allocated to the remaining performance obligations, which includes contracts with expected term of one year or less, is \$893,828 with a weighted-average life of 3.7 years. As of June 30, 2026, the Company expects to recognize \$365,901 of its remaining performance obligations as revenue over the next 12 months, with the remainder recognized thereafter over the remaining life of the contracts.

Concentration of Credit Risk

The amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, marketable securities, restricted cash, and trade accounts receivable are exposed to concentrations of credit risk. Although the Company maintains cash and cash equivalents with multiple financial institutions, the deposits, at times, may exceed federally insured limits. The Company believes that the financial institutions that hold its cash and cash equivalents are financially sound and, accordingly, minimal credit risk exists with respect to these balances. The Company's customer base consists of a significant number of geographically dispersed customers.

Note 4. Fair Value Measurements

The fair value of the Company's financial assets measured on a recurring basis was as follows:

June 30, 2026			
	Level I	Total	
Cash and cash equivalents:			
Cash	\$ 48,854	\$	48,854
Money market funds	718,172		718,172
Total cash and cash equivalents	\$ 767,026	\$	767,026
December 31, 2025			
	Level I	Total	
Cash and cash equivalents:			
Cash	\$ 57,363	\$	57,363
Money market funds	197,112		197,112
Total cash and cash equivalents	\$ 254,475	\$	254,475

The Company classifies its highly liquid money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company had no Level 2 or Level 3 financial assets as of June 30, 2026 and December 31, 2025.

Interest income from investments was \$6,390, and \$3,202 for the three months ended June 30, 2026 and 2025, respectively, and \$9,267 and \$6,859 for the six months ended June 30, 2026 and 2025, respectively.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

The Company reports financial instruments at fair value, with the exception of its convertible notes. Financial instruments that are not recorded at fair value on a recurring basis are measured at fair value on a quarterly basis for disclosure purposes. Refer to Note 6. Debt for the carrying values and estimated fair values of financial instruments not recorded at fair value.

Note 5. Balance Sheet Details

Property and equipment, net

Property and equipment, net consisted of the following:

	June 30, 2026	December 31, 2025
Servers and related equipment	\$ 1,001,912	\$ 933,576
Equipment under finance leases	424,446	13,316
Equipment under financing obligations	184,951	131,503
Internal-use software	131,234	121,735
Leasehold improvements	496	412
Furniture and fixtures	361	262
Property and equipment, gross	\$ 1,743,400	\$ 1,200,804
Less: accumulated depreciation	\$ (599,782)	\$ (524,829)
Less: accumulated amortization	(94,286)	(86,881)
Property and equipment, net	\$ 1,049,332	\$ 589,094

Depreciation expense on property and equipment was \$42,217, and \$25,589 for the three months ended June 30, 2026 and 2025, respectively, and \$79,221, and \$47,348 for the six months ended June 30, 2026 and 2025, respectively.

Capitalized costs related to the development of computer software for internal use were \$6,200 and \$1,688 for the three months ended June 30, 2026 and 2025, respectively, and \$9,681 and \$4,287 for the six months ended June 30, 2026 and 2025, respectively, which are included in internal-use software costs within property and equipment, net. Amortization

expense related to internal-use and purchased software was \$3,867, and \$2,145 for the three months ended June 30, 2026 and 2025, respectively, and \$7,400, and \$4,399 for the six months ended June 30, 2026 and 2025, respectively.

Note 6. Debt

Debt, Long-term

The net carrying amount of the Company's debt consisted of the following:

	Outstanding as of	
	June 30, 2026	December 31, 2025
2030 Convertible Notes	\$ 625,000	\$ 625,000
2026 Convertible Notes	312,322	312,322
Term Loan Facility	—	380,000
Total obligations	937,322	1,317,322
Unamortized debt issuance costs	(16,269)	(21,560)
Carrying value of debt	921,053	1,295,762
Less: Debt, current	(311,654)	(325,109)
Debt, long-term	\$ 609,399	\$ 970,653

As of June 30, 2026, the total fair value of the 2030 Convertible Notes was \$2,546,106, and the fair value of the 2026 Convertible Notes was \$353,745. The fair value was determined based on the closing trading price as of the last day of trading for the period. The Company classifies the fair value to be a Level 2 valuation within the fair value measurement hierarchy due to the limited trading activity.

2030 Convertible Notes

On August 14, 2025, the Company issued \$625,000 aggregate principal amount of 0.00% Convertible Senior Notes due 2030 ("2030 Convertible Notes") in a private offering, including the exercise in full of the option granted to the initial purchasers to purchase an additional \$75,000 principal amount of the 2030 Convertible Notes. The 2030 Convertible Notes are senior unsecured obligations of the Company and do not bear regular interest, and the principal amount of the 2030 Convertible Notes does not accrete. The 2030 Convertible Notes will mature on August 15, 2030, unless earlier converted, redeemed or repurchased.

The following table presents details of the 2030 Convertible Notes:

	Initial Conversion Rate per \$1,000 Principal	Initial Conversion Price (In whole \$)	Initial Number of Shares (In thousands)
2030 Convertible Notes	25.5317	\$ 39.17	15,957

Holders may convert the 2030 Convertible Notes at their option only in the following circumstances:

- (1) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on December 31, 2025, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
- (2) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") if the trading price per \$1,000 principal amount of 2030 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day;
- (3) if the Company calls the 2030 Convertible Notes for redemption; and
- (4) upon the occurrence of certain corporate events or distributions of the Company's common stock, as described in the indenture governing the 2030 Convertible Notes.

During the three months ended March 31, 2026, the circumstances allowing holders to convert the 2030 Convertible Notes were met since the Company's last reported sale price per share of the Company's common stock exceeded 130% of the conversion price of \$39.17 for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter. These conditions continued to be satisfied through the three months ended June 30, 2026. Therefore, the 2030 Convertible Notes have been convertible, in whole or in part, at the option of the holders since April 1, 2026 and are convertible until September 30, 2026. Whether the 2030 Convertible Notes will be convertible following such period will depend on the continued satisfaction of this condition or another conversion condition in the future.

The Company has the election of settling any conversion of the 2030 Convertible Notes in cash, shares of our common stock, or a combination of both. The Company continues to classify the 2030 Convertible Notes as a long-term liability in its condensed consolidated balance sheets as of June 30, 2026 because the Company has the option to settle the 2030 Convertible Notes in shares and the maturity date exceeds one year from the balance sheet date.

On July 23, 2026, the Company repurchased \$471,828 in aggregate principal amount of its 2030 Convertible Notes using the net proceeds from a concurrent registered direct offering of 12,543,915 shares of its common stock at \$117.54 per share. Cash on hand was used to pay estimated transaction related fees. Upon completion, the repurchased notes were retired.

2030 Capped Calls

In connection with the pricing and exercise in full by the initial purchasers of their option to purchase additional 2030 Convertible Notes, the Company entered into capped call transactions with one or more financial institutions, including an affiliate of an initial purchaser ("2030 Capped Calls"). The 2030 Capped Calls have an initial strike price of \$39.17 per share, which corresponds to the initial conversion price of the 2030 Convertible Notes. The 2030 Capped Calls have an initial cap price of \$66.51 per share. At that time, the 2030 Capped Calls were generally expected to reduce the potential dilution to the Company's common stock upon any conversion of the 2030 Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2030 Convertible Notes, with such reduction and/or offset subject to the cap price. The strike price, cap price and other terms of the 2030 Capped Calls are subject to certain adjustments under the terms of the capped call transactions. As of June 30, 2026, all of the 2030 Capped Calls remain outstanding and expire on August 15, 2030, unless exercised or called prior to that date.

Notwithstanding the partial repurchase of the Company's 2030 Convertible Notes that closed on July 23, 2026, the Company did not take any actions on the 2030 Capped Calls and they continue to remain outstanding.

2025 Credit Facility

On May 5, 2025, the Company entered into a credit agreement (the "Credit Agreement") by and among the Company, its wholly owned subsidiary, DigitalOcean, LLC, as borrower (the "Borrower"), with Morgan Stanley Senior Funding, Inc., as administrative agent for a \$500,000 senior secured delayed draw term loan facility ("Term Loan Facility", and any loans thereunder "Term Loans") and a senior secured revolving credit facility ("Revolving Facility", and any loans thereunder "Revolving Loans") which includes a sublimit for the issuance of letters of credit (collectively the "2025 Credit Facility"). On May 4, 2026, the Company entered into an amendment to its Credit Agreement (the "First Amendment"), which, among other modifications, (i) increases the Revolving Facility to \$412,500, (ii) increases the letter of credit sublimit to \$80,000, and (iii) amends the definition of "Indebtedness" to provide that capitalized leases shall be deemed to be an amount equal to 25% of the capitalized amount. The Term Loan Facility and Revolving Facility mature on May 5, 2030, and are subject to a springing maturity date in the event certain conditions occur as described in the Credit Agreement. Revolving Loans may be borrowed, repaid and reborrowed, until their maturity date. Term Loans may be borrowed until February 5, 2026 and once borrowed and repaid, cannot be reborrowed.

On February 3, 2026, the Company drew down the remaining \$120,000 available principal under its Term Loan Facility resulting in a total outstanding principal amount of \$500,000. On March 27, 2026, the Company repaid the \$500,000 outstanding principal of its Term Loan Facility in cash from the proceeds of its follow-on offering (see Note 10. Stockholders' Equity) and wrote-off \$2,700 of related unamortized issuance cost as loss on extinguishment of debt in other (expense) income, net on the Company's condensed consolidated statements of operations during the six months ended June 30, 2026.

The Credit Agreement includes customary representations, warranties, and affirmative and negative covenants, including financial covenants that require the Company to maintain certain levels of total net leverage ratio and interest coverage ratio. As of June 30, 2026, the Company was in compliance with all covenants under the 2025 Credit Facility.

During the three months ended June 30, 2026, the Company was issued a letter of credit of \$5,850 under the letter of credit sublimit of its Revolving Facility. No drawdowns have been made under the Revolving Facility. The Company's total available borrowing capacity under the Revolving Facility was \$406,650 as of June 30, 2026.

In July 2026, the Company was issued a letter of credit of \$9,734 under the letter of credit sublimit of its Revolving Facility. No drawdowns have been under the Company's letters of credit.

2026 Convertible Notes

In November 2021, the Company issued \$1,500,000 aggregate principal amount of convertible notes ("2026 Convertible Notes") in a private offering, including the exercise in full of the over-allotment option granted to the initial purchasers of \$200,000. The 2026 Convertible Notes are senior unsecured obligations of the Company and do not bear interest, and the principal amount of the 2026 Convertible Notes does not accrete.

Each \$1 of principal of the 2026 Convertible Notes will initially be convertible into 5.6018 shares of the Company's common stock, which is equivalent to an initial conversion price of approximately \$178.51 per share, subject to adjustment as set forth in the indenture governing the 2026 Convertible Notes. As of June 1, 2026, holders may convert all or any portion of their 2026 Convertible Notes at the option of the holder regardless of the circumstances.

On August 14, 2025, the Company repurchased approximately \$1,187,678 aggregate principal amount of the 2026 Convertible Notes. The outstanding principal of \$312,322 of the 2026 Convertible Notes will mature on December 1, 2026 unless earlier converted, redeemed, or repurchased. Upon conversion of the 2026 Convertible Notes, the Company will pay or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at the Company's election.

Issuance Costs

Issuance costs are amortized to interest expense over the contractual term of the respective borrowing. Contractual interest expense consists of commitment fees and cash interest expense under the Company's credit facilities. Interest expense related to the Company's convertible notes and credit facilities consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Contractual interest expense	\$ 233	\$ 181	\$ 5,921	\$ 308
Amortization of debt issuance costs	1,433	2,002	2,960	4,005

Note 7. Operating Leases

The Company leases co-location space at data center facilities and, to a lesser extent, corporate offices, all of which are classified as operating leases. Operating leases generally have an initial lease term ranging from two to thirteen years, which includes any option to renew or terminate the lease when it is reasonably certain that the option will be exercised.

The components of operating lease expense were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease expense	\$ 40,317	\$ 29,851	\$ 74,016	\$ 56,331
Variable lease expense	4,247	2,329	8,348	4,761
Short-term lease expense	—	119	20	185
Total operating lease expense	\$ 44,564	\$ 32,299	\$ 82,384	\$ 61,277

Weighted-average remaining lease term and discount rate were as follows:

	June 30, 2026	December 31, 2025
Weighted-average remaining lease term (in years)	5.8	3.4
Weighted-average discount rate	6%	6%

Maturities of operating lease liabilities as of June 30, 2026 were as follows:

2027	\$	149,859
2028		98,990
2029		69,048
2030		57,633
2031		53,581
Thereafter		143,292
Total undiscounted operating lease liabilities		572,403
Less: Imputed interest		(93,316)
Total present value of operating lease liabilities		479,087
Less: Current portion of operating lease liabilities		(126,233)
Operating lease liabilities, long-term	\$	352,854

As of June 30, 2026, the Company had \$2,759,287 of estimated undiscounted fixed payment obligations primarily for leases of co-location space at data center facilities that have not yet commenced and were not included in the condensed consolidated balance sheets. These leases are scheduled to commence between July 2026 and June 2028, and have a weighted-average lease term of 11.2 years.

Note 8. Finance Leases and Equipment Financing Obligations

The Company enters into finance leases and equipment financing obligations for servers and related equipment. The components of finance lease and equipment financing obligations expense were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Finance leases:				
Amortization of finance lease right-of-use assets	\$ 7,476	\$ 1,325	\$ 11,938	\$ 2,612
Interest expense on finance lease liabilities	3,536	53	4,796	124
Equipment financing obligations:				
Depreciation of assets under equipment financing obligations	6,712	—	12,347	—
Interest expense on equipment financing obligations	2,258	—	4,323	—
Total finance lease and equipment financing obligations expense	\$ 19,982	\$ 1,378	\$ 33,404	\$ 2,736

Weighted-average remaining term and discount rate of finance lease liabilities and equipment financing obligations were as follows:

	June 30, 2026	December 31, 2025
Finance Leases		
Weighted-average remaining term (in years)	5.9	0.9
Weighted-average discount rate	6%	7%
Equipment Financing Obligations		
Weighted-average remaining term (in years)	3.9	3.9
Weighted-average discount rate	7%	7%

Maturities of finance lease liabilities and equipment financing obligations of June 30, 2026 were as follows:

	Finance Leases	Equipment Financing Obligations	Total
2027	\$ 111,639	\$ 24,778	\$ 136,417
2028	107,530	50,329	157,859
2029	107,203	50,329	157,532
2030	99,616	46,495	146,111
2031	35,545	12,744	48,289
Thereafter	1,552	6,523	8,075
Total undiscounted finance lease liabilities and equipment financing obligations	\$ 463,085	\$ 191,198	\$ 654,283
Less: Imputed interest	(53,251)	(23,312)	(76,563)
Total present value of finance lease liabilities and equipment financing obligations	\$ 409,834	\$ 167,886	\$ 577,720
Less: Finance lease liabilities and equipment financing obligations, current	(89,836)	(39,941)	(129,777)
Finance lease liabilities and equipment financing obligations, long-term	\$ 319,998	\$ 127,945	\$ 447,943

As of June 30, 2026, the Company expects to receive servers and related equipment under finance leases with total estimated undiscounted payments of \$281,566 that were not included in the condensed consolidated balance sheets. The leases commenced in July 2026 and have a weighted-average lease term of 4.9 years.

Note 9. Commitments and Contingencies

Purchase Commitments

The Company has commitments and purchase orders with various software license, bandwidth, network services and third-party license vendors. The Company's purchase commitments have not materially changed since December 31, 2025 except for a long-term purchase agreement for a software license with total non-cancelable payments of \$128,072 and a contractual term of up to 6.0 years, commencing in July 2026.

Legal Proceedings

The Company may be involved in various legal proceedings and litigation arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate disposition of any such litigation matters, the Company believes that any such legal proceedings will not have a material adverse effect on its condensed consolidated financial position, results of operations, or liquidity.

Letters of Credit

In relation to the execution of a data center lease, the Company was issued a letter of credit of \$5,850 under the letter of credit sublimit of its Revolving Facility during the three months ended June 30, 2026. There were no outstanding letters of credit as of December 31, 2025. In July 2026, the Company was issued a letter of credit of \$9,734 in relation to the execution of a data center lease under the letter of credit sublimit of its Revolving Facility. No drawdowns have been under the Company's letters of credit. Refer to Note 6. Debt of the condensed consolidated financial statements for further details.

Note 10. Stockholders' Equity

2026 Follow-on Offering

On March 26, 2026, the Company completed a follow-on public equity offering ("2026 Follow-on Offering") of 11,948,052 shares of common stock, inclusive of the exercised over-allotment option, at a public offering price of \$77.00 per share. The Company received net proceeds of \$887,888 after deducting underwriting discounts and commissions of \$31,050 and other issuance costs of \$1,062.

2026 Direct Offering

On July 23, 2026, the Company completed a concurrent registered direct offering of 12,543,915 shares of common stock at a price of \$117.54 per share. The proceeds were used to repurchase \$471,828 in aggregate principal amount of its 2030 Convertible Notes. Cash on hand was used to pay transaction related fees.

Share Buyback Program

On August 11, 2025, the Company adopted a new stock repurchase program authorizing the repurchase of up to \$100,000 of its common stock ("2025 Share Buyback Program"). Pursuant to the 2025 Share Buyback Program, repurchases of the Company's common stock will be made at prevailing market prices through open market purchases, in negotiated transactions off the market or otherwise, including through Rule 10b5-1 plans. The 2025 Share Buyback Program will expire on July 31, 2027; however, the Company is not obligated to acquire any particular amount of common stock and the program may be extended, modified, suspended or discontinued at any time at the Company's discretion. During the three and six months ended June 30, 2026, the Company had no repurchases of shares under the 2025 Share Buyback program.

Note 11. Stock-Based Compensation

Equity Incentive Plan

In March 2021, the Company's Board of Directors adopted, and the stockholders approved, the 2021 Equity Incentive Plan ("2021 Plan"). The 2021 Plan is a successor to and continuation of the 2013 Stock Plan. The 2021 Plan became effective on the date of the IPO with no further grants being made under the 2013 Stock Plan, however, awards outstanding under the 2013 Stock Plan will continue to be governed by their existing terms. The 2021 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, RSUs, PRSUs, MRSUs and other awards to employees, directors, and consultants. Shares issued pursuant to the exercise of these awards are transferable by the holder. There were 29,281,461 shares available for grant under the 2021 Plan as of June 30, 2026.

RSUs and PRSUs

RSUs granted typically vest over four years. The Company has issued PRSUs which vest based on the achievement of each award's established performance targets. Depending on the actual financial metrics achieved relative to the target financial metrics throughout the defined performance period of the award, the number of LTIP PRSUs that vest could range from 0% to 200% of the target amount and are subject to the Compensation Committee's approval of the level of achievement against the approved performance targets.

Assuming the minimum performance level is achieved, one-third of the aggregate number of the achieved LTIP PRSUs shall vest on the later of (i) March 1 of the year after grant or, (ii) the first anniversary of the grant date, or (iii) two trading days following the public release of the Company's financial results for the year of grant, and the remainder shall vest over the following two years in eight equal quarterly installments subject, in each case, to the individual's continuous service through the applicable vesting date.

On April 25, 2025, the Company granted an LTIP PRSU award ("2025 LTIP PRSU"). The financial performance level under the PRSUs was equal to the sum of the attainment of certain ARR targets weighted at 75% and adjusted free cash flow margin targets weighted at 25%. On February 13, 2026, the Company determined that the 2025 LTIP PRSU was achieved at 89.0% of the target amount. This resulted in a performance factor reduction of 154,488 shares from the original maximum shares achievable of 278,356, net of forfeiture. The target shares granted under the 2025 LTIP PRSU were 139,178, net of forfeiture.

On March 10, 2026 and June 1, 2026, the Company granted LTIP PRSU awards (“2026 LTIP PRSUs”). The financial performance level under the 2026 LTIP PRSUs can be attained based on the achievement of certain ARR and adjusted free cash flow margin targets. Under the 2026 LTIP PRSUs, 75% of the awards can be achieved based on the ARR targets and 25% of the awards can be achieved based on the adjusted free cash flow margin targets. The target shares granted under the 2026 LTIP PRSUs were 427,796. The actual number of shares that are received under the 2026 LTIP PRSUs may be higher or lower than the target shares based on the actual financial metrics achieved relative to the target financial metrics for fiscal year 2026.

As of June 30, 2026, there was \$146,666 of unrecognized stock-based compensation, net of estimated forfeitures, related to outstanding RSUs, that is expected to be recognized over a weighted-average period of 2.9 years. As of June 30, 2026, there was \$22,602 of unrecognized stock-based compensation, net of estimated forfeitures, related to outstanding PRSUs that is expected to be recognized over a weighted-average period of 2.7 years.

MRSU

On February 12, 2024, Padmanabhan Srinivasan joined the Company in the role of CEO. As part of his compensation package, Mr. Srinivasan received an MRSU with an estimated grant date fair value of approximately \$8,000, which vests upon the satisfaction of certain service conditions and the achievement of certain Company stock price goals during a five-year performance period. A cumulative percentage of the MRSU target is earned based on the achievement of stock price goals, measured based on the average of the Company’s closing stock price over a consecutive 60 days trading day period during the performance period as set forth in the table below:

Tranche	Company Stock Price Target	Total Payout
1	\$65.00	25% of Target MRSUs
2	\$100.00	50% of Target MRSUs
3	\$135.00	100% of Target MRSUs
4	\$170.00	150% of Target MRSUs

During the three months ended June 30, 2026, the conditions related to the Company Stock Price Target applicable to Tranches 1, 2, and 3 of the MRSUs were met. Subject to Mr. Srinivasan's continued service through the applicable vesting dates, 50% of the Tranche 1, 2, and 3 MRSUs will vest upon the Compensation Committee's certification of Company Stock Price Target performance achievement in the first quarter of 2027 and the remaining 50% will vest upon the Compensation Committee's certification in the first quarter of 2029.

As of June 30, 2026, there was \$2,926 of unrecognized stock-based compensation related to the MRSU award that is expected to be recognized over a weighted-average period of 2.7 years.

ESPP

In March 2021, the Company’s Board of Directors adopted, and the stockholders approved, the 2021 Employee Stock Purchase Plan (“ESPP”). Eligible employees enroll in the offering period at the start of each purchase period, whereby they may purchase a number of shares at a price per share equal to 85% of the lesser of (1) the stock price at the employee’s first participation in the offering period or (2) the fair market value of the Company’s common stock on the purchase date. There were 5,947,206 shares available for grant under the ESPP as of June 30, 2026.

Stock-Based Compensation

Stock-based compensation is included in the condensed consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	\$ 1,848	\$ 1,422	\$ 3,272	\$ 2,817
Research and development	15,497	9,456	25,854	17,725
Sales and marketing	2,018	3,089	4,785	5,635
General and administrative	13,361	7,114	21,320	14,336
Total	\$ 32,724	\$ 21,081	\$ 55,231	\$ 40,513

Note 12. Net Income per Share Attributable to Common Stockholders

The following table presents the calculation of basic and diluted net income per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(In thousands, except per share amounts)</i>				
Basic net income per share:				
Numerator:				
Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Denominator:				
Weighted-average shares used to compute net income per share attributable to common stockholders	104,611	91,097	98,856	91,538
Basic	<u>\$ 0.34</u>	<u>\$ 0.41</u>	<u>\$ 0.52</u>	<u>\$ 0.82</u>
Diluted net income per share:				
Numerator:				
Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Interest expense on dilutive convertible notes, net of tax	1,390	1,733	1,821	3,195
Net income used in diluted calculation	\$ 36,827	\$ 38,760	\$ 53,029	\$ 78,426
Denominator:				
Number of shares used in basic calculation	104,611	91,097	98,856	91,538
Weighted-average effect of dilutive securities:				
Stock Options	671	689	711	812
RSUs	3,280	392	2,911	711
PRSUs	109	36	115	57
MRSUs	170	—	158	—
2026 Convertible Notes	1,750	8,403	—	8,403
2030 Convertible Notes	15,957	—	15,957	—
Number of shares used in diluted calculation	126,548	100,617	118,708	101,521
Diluted net income per share attributable to common stockholders	<u>\$ 0.29</u>	<u>\$ 0.39</u>	<u>\$ 0.45</u>	<u>\$ 0.77</u>

We calculate the potential dilutive effect of the convertible senior notes under the if-converted method. Under this method, diluted earnings per share are determined by assuming that outstanding convertible senior notes were converted into shares of our common stock at the beginning of the reporting period.

In connection with the issuance of the convertible senior notes, we entered into the capped call transactions, which were not included for purpose of calculating number of diluted shares outstanding, as their effect would have been anti-dilutive. The capped call transactions are expected to partially offset the potential dilution to our common stock upon any conversion of the convertible senior notes.

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(In thousands)</i>				
RSUs	16	3,957	8	2,982
2026 Convertible Notes	—	—	1,750	—
Total	<u>16</u>	<u>3,957</u>	<u>1,758</u>	<u>2,982</u>

Note 13. Income Taxes

The computation of the provision for, or benefit from, income taxes for an interim period is determined using an estimated annual effective tax rate, adjusted for discrete items, if any. Each quarter, the Company updates the estimated annual effective tax rate and records a year-to-date adjustment to the tax provision, as necessary.

For the three months ended June 30, 2026, the Company recorded tax benefit of \$8,295 and for the six months ended June 30, 2026, the Company recorded income tax expense of \$430. The effective tax rate for the three and six months ended June 30, 2026 was (30.6)% and 0.8%, respectively. The effective tax rate differs from the statutory rate primarily due to the mix of income in the foreign jurisdictions in which the Company conducts business, 162(m) limitation and excess tax benefits from stock-based compensation.

For the three and six months ended June 30, 2025, the Company recorded tax expense of \$5,421 and \$8,597, respectively. The effective tax rate for the three and six months ended June 30, 2025 was 12.8% and 10.3%. The effective tax rate differs from the statutory rate primarily as a result of having a full valuation allowance in the U.S. and the mix of income in the foreign jurisdictions in which the Company conducts business, and excess tax benefits from stock-based compensation and utilization of research and development credits.

The Organization for Economic Co-operation and Development Pillar Two guidelines published to date include transition and safe harbor rules around the implementation of the Pillar Two global minimum tax of 15%. Based on current enacted legislation, the Company is not subject to Pillar Two tax since the Company's revenue is currently below the threshold. The Company is monitoring developments and evaluating the impacts these new rules will have on its future income tax provision and effective income tax rate.

On July 4, 2025, the One Big Beautiful Bill Act ("OBGBA") was enacted in the U.S. The OBGBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company adopted the provisions related to the international tax framework that became effective in 2026 for the three and six months ended June 30, 2026. The adoption did not have a material impact on the Company's condensed consolidated financial statements.

Note 14. Segment and Geographical Information

Segment Information

The Company's chief operating decision maker ("CODM") is the CEO. The CODM assesses performance on a monthly basis by reviewing consolidated results against the annual operating plan and ongoing forecasts. Accordingly, the Company has one operating and reporting segment.

The measure of segment profitability used by the CODM is net income, as reported in the condensed consolidated statements of operations. The significant segment expenses reviewed by the CODM on a consolidated basis include cost of revenue, research and development, sales and marketing, and general and administrative as reported in the condensed consolidated statements of operations on a consolidated basis. Other segment expense categories include other (expense) income, net and income tax benefit (expense) as reported in the condensed consolidated statements of operations. Refer to Note 3. Revenue, for revenue by geography.

The measure of segment assets is total assets, which is reported in the condensed consolidated balance sheets. Refer to condensed consolidated statements of cash flows and within Note 5. Balance Sheet Details, for details of capital expenditures and depreciation and amortization, respectively.

Long-lived assets include property and equipment, net and operating lease right-of-use assets, net. The geographic locations of the Company's long-lived assets, net, based on the physical location of the assets, are as follows:

	June 30, 2026	December 31, 2025
United States	\$ 1,326,168	\$ 610,135
Netherlands	59,256	70,829
Germany	53,288	50,953
Singapore	38,084	46,585
Canada	36,144	33,058
Other	42,089	48,388
Total	\$ 1,555,029	\$ 859,948

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be considered together with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2025. This discussion, particularly information with respect to our outlook, key trends and uncertainties, our plans and strategy for our business, and our performance and future success, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. Actual results could differ materially from those discussed below.

Overview

DigitalOcean is an AI-Native Cloud, purpose-built for inference and agentic workloads that brings infrastructure, core cloud services, inference, data, and agents together in one integrated stack that is open throughout, giving builders the best of the AI ecosystem in one place. The platform combines production-ready GPU infrastructure, a full-stack cloud, model-first inference workflows, and an agentic experience layer to reduce operational complexity and accelerate time to production. Our customers include growing technology companies across numerous industry verticals ranging from online gaming to fintech to cybersecurity, among many others, and leverage our platform for a wide variety of use cases, such as building and hosting websites, developing new web and mobile applications, integrating AI into their businesses, and building AI products and applications, among many others. We believe that being simple, scalable and approachable, while offering a comprehensive range of integrated cloud and AI products, are our key differentiators, driving a broad range of customers around the world whose needs are not being fully met by larger cloud providers to build and grow their businesses on our platform.

We offer a comprehensive set of cloud platform capabilities which span across Infrastructure-as-a-Service ("IaaS"), including Droplet virtual machines, storage and networking offerings; Platform-as-a-Service ("PaaS") and Software-as-a-Service ("SaaS"), including Managed Hosting, Managed Database, Managed Kubernetes and Marketplace offerings. We also offer a comprehensive artificial intelligence and machine learning ("AI/ML") platform - DigitalOcean Gradient® AI Agentic Cloud which includes Gradient AI Infrastructure with offerings such as GPU Droplets and Bare Metal GPUs; the Gradient AI Platform which offers various building block services including Large Language Models ("LLMs"); and Gradient AI Agents. We continue to invest in our platform to further penetrate the growing markets in which we operate.

We generate revenue primarily from the usage of our agentic inference cloud platform by our customers. We recognize revenue largely based on the customer utilization of our offerings. While our pricing is primarily consumption-based and the majority of our customers use our platform on a month-to-month basis, a growing number of customers are using our platform for larger workloads and some of these customers are opting to enter into committed contracts, committing to a minimum spend on our platform.

We serve a large number of customers that range in size from growing or scaled businesses that generate millions of dollars in revenue and serve millions of their own customers to individual developers testing or learning new technology for their own development. Thousands of new users come to DigitalOcean every month with some users intending only to utilize our platform for a discrete task, and other users are part of new or existing businesses that intend to operate their

production and test workloads on our platform to support their business. Given the wide range of users and their associated spend, we classify customers based on their spend in a given month, which we have found to be a good proxy that distinguishes between casual users and substantial enterprise customers.

Our total customer count is represented by the number of Digital Native Enterprise (“DNE”) Customers, which are users that spend more than \$500 in a month. We further disaggregate our DNE customers into the following categories - \$100K+ Customers, \$500K+ Customers and \$1M+ Customers. See further discussion in “Digital Native Enterprise Customers” below.

Growing our DNE Customers is a critical focus for us, and we have successfully increased the number of these customers and their percentage of our total revenue. Revenue from our DNE Customers as a percentage of total revenue was 67% in the three months ended June 30, 2026, up from approximately 59% in the three months ended June 30, 2025. As of June 30, 2026, we had approximately 22,000 DNE Customers using our platform to build, deploy and scale applications. The number of DNE Customers increased from approximately 20,000 as of June 30, 2025 to approximately 22,000 as of June 30, 2026.

We had no material customer concentration as our top 25 customers made up approximately 20% and 9% of our revenue in the three months ended June 30, 2026 and 2025, respectively.

Our annual run-rate revenue (“ARR”) as of June 30, 2026 was \$1,125 million, up from \$875 million as of June 30, 2025. Our AI Customer ARR as of June 30, 2026 was \$234 million, up from \$75 million as of June 30, 2025. See further discussion in “ARR and AI Customer ARR” below.

We have a highly efficient self-service customer acquisition model, which we complement with a sales force focused on inside sales, targeted outside sales and partnership opportunities to drive revenue growth. The efficiency of our go-to-market model and our focus on the needs of growing technology enterprises have enabled us to drive organic growth and establish a truly global customer base across a broad range of industries. For the three months ended June 30, 2026 and 2025, our sales and marketing expense was approximately 8% of our revenue.

Our customers are spread across approximately 190 countries and around two-thirds of our revenue has historically come from customers located outside the United States. For the three months ended June 30, 2026, 47% of our revenue was generated from North America, 22% from Europe, 22% from Asia and 9% from the rest of the world.

Key Factors Affecting Our Performance

Increasing Usage by Our Existing Customers

Our existing customer base represents a significant opportunity for further sales expansion through increased usage of our platform and adoption of additional product offerings. We are highly focused on gaining a better understanding of the needs and growth plans of our existing customers, increasing our feature velocity and shaping our product roadmap around the needs of DNE Customers, and leveraging our account management function to provide more direct coverage of our top spending accounts. This deeper relationship with our customers is helping us to identify opportunities to educate our customer base on ways to utilize the platform more effectively for their individual use cases, as well as provide a feedback loop to inform our product roadmap, in order to build trust with customers and encourage them to run more of their critical cloud workloads on our platform. We expect to increase our revenue in the future from existing customers through the introduction of new products and features tailored to our DNE Customers through expanded customer outreach, and targeted services to support our customers in migrating additional workloads from other cloud providers to DigitalOcean.

Growing Our Base of AI-Native and Cloud-Native DNE Customers

We believe there is a substantial opportunity to further expand our customer base. We are investing in strategies that we believe will drive adoption by new AI-Native and Cloud-Native DNE Customers, a dedicated AI sales team with deep AI expertise to help prospective customers understand our offerings and the process to onboard onto our platform, marketing initiatives that further optimize our self-service revenue funnel to identify potential DNE Customers, enhanced research and development to build our product roadmap around the needs of DNE Customers, and the expansion of our migration services team to support additional migrations to our platform from other cloud providers.

Investing in Our Platform and Product Offerings

We have a history of, and will continue to invest significantly in, delivering innovative products, features and functionality for our DNE Customers. Our product strategy is anchored in addressing the needs of our DNE Customers and

other digital native enterprises and on continuously innovating to meet those needs in a simple, scalable and approachable way. We have accelerated the pace of product innovation and made disciplined investments to expand our offerings for our IaaS and PaaS offerings, as well as our newer AI/ML offerings.

The market opportunity for our services continues to expand and we expect to make additional investments to offer an enhanced and tailored suite of IaaS, PaaS/SaaS and AI/ML offerings that address the changing needs of our customers.

Driving Increased Adoption Through Our Community Ecosystem

We attract a large number of developers to our website and platform, and we are committed to supporting and expanding this community of innovators and technologists by continuing to produce high-quality educational content and hosting developer-focused programs and events around the world. Supporting and educating the developer community is not only one of our values, but it also fosters brand loyalty, expands our customer base and drives increased adoption of our products.

Augmenting our Platform through Strategic Partnerships and Acquisitions

In addition to organic growth, we believe that strategic partnerships and acquisitions will allow us to accelerate our key platform, product and marketing initiatives. In recent years, we completed acquisitions of Paperspace, which launched our AI/ML offerings, and Cloudways, which added our Managed Hosting offering to our platform. In addition, we have entered into partnerships to augment our product offerings. We intend to actively pursue both strategic partnerships and acquisitions that we believe will be complementary to our business, accelerate customer acquisition, increase usage of our platform and/or expand our product offerings in our core markets.

Macroeconomic and Geopolitical Conditions

Unfavorable conditions in the economy, both in the United States and abroad, could cause a decrease in business investments in information technology and negatively affect the growth of our business and our results of operations. These conditions include: changes in gross domestic product growth; inflationary pressures and high interest rates; supply chain disruptions; financial and credit market fluctuations, volatility in the capital markets, and liquidity concerns at, or failures of, banks and other financial institutions; trade tension and the imposition, enforceability, or threatened imposition of tariffs, export controls, sanctions, and other trade restrictions or retaliatory actions for those measures by other countries; and geopolitical conditions, including ongoing military conflicts involving Russia, Ukraine, Iran, and the Middle East, political turmoil, political instability or transitions of power in regions where we operate, potential shutdowns of the U.S. federal government, natural catastrophes, and outbreaks of contagious diseases.

We will continue to monitor the direct and indirect impacts of these or similar circumstances on our business and our results of operations. The implications of macroeconomic and geopolitical conditions on our business, results of operations, and overall financial position remain uncertain.

Key Business Metrics

We utilize the key metrics set forth below to help us evaluate our business and growth, identify trends, formulate financial projections and make strategic decisions. We are not aware of any uniform standards for calculating these key metrics, and other companies may not calculate similarly titled metrics in a consistent manner, which may hinder comparability.

	Three Months Ended June 30,			
	2026		2025	
Digital Native Enterprise Customers ⁽¹⁾		21,736		20,255
\$100K+ Customers ⁽¹⁾		632		582
\$500K+ Customers ⁽¹⁾		92		68
\$1M+ Customers ⁽¹⁾		45		26
ARR (in millions)	\$	1,125	\$	875
AI Customer ARR (in millions)	\$	234	\$	75

(1) Customer count. Beginning in the fourth quarter of 2025, we redefined our total customer count, customer categories naming and disaggregation, and excluded the number of customers using certain legacy Bare Metal CPU offerings. Prior periods have been recast to reflect the effects of such changes.

Digital Native Enterprise Customers

We refer to customers spending more than \$500 in a given month collectively as our Digital Native Enterprise (“DNE”) Customers. We believe the total number of our DNE Customers is an important indicator of the growth of our business and future revenue opportunity, and the trends relating to our \$100K+ Customers, \$500K+ Customers and \$1M+ Customers are of particular importance to us as these customers comprise a significant majority of our revenue and revenue growth, and are representative of the Cloud-Native and AI-Native DNEs that have scaled on our platform.

We 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 the following categories based on the amount of their spend in a given month and individual customers may fall within different categories within a reporting period (customer spend in a month in whole dollars):

- DNE Customers: users that spend more than \$500 in a month.
- \$100K+ Customers: users that spend more than \$8,333 in a month.
- \$500K+ Customers: users that spend more than \$41,667 in a month.
- \$1M+ Customers: users that spend more than \$83,333 in a month.

ARR and AI Customer ARR

Given the recurring nature of our business, we view annual run-rate revenue as an important indicator of our current progress towards meeting our revenue targets and projected growth rate going forward. We calculate ARR by multiplying total revenue for the most recent quarter by four.

We view AI Customer ARR as an important indicator of our growth in customers using AI-related products across our AI-Native Cloud and a key driver of our revenue targets and projected growth rate going forward.

We calculate AI Customer ARR by multiplying total AI Customer Revenue for the most recent quarter by four. AI Customer Revenue is defined as the total revenue generated from customers who utilize one or more of our AI/ML offerings, inclusive of their revenue from our IaaS and PaaS/SaaS offerings during the period.

Components of Results of Operations

Revenue

We offer a comprehensive set of cloud platform capabilities which span across IaaS, including Droplet virtual machines, storage and networking offerings; PaaS and SaaS, including Managed Hosting, Managed Database, Managed Kubernetes and Marketplace offerings. We also offer a comprehensive AI/ML platform - DigitalOcean Gradient® AI

Agentic Cloud, which includes Gradient AI Infrastructure with offerings such as GPU Droplets and Bare Metal GPUs; the Gradient AI Platform which offers various building block services including LLMs; and Gradient AI Agents. We continue to invest in our platform to further penetrate the growing markets in which we operate.

We may offer sales incentives in the form of promotional and referral credits and grant credits to encourage customers to use our services. These types of promotional and referral credits typically expire in two months or less if not used. For credits earned with a purchase, they are recorded as contract liabilities when earned and recognized at the earlier of redemption or expiration. The majority of credits are redeemed in the month they are earned.

Cost of Revenue

Cost of revenue consists primarily of fees related to operating our data center facilities, personnel costs of our employees providing customer support or operating our facilities, and partnership expenses. Cost of revenue includes depreciation of our data center equipment and amortization of acquired technology and capitalized internal-use software development costs. Data center facility fees include data center rental fees, power costs, maintenance fees, network, bandwidth and ancillary equipment. Personnel costs include salaries, bonuses, benefits, and stock-based compensation.

We intend to continue to invest additional resources in our infrastructure to support our product portfolio and the scalability of our customer base. The level, timing and relative investment in our infrastructure could affect our cost of revenue in the future.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of personnel costs including salaries, bonuses, benefits, and stock-based compensation. Research and development expenses also include amortization of capitalized internal-use software development costs, which are amortized over three years, professional services, software, as well as costs related to our efforts to add new features to our existing offerings, develop new offerings, and ensure the security, performance, and reliability of our global cloud platform. We expect research and development expenses to increase in absolute dollars as we continue to invest in our platform and product offerings.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs of our sales and marketing and customer success employees, including salaries, bonuses, benefits, commissions and stock-based compensation. Sales and marketing expenses also include costs for marketing programs, advertising, amortization of acquired customer relationships and purchased software used for sales and marketing purposes, professional services and software. We expect sales and marketing expenses to increase in absolute dollars as we enhance our product offerings and implement new marketing and sales strategies.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs of our human resources, legal, finance and other administrative functions, including salaries, bonuses, benefits, and stock-based compensation. General and administrative expenses also include payment processing fees, provision for expected credit losses, professional services, software, business insurance, depreciation and amortization, rent and facilities costs, acquisition-related compensation, and other administrative costs. General and administrative expenses may increase in absolute dollars as we continue to grow our business.

Other (Expense) Income, net

Other (expense) income, net consists primarily of loss on extinguishment of our Term Loan Facility, cash interest expense on our Term Loan Facility, credit facilities, finance leases and equipment financing obligations, amortization of debt issuance costs, interest income on our money market funds, and gains or losses on foreign currency exchange.

Income Tax Benefit (Expense)

Income tax expense consists primarily of income taxes in foreign jurisdictions and U.S. federal and state income taxes.

Results of Operations

The following table sets forth our results of operations for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
	(in thousands)			
Revenue	\$ 281,184	\$ 218,700	\$ 539,089	\$ 429,403
Cost of revenue ⁽¹⁾	126,522	87,755	239,717	169,014
Gross profit	154,662	130,945	299,372	260,389
Operating expenses:				
Research and development ⁽¹⁾	57,515	39,644	106,345	79,238
Sales and marketing ⁽¹⁾	22,568	19,288	44,237	38,689
General and administrative	45,208	36,394	82,848	69,201
Total operating expenses	125,291	95,326	233,430	187,128
Operating income	29,371	35,619	65,942	73,261
Other income (expense), net	(2,229)	6,829	(14,304)	10,567
Income before income taxes	27,142	42,448	51,638	83,828
Income tax benefit (expense)	8,295	(5,421)	(430)	(8,597)
Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231

(1) Includes stock-based compensation as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
	(in thousands)			
Cost of revenue	\$ 1,848	\$ 1,422	\$ 3,272	\$ 2,817
Research and development	15,497	9,456	25,854	17,725
Sales and marketing	2,018	3,089	4,785	5,635
General and administrative	13,361	7,114	21,320	14,336
Total stock-based compensation	\$ 32,724	\$ 21,081	\$ 55,231	\$ 40,513

The following table sets forth our results of operations as a percentage of revenue for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	100%	100%	100%	100%
Cost of revenue	45	40	44	39
Gross profit	55	60	56	61
Operating expenses:				
Research and development	20	18	20	18
Sales and marketing	8	9	8	9
General and administrative	16	17	15	16
Total operating expenses ⁽¹⁾	45	44	43	44
Operating income ⁽¹⁾	10	16	12	17
Other income (expense), net	(1)	3	(3)	2
Income before income taxes ⁽¹⁾	10	19	10	20
Income tax benefit (expense)	3	(2)	—	(2)
Net income attributable to common stockholders ⁽¹⁾	13%	17%	9%	18%

(1) May not foot due to rounding.

Comparison of the Three Months Ended June 30, 2026 and 2025

Revenue

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(in thousands)			
Revenue	\$ 281,184	\$ 218,700	\$ 62,484	29%

Revenue increased \$62.5 million, or 29%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was driven by a 45% increase in revenue from our DNE Customers primarily attributable to the addition of new customers, including our expanding AI Customer base, and the continued adoption of our products by our existing customers leading to higher average usage on our platform.

Cost of Revenue

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(in thousands)			
Cost of revenue	\$ 126,522	\$ 87,755	\$ 38,767	44%

Cost of revenue increased for the three months ended June 30, 2026 compared to 2025 primarily due to data center expansions which drove increases of \$17.2 million in depreciation and amortization related to data center infrastructure additions, \$12.4 million in co-location costs, \$3.4 million in third-party licenses and partnership expenses, \$2.9 million in ancillary equipment costs, and \$3.2 million in other costs, net. Gross profit decreased to 55% for the three months ended June 30, 2026 from 60% for the three months ended June 30, 2025. The decline in gross margin resulted from incurrence of costs for data center expansions in advance of the ramp in revenue from new data centers.

Operating Expenses

	Three Months Ended June 30,			
	2026	2025		
	(in thousands)			
Research and development	\$ 57,515	\$ 39,644	\$ 17,871	45%
Sales and marketing	22,568	19,288	3,280	17%
General and administrative	45,208	36,394	8,814	24%
Total operating expenses	\$ 125,291	\$ 95,326	\$ 29,965	31%

Research and development expenses increased for the three months ended June 30, 2026 compared to 2025 due to increases of \$17.8 million in personnel costs driven by headcount growth, stock-based compensation for new hire and ongoing grants and annual merit-based salary raises, \$2.1 million in third-party development resources and \$1.4 million in other costs, net, partially offset by \$3.5 million in additional capitalized internal-use software development costs.

Sales and marketing expenses increased for the three months ended June 30, 2026 compared to 2025 due to increases of \$1.3 million in personnel costs driven by headcount growth and annual merit-based salary raises, \$1.3 million in depreciation and amortization related to purchased software, and \$1.0 million in other costs, net.

General and administrative expenses increased for the three months ended June 30, 2026 compared to 2025 due to an increase of \$9.0 million in personnel costs driven by headcount growth, stock-based compensation for new hire and ongoing grants, and annual merit-based salary raises.

Other (Expense) Income, net

	Three Months Ended June 30,			
	2026	2025		
	(in thousands)			
Other (expense) income, net	\$ (2,229)	\$ 6,829	\$ (9,058)	(133%)

Other expense, net was \$2.2 million for the three months ended June 30, 2026, compared to other income, net of \$6.8 million for the three months ended June 30, 2025. The change is primarily due to a net decrease of \$7.2 million in unrealized gains related to foreign currency fluctuations from our operations and an increase of \$5.2 million in interest expense mostly driven by interest on our finance leases and equipment financing arrangements, offset by \$3.2 million higher interest income due to higher investment balance from the proceeds of our public equity offering completed in March 2026.

Income Tax Benefit (Expense)

	Three Months Ended June 30,			
	2026	2025		
	(in thousands)			
Income tax benefit (expense)	\$ 8,295	\$ (5,421)	\$ 13,716	(253%)

Income tax benefit was \$8.3 million for the three months ended June 30, 2026 compared to income tax expense of \$5.4 million for the three months ended June 30, 2025, an increase in income tax benefit of \$13.7 million, or 253%. The increase in income tax benefit was primarily driven by an increase in excess tax benefits on stock-based compensation.

Comparison of the Six Months Ended June 30, 2026 and 2025

Revenue

	Six Months Ended June 30,			
	2026	2025		
	(in thousands)			
Revenue	\$ 539,089	\$ 429,403	\$ 109,686	26%

Revenue increased \$109.7 million, or 26%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was driven by a 40% increase in revenue from our DNE Customers primarily

attributable to the addition of new customers and the continued adoption of our products by our existing customers leading to higher average usage on our platform.

Cost of Revenue

	Six Months Ended June 30,			
	2026	2025	\$ Change	% Change
	(in thousands)			
Cost of revenue	\$ 239,717	\$ 169,014	\$ 70,703	42 %

Cost of revenue increased for the six months ended June 30, 2026 compared to 2025 primarily due to data center expansions which drove increases of \$32.8 million in depreciation and amortization related to data center infrastructure additions, \$21.4 million in co-location costs, \$6.5 million in ancillary equipment costs, \$6.0 million in third party licenses and partnership expenses, \$2.9 million in personnel costs driven by headcount growth, and \$1.5 million in other costs, net. Gross profit decreased to 56% for the six months ended June 30, 2026 from 61% for the six months ended June 30, 2025. The decline in gross margin resulted from incurrence of costs for data center expansions in advance of the ramp in revenue from new data centers.

Operating Expenses

	Six Months Ended June 30,			
	2026	2025	\$ Change	% Change
	(in thousands)			
Research and development	\$ 106,345	\$ 79,238	27,107	34 %
Sales and marketing	44,237	38,689	5,548	14 %
General and administrative	82,848	69,201	13,647	20 %
Total operating expenses	\$ 233,430	\$ 187,128	\$ 46,302	25 %

Research and development expenses increased for the six months ended June 30, 2026 compared to 2025 due to increases of \$28.2 million in personnel costs driven by headcount growth, annual merit-based salary raises and stock-based compensation for new hire and ongoing grants, \$1.6 million in software costs, and \$1.1 million in third-party development resources, partially offset by \$4.7 million in additional capitalized internal-use software development costs.

Sales and marketing expenses increased for the six months ended June 30, 2026 compared to 2025 due to increases of \$2.4 million in depreciation and amortization related to purchased software and \$3.2 million in personnel costs driven by headcount growth and annual merit-based salary raises.

General and administrative expenses increased for the six months ended June 30, 2026 compared to 2025 due to increases of \$10.6 million in personnel costs driven by headcount growth, stock-based compensation for new hire and ongoing grants, and annual merit-based salary raises and \$4.3 million in professional services costs related to consulting and legal fees, offset by a decrease of \$1.2 million in other costs, net.

Other (Expense) Income, net

	Six Months Ended June 30,			
	2026	2025	\$ Change	% Change
	(in thousands)			
Other (expense) income, net	(14,304)	10,567	\$ (24,871)	(235%)

Other expense, net was \$14.3 million for the six months ended June 30, 2026, compared to other income, net of \$10.6 million for the six months ended June 30, 2025. The change is primarily due to an increase of \$13.6 million in interest expense mostly driven by interest on our finance leases and equipment financing arrangements, a decrease of \$11.3 million in net unrealized gains related to foreign currency fluctuations from our operations, and an additional \$2.4 million loss on extinguishment of debt from our Term Loan Facility, offset by a \$2.4 million increase in interest income due to higher investment balance from the proceeds of our public equity offering completed in March 2026.

Income Tax Expense

	Six Months Ended June 30,				
	2026	2025			
	(in thousands)				
Income tax expense	\$ 430	\$ 8,597	\$	(8,167)	(95%)

Income tax expense decreased \$8.2 million, or 95%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The decrease in income tax expense was primarily driven by an increase in excess tax benefits on stock-based compensation.

Liquidity and Capital Resources

We have funded our operations since inception primarily with cash flow generated by operations, offerings of our equity and debt securities, borrowings under our credit facilities, equipment financing arrangements and finance leases. Cash provided from these sources is used primarily for operating expenses, such as personnel and co-location costs, capital expenditures, including our investments in AI/ML and other core product offerings, and principal repayments of finance leases and equipment financing obligations for servers and related equipment. From time to time, we may also use excess cash and/or debt for share repurchases and investments in marketable securities and cash equivalents.

In February 2026, we borrowed an additional \$120.0 million under our Term Loan Facility.

In March 2026, we completed a public equity offering in which we issued and sold 11,948,052 shares of common stock, inclusive of the exercised over-allotment option, at a public offering price of \$77.00 per share ("2026 Follow-on Offering"). We received net proceeds of \$887.9 million after deducting underwriting discounts and commissions of \$31.1 million and other issuance costs of \$1.1 million.

We used the proceeds from our 2026 Follow-on Offering to repay \$500.0 million of principal outstanding of our Term Loan Facility during the three months ended March 31, 2026.

On May 4, 2026, we entered into an amendment to our Credit Agreement (the "First Amendment"). The First Amendment amends the Credit Agreement to, among other modifications, (i) provide for a \$112.5 million increase in the Revolving Facility thereunder, (ii) provide for a \$50.0 million increase in the letter of credit sublimit thereunder and (iii) amend the definition of "Indebtedness" to provide that capitalized leases shall be deemed to be an amount equal to 25% of the capitalized amount. During the three months ended June 30, 2026, we issued a letter of credit under our Revolving Facility for \$5.9 million. In July 2026, we issued an additional letter of credit of \$9.7 million under our Revolving Facility.

As of June 30, 2026, we had \$937.3 million aggregate principal amount outstanding under our 2030 Convertible Notes and 2026 Convertible Notes, with \$406.7 million of borrowing capacity available under our Revolving Facility. As of June 30, 2026, the circumstances allowing holders to convert the 2030 Convertible Notes were met. As of June 30, 2026, all of the 2030 Capped Calls remain outstanding and expire on August 15, 2030, unless exercised or called prior to that date.

As of June 30, 2026, we had \$312.3 million of our 2026 Convertible Notes maturing within the next 12 months. We plan to repurchase, repay, acquire or otherwise settle the remaining outstanding principal of our 2026 Convertible Notes by drawing on the remaining capacity under our Revolving Facility, in whole or in part, and using cash on hand or generated from our operations.

On July 23, 2026, we repurchased \$471.8 million in aggregate principal amount of our 2030 Convertible Notes using the net proceeds from a concurrent registered direct offering of 12,543,915 shares of our common stock at \$117.54 per share. Cash on hand was used to pay estimated transaction related fees. Upon completion, the repurchased notes were retired. We intend to use our existing share repurchase authorization to repurchase approximately 500,000 shares to offset dilution. Notwithstanding the partial repurchase of our 2030 Convertible Notes, we did not take any action on our 2030 Capped Calls and they continue to remain outstanding. For further information refer to Note 6. Debt in our condensed consolidated financial statements.

We believe our existing cash and cash equivalents, cash flow from operations and availability under our Revolving Facility will be sufficient to support our requirements for working capital and capital expenditures, outstanding contractual commitments, debt and finance lease liabilities and equipment financing obligations for at least the next 12 months and in the long term.

We have historically repurchased our common stock pursuant to repurchase programs approved by our Board of

Directors. In August 2025, we adopted the 2025 Share Buyback Program which authorizes the repurchase of up to \$100.0 million of our common stock. The 2025 Share Buyback Program will expire on July 31, 2027. No shares have been repurchased during the six months ended June 30, 2026.

As of June 30, 2026, we had \$2,759.3 million of estimated undiscounted fixed payment obligations primarily for leases of co-location space at data center facilities that have not yet commenced and were not included in the condensed consolidated balance sheets. These leases are scheduled to commence between July 2026 and June 2028, and have a weighted-average lease term of 11.2 years.

As of June 30, 2026, we expect to receive servers and related equipment under finance leases with total estimated undiscounted payments of \$281.6 million that were not included in the condensed consolidated balance sheets. The leases commenced in July 2026 and have a weighted-average lease term of 4.9 years.

As of June 30, 2026, we had \$767.0 million in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash and money market funds.

From time to time, we may seek to retire or purchase our outstanding equity or debt, including the repurchase of our common stock or outstanding convertible notes, through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, any such purchases or exchanges may result in us acquiring and retiring a substantial amount of such indebtedness, which could impact the trading liquidity of such indebtedness.

The following table summarizes our cash flows for the periods presented:

<i>(In thousands)</i>	Six Months Ended June 30,			
	2026		2025	
Net cash provided by operating activities	\$	156,889	\$	156,537
Net cash used in investing activities		(149,701)		(100,407)
Net cash provided by (used in) financing activities		505,427		(96,876)
Increase (decrease) in cash, cash equivalents and restricted cash		512,549		(40,701)

Operating Activities

Our largest source of operating cash is cash collections from sales to our customers. Our primary uses of cash from operating activities are for personnel costs, data center co-location costs, payment processing fees, bandwidth and connectivity, server maintenance, software licensing fees, taxes and interest payments on finance leases, equipment financing obligations and debt.

Net cash provided by operating activities was \$156.9 million and \$156.5 million for the six months ended June 30, 2026 and 2025, respectively. The change was primarily driven by increased cash collections from higher revenues, partially offset by higher co-location costs resulting from data center expansions and higher personnel costs due to increased headcount and annual merit-based salary raises.

Investing Activities

Net cash used in investing activities was \$149.7 million and \$100.4 million for the six months ended June 30, 2026 and 2025, respectively. The change was primarily driven by a \$5.2 million decrease in cash payments for capital expenditures, partially offset by an increase of \$51.5 million in cash payments for the acquisition of equipment under financing arrangements (for which we received an equivalent amount of proceeds discussed below in “Financing Activities”), and a \$4.0 million payment for acquisition of an AI-related business.

Financing Activities

Net cash provided by financing activities was \$505.4 million for the six months ended June 30, 2026, compared to net cash used in financing activities of \$96.9 million for the six months ended June 30, 2025. The change was primarily driven by proceeds of \$887.9 million from our equity follow-on offering, \$120.0 million drawdown on our Term Loan Facility and \$51.5 million from equipment financing arrangements, partially offset by a \$500.0 million repayment of our Term Loan Facility, \$38.4 million payments of employee payroll taxes related to net share settlement of equity awards and \$21.7 million of principal repayments for finance leases and financing arrangements for data center equipment.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments as compared to those disclosed in the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 other than those disclosed under Note 6. Debt, Note 7. Operating Leases, Note 8. Finance Leases and Equipment Financing Obligations, and Note 9. Commitments and Contingencies, in our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies as compared to those disclosed in the Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recently Issued and Adopted Accounting Pronouncements

For information on recently issued and adopted accounting pronouncements see Note 2. Summary of Significant Accounting Policies, in our notes to condensed consolidated financial statements included in Part I, Item 1. "Financial Statements and Supplementary Data" included in this Form 10-Q.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States, or GAAP, we provide investors with non-GAAP financial measures including: (i) adjusted operating income and adjusted operating income margin, (ii) adjusted EBITDA and adjusted EBITDA margin and (iii) non-GAAP net income and non-GAAP diluted net income per share. These measures are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP.

We believe that adjusted operating income margin and adjusted EBITDA, when taken together with our GAAP financial results, provide meaningful supplemental information regarding our operating performance (including our long-term performance in the case of adjusted operating income) and facilitate internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of adjusted operating income and adjusted EBITDA is helpful to our investors as they are measures used by management in assessing the health of our business, evaluating our operating performance, and for internal planning and forecasting purposes.

We believe non-GAAP net income and non-GAAP diluted net income per share provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this metric generally eliminates the effects of unusual or non-recurring items from period to period for reasons unrelated to overall operating performance.

Our calculations of each of these measures may differ from the calculations of measures with the same or similar titles by other companies and therefore comparability may be limited. Because of these limitations, when evaluating our performance, you should consider each of these non-GAAP financial measures alongside other financial performance measures, including the most directly comparable financial measure calculated in accordance with GAAP and our other GAAP results. A reconciliation of each of our non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP is set forth below.

Adjusted Operating Income and Adjusted Operating Income Margin

We define adjusted operating income as operating income, adjusted to exclude stock-based compensation, amortization of acquired intangible assets, acquisition related compensation, acquisition and integration related costs, restructuring and other charges, restructuring related charges, impairment of certain long-lived assets and other charges. We define adjusted operating income margin as adjusted operating income as a percentage of revenue.

The following table presents a reconciliation of operating income, the most directly comparable financial measure stated in accordance with GAAP, to adjusted operating income for each of the periods presented:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating income	\$ 29,371	\$ 35,619	\$ 65,942	\$ 73,261
Adjustments:				
Stock-based compensation	32,724	21,081	55,231	40,513
Amortization of acquired intangible assets	5,070	5,031	10,008	10,228
Impairment of certain long-lived assets	311	—	311	—
Adjusted operating income	<u>\$ 67,476</u>	<u>\$ 61,731</u>	<u>\$ 131,492</u>	<u>\$ 124,002</u>
As a percentage of revenue:				
Operating income margin	10 %	16 %	12 %	17 %
Adjusted operating income margin	24 %	28 %	24 %	29 %

Adjusted EBITDA and Adjusted EBITDA Margin

We define adjusted EBITDA as net income attributable to common stockholders, adjusted to exclude depreciation and amortization, stock-based compensation, interest expense, acquisition related compensation, acquisition and integration related costs, income tax expense (benefit), restructuring and other charges, restructuring related charges, impairment of certain long-lived assets, interest income and other income, net, (gain) loss on extinguishment of debt, net, and other charges. We define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenue.

The following table presents a reconciliation of net income attributable to common stockholders, the most directly comparable financial measure stated in accordance with GAAP, to adjusted EBITDA for each of the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(In thousands)</i>				
GAAP Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Adjustments:				
Depreciation and amortization	51,154	32,765	96,629	61,975
Stock-based compensation	32,724	21,081	55,231	40,513
Interest expense	7,463	2,239	18,016	4,447
Income tax (benefit) expense	(8,295)	5,421	430	8,597
Loss on extinguishment of debt	—	269	2,700	269
Impairment of certain long-lived assets	311	—	311	—
Interest income and other income, net ⁽¹⁾	(5,234)	(9,337)	(6,412)	(15,283)
Adjusted EBITDA	\$ 113,560	\$ 89,465	\$ 218,113	\$ 175,749
As a percentage of revenue:				
Net income margin	13%	17%	9%	18%
Adjusted EBITDA margin	40%	41%	40%	41%

(1) For the three and six months ended June 30, 2026 and 2025, primarily consists of interest income from our cash and cash equivalents.

Non-GAAP Net Income and Non-GAAP Diluted Net Income Per Share

We define non-GAAP net income as net income attributable to common stockholders, excluding stock-based compensation, acquisition related compensation, amortization of acquired intangibles, acquisition and integration related costs, restructuring and other charges, restructuring related charges, impairment of certain long-lived assets, (gain) loss on extinguishment of debt, net, and other charges. In addition to these exclusions, we subtract an assumed non-GAAP provision for income taxes to calculate non-GAAP net income that excludes the current period income tax benefit (expense). We utilize a fixed long-term projected tax rate in our computation of the non-GAAP income tax provision in order to provide better consistency across reporting periods. We define non-GAAP diluted net income per share as non-GAAP net income divided by the weighted-average diluted shares outstanding, which includes the potentially dilutive effect of our stock options, RSUs, PRSUs, and Convertible Notes and, beginning in the first quarter of 2026, excludes the in-the-money portion of our 2030 Convertible Notes as they are covered by our capped call transactions, which are expected to mitigate the dilutive effect of our 2030 Convertible Notes.

The following table presents a reconciliation of net income attributable to common stockholders, the most directly comparable financial measure stated in accordance with GAAP, to non-GAAP net income for each of the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(In thousands, except per share amounts)</i>				
GAAP Net income attributable to common stockholders	\$ 35,437	\$ 37,027	\$ 51,208	\$ 75,231
Stock-based compensation	32,724	21,081	55,231	40,513
Amortization of acquired intangible assets	5,070	5,031	10,008	10,228
Loss on extinguishment of debt ⁽¹⁾	—	269	2,700	269
Impairment of certain long-lived assets	311	—	311	—
Non-GAAP income tax adjustment ⁽²⁾	(18,735)	(5,593)	(18,752)	(12,977)
Non-GAAP Net income	\$ 54,807	\$ 57,815	\$ 100,706	\$ 113,264
Non-cash charges related to convertible notes ⁽³⁾	\$ 1,118	\$ 1,596	\$ 2,190	\$ 3,191
Non-GAAP Net income used to compute net income per share, diluted	\$ 55,925	\$ 59,411	\$ 102,896	\$ 116,455
GAAP Net income per share attributable to common stockholders, diluted ⁽⁶⁾	\$ 0.29	\$ 0.39	\$ 0.45	\$ 0.77
Stock-based compensation	0.27	0.21	0.48	0.40
Amortization of acquired intangible assets	0.04	0.05	0.09	0.10
Loss on extinguishment of debt ⁽¹⁾	—	—	\$ 0.02	—
Impairment of certain long-lived assets	—	—	—	—
Non-cash charges related to convertible notes ⁽³⁾	0.01	0.02	0.02	0.03
Non-GAAP income tax adjustment ⁽²⁾	(0.16)	(0.08)	(0.17)	(0.15)
Non-GAAP Net income per share, diluted ⁽⁴⁾	\$ 0.45	\$ 0.59	\$ 0.89	\$ 1.15
GAAP Weighted-average shares used to compute net income per share, diluted	126,548	100,617	118,708	101,521
Add: Weighted-average dilutive effect of potentially dilutive securities	—	—	1,750	—
Less: Anti-dilutive impact of capped call transaction ⁽⁵⁾	(3,227)	—	(4,388)	—
Non-GAAP Weighted-average shares used to compute net income per share, diluted ⁽⁶⁾	123,321	100,617	116,070	101,521

(1) For the three and six months ended June 30, 2026, excludes tax impact which is presented in Non-GAAP income tax adjustment.

(2) For the periods in fiscal year 2026 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.

(3) Consists of non-cash interest expense for amortization of debt issuance costs related to our Convertible Notes.

(4) May not foot due to rounding.

- (5) Excludes the in-the-money portion of our 2030 Convertible Notes for non-GAAP weighted-average diluted shares as they are covered by our capped call transactions. Our outstanding capped call transactions are antidilutive under GAAP, but are expected to mitigate the dilutive effect of our 2030 Convertible Notes, and therefore are included in the calculation of non-GAAP diluted shares outstanding. The capped calls have an antidilutive impact when the average stock price of our common stock in a given period is higher than their exercise price.
- (6) Includes 1,750 and 15,957 of potentially dilutive securities related to our 2026 and 2030 Convertible Notes, respectively, as if the entire principal amount outstanding were converted into shares for the three and six months ended June 30, 2026. Includes 8,403 of potentially dilutive securities related to our 2026 Convertible Notes as if the entire principal amount outstanding were converted into shares for the three and six months ended June 30, 2025. The Company has the election of settling any conversion in cash, shares of our common stock, or a combination of both. For further information refer to Note 12. Net Income per Share Attributable to Common Stockholders in our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of June 30, 2026. Based on such evaluation, our CEO and CFO concluded that, as of June 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with management’s evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, if determined adversely to us, would in our estimation, have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings can be costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A. RISK FACTORS

Please refer to Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025 for a description of certain significant risks and uncertainties to which our business, financial condition and results of operations are subject. There have been no material changes to the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

None.

On August 11, 2025, the Company adopted the 2025 Share Buyback Program authorizing the repurchase of up to \$100 million of the Company’s common stock. Pursuant to the 2025 Share Buyback Program, repurchases of the Company’s common stock will be made at prevailing market prices through open market purchases, in negotiated transactions off the market or otherwise, including through Rule 10b5-1 plans. The 2025 Share Buyback Program will expire on July 31, 2027.

As of June 30, 2026, \$100 million remained available for future repurchases under the 2025 Share Buyback Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Arrangements

During the three months ended June 30, 2026, our directors and officers (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted, modified or terminated the contracts, instructions or written plans for the purchase or sale of our securities as follows:

On May 13, 2026, Cherie Barrett, the Company’s Chief Accounting Officer, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (the “Barrett 10b5-1 Plan”). The Barrett 10b5-1 Plan contemplates the sale of up to 24,060 shares of the Company’s common stock between August 13, 2026 and June 4, 2027. The actual number of shares that will be sold under the Barrett 10b5-1 Plan will be based in part on the number of shares withheld to satisfy tax withholding obligations arising from the vesting of certain shares subject to the plan, which number is not yet determinable.

On May 15, 2026, Padmanabhan Srinivasan, the Company’s Chief Executive Officer, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (the “Srinivasan 10b5-1 Plan”). The Srinivasan 10b5-1 Plan contemplates the sale of up to 75,142 shares of the Company’s common stock between August 17, 2026 and March 15, 2027. The actual number of shares that will be sold under the Srinivasan 10b5-1 Plan will be based in part on the number of shares withheld to satisfy tax withholding obligations arising from the vesting of certain shares subject to the plan, which number is not yet determinable.

ITEM 6. EXHIBITS

Incorporated by Reference

Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of DigitalOcean Holdings, Inc.	10-K	001-40252	3.1	2/24/2026	
3.2	Amended and Restated Bylaws of DigitalOcean Holdings, Inc.	10-Q	001-40252	3.1	11/2/2023	
10.1	<u>Amendment No. 1 to Credit Agreement, dated as of May 4, 2026, by and among DigitalOcean, LLC, DigitalOcean Holdings, Inc., Paperspace Co., Morgan Stanley Senior Funding, Inc., as Administrative Agent and Collateral Agent, the Additional Lender, the Amendment No. 1 Increasing Lenders, the Amendment No. 1 L/C Issuers and each other Lender and L/C Issuer party thereto.</u>					X
31.1	<u>Certification of Padmanabhan Srinivasan, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>					X
31.2	<u>Certification of W. Matthew Steinfert, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>					X
32.1*	<u>Certifications of Padmanabhan Srinivasan, Chief Executive Officer, and W. Matthew Steinfert, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extensions Schema					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase					X
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)					X

* Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DigitalOcean Holdings, Inc.

Date: August 4, 2026

By: /s/ Padmanabhan Srinivasan

Padmanabhan Srinivasan
Chief Executive Officer
(Principal Executive Officer)

Date: August 4, 2026

By: /s/ W. Matthew Steinfert

W. Matthew Steinfert
Chief Financial Officer
(Principal Financial Officer)

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT (this “Amendment”) is entered into as of May 4, 2026 by and among DIGITALOCEAN, LLC, a Delaware limited liability company (the “Parent Borrower”), DIGITALOCEAN HOLDINGS, INC., a Delaware corporation (“Holdings”), PAPERSPACE CO., a Delaware corporation (the “Subsidiary Guarantor”), MORGAN STANLEY SENIOR FUNDING, INC., as Administrative Agent and Collateral Agent, the L/C Issuers party hereto, the Additional Lender (as defined below), the Amendment No. 1 Increasing Lenders (as defined below), the Amendment No. 1 L/C Issuers (as defined below) and each other Lender (as defined below) party hereto, which amends that certain Credit Agreement, dated as of May 5, 2025 (as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof, the “Credit Agreement”, and the Credit Agreement as amended by this Amendment, the “Amended Credit Agreement”), among the Parent Borrower, Holdings, the Administrative Agent, the Collateral Agent, each L/C Issuer from time to time party thereto and each lender from time to time party thereto (collectively, the “Lenders” and individually, a “Lender”).

RECITALS:

The Parent Borrower has requested that (i) pursuant to Section 2.14 of the Credit Agreement, Goldman Sachs Bank USA (in such capacity, the “Additional Lender”) commit to provide a Revolving Credit Commitment Increase on the Amendment No. 1 Effective Date (as defined below) in an aggregate principal amount of \$40,000,000 (the “Additional Lender Increase”), (ii) pursuant to Section 2.14 of the Credit Agreement, the existing Revolving Credit Lenders identified on the signature pages hereto as “Amendment No. 1 Increasing Lenders” (the “Amendment No. 1 Increasing Lenders”) commit to provide a Revolving Credit Commitment Increase in an aggregate principal amount of \$72,500,000.00, which, together with the Additional Lender Increase, shall constitute an increase to the existing Revolving Credit Commitments under the Credit Agreement in an aggregate principal amount of \$112,500,000.00 (the “Revolving Credit Increase”), (iii) the L/C Issuers identified on the signature pages hereto as “Amendment No. 1 L/C Issuers” (the “Amendment No. 1 L/C Issuers”) commit to increase the Letter of Credit Sublimit in an aggregate amount of \$50,000,000 and to provide their proportionate share of such increase (the “L/C Increase” and together with the Revolving Credit Increase, the “Increase”) and (iv) the Credit Agreement be amended as described herein.

Therefore, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. *Defined Terms.* Capitalized terms used but not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement or the Amended Credit Agreement, as the context may require.

SECTION 2. *Amendment.* Effective as of the Amendment No. 1 Effective Date, subject to the satisfaction of the conditions precedent set forth in Section 4 hereof:

(a) The following definitions in Section 1.01 of the Credit Agreement shall be amended in each case to read in their entirety as set forth immediately below:

- (i) “Letter of Credit Sublimit” means an amount equal to the lesser of (a) \$80,000,000 and (b) the aggregate amount of the Revolving Credit Commitments. The Letter of Credit Sublimit is part of, and not in addition to, the aggregate Revolving Credit Commitments (and is independent of, and shall not be reduced by, the Alternative Currency Sublimit).

- (ii) “Revolving Credit Commitment” means, as to each Revolving Credit Lender, its obligation to (a) make Revolving Credit Loans to the Borrowers pursuant to Section 2.01 or Section 2.03, as applicable and (b) purchase participations in L/C Obligations in respect of Letters of Credit, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 under the caption “Revolving Credit Commitment” or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate Revolving Credit Commitments of all Revolving Credit Lenders shall be \$412,500,000.00 on the Amendment No. 1 Effective Date, as such amount may be adjusted from time to time in accordance with the terms of this Agreement.
- (b) The definition of “Indebtedness” in Section 1.01 of the Credit Agreement shall be amended to insert the following sentence at the end thereof:
- “Notwithstanding the foregoing, the amount of Indebtedness of any Person for purposes of clause (f) above shall be deemed to be an amount equal to 25% of the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.”
- (c) Section 1.01 of the Credit Agreement shall be amended to add the following definitions in the appropriate alphabetic order:
- (i) “Amendment No. 1” means Amendment No. 1 to Credit Agreement, dated as of May 4, 2026, among the Parent Borrower, Holdings, the Subsidiary Guarantor (as defined therein), the Lenders and L/C Issuers party thereto, the Administrative Agent and the Collateral Agent.
- (ii) “Amendment No. 1 Effective Date” has the meaning ascribed to such term in Amendment No. 1.
- (d) Schedule 2.01 to the Credit Agreement (Commitments) shall be amended by amending and restating the portions thereof titled “Revolving Credit Commitments” and “L/C Commitments”, respectively, as set forth on Schedule 2.01 attached hereto (Schedule 2.01, as so amended, the “Commitment Schedule”).
- (e) Section 5.18 of the Credit Agreement shall be amended and restated, in its entirety, as follows:
- Section 5.18. Sanctions Laws and Regulations and Anti-Corruption Laws.
- (a) Each of Holdings and its Subsidiaries, each director, manager or officer of Holdings or any of its Subsidiaries, and to the knowledge of Holdings or the Parent Borrower, each employee of Holdings or any of its Subsidiaries or Affiliate acting on behalf of Holdings and its Subsidiaries (and authorized to do so), is in compliance with the Sanctions Laws and Regulations, the FCPA and other applicable anti-corruption laws. No Borrowing or use of proceeds of any Borrowing or drawing under any Letter of Credit will violate or result in the violation of any Sanctions Laws and Regulations applicable to any party hereto.
- (b) None of (I) the Borrowers or any other Loan Party or (II) a Subsidiary that is not a Loan Party or, to the knowledge of Holdings or the Parent Borrower, any director, manager, officer or employee of Holdings or any of its Restricted Subsidiaries, in each case, is (i) a Person (or owned 50% or more by one or more Persons or under Control of a Person) on the list of “Specially Designated Nationals and Blocked Persons” or the target of the limitations or prohibitions under any Sanctions Laws and Regulations, or (ii) a Person located, organized, or resident in a country or

territory that is the subject of comprehensive sanctions under Sanctions Laws and Regulations (currently, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic and non-government controlled areas of Zaporizhzhia and Kherson regions of Ukraine).

(c) No part of the proceeds of any Loan or Letter of Credit will be used for any improper payments, directly or, to the knowledge of Holdings or the Parent Borrower, indirectly, to any governmental official or employee, political party, official of a political party, candidate for political office, or any other party (if applicable) in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA or any applicable similar laws, rules or regulations issued, administered or enforced by any Governmental Authority having jurisdiction over the Borrowers.

(d) This Section 5.18 shall not be interpreted or applied in relation to Holdings, the Parent Borrower, any other Loan Party, any director, manager, officer, employee or Affiliate acting on behalf of Holdings and its Subsidiaries, any directors or officers, or any Secured Party to the extent that the representations made pursuant to this Section 5.18 violate or expose such entity or any director, officer or employee thereof to any liability under any anti-boycott or blocking law, regulation or statute that is in force from time to time in the United Kingdom, European Union (and/or any of its member states) that are applicable to such entity (including EU Regulation (EC) 2271/96) and Section 7 of the German Foreign Trade Regulation (*Aussenwirtschaftsverordnung, AWW*) in connection with the German Foreign Trade Law (*Aussenwirtschaftsgesetz*).

SECTION 3. Commitments. On the terms and subject to the conditions set forth herein and in reliance upon the representations and warranties set forth herein, (i) the Additional Lender agrees to provide, on the Amendment No. 1 Effective Date, a Revolving Credit Commitment Increase in an aggregate principal amount not to exceed \$40,000,000, (ii) each Amendment No. 1 Increasing Lender agrees to provide, on the Amendment No. 1 Effective Date, a Revolving Credit Commitment Increase in an aggregate principal amount as set forth opposite the name of such Amendment No. 1 Increasing Lender on the Commitment Schedule, and (iii) each Amendment No. 1 L/C Issuer agrees to increase, on the Amendment No. 1 Effective Date, its L/C Commitment to the aggregate amount set forth opposite the name of such Amendment No. 1 L/C Issuer on the Commitment Schedule. Such Revolving Credit Commitment Increases shall (i) constitute an increase to the Revolving Credit Commitments under the Credit Agreement, and (ii) have the terms specified in the Amended Credit Agreement.

SECTION 4 Effective Date. This Amendment and the amendments to the Credit Agreement set forth in Sections 2 and 3 above shall become effective as of the date hereof (such date, the "Amendment No. 1 Effective Date"), provided that:

(a) The Administrative Agent shall have received:

(i) duly executed counterparts hereof that, when taken together, bear the signatures of the Administrative Agent, each Loan Party, each L/C Issuer (for the avoidance of doubt, immediately prior to the effectiveness of this Amendment), the Additional Lender, the Amendment No. 1 Increasing Lenders, the Amendment No. 1 L/C Issuers and Lenders constituting the Required Lenders, in each case as of the Amendment No. 1 Effective Date;

(ii) copies of the constitutional documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Amendment No. 1 Effective Date and such documents and certifications as the Administrative Agent may require to evidence that each Loan

Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization;

(iii) with respect to each Loan Party, to the extent legally required, a copy of a resolution of the board of directors, the shareholders or equivalent body of each Loan Party approving this Amendment and the transactions contemplated hereby and thereby;

(iv) specimen signatures for the person(s) authorized in the resolutions referred to in clause (a)(iii) above (to the extent such person(s) will execute this Amendment);

(v) a certificate from each Loan Party (signed by an officer or authorized signatory) certifying that each copy document relating to it specified in clauses (ii) through (iv) above is correct, complete and (to the extent executed) in full force and effect and has not been amended or superseded prior to the date of this Amendment;

(vi) a legal opinion from Skadden, Arps, Slate, Meagher & Flom LLP, as counsel to the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent;

(b) The Parent Borrower shall have delivered to the Administrative Agent a certificate dated as of the Amendment No. 1 Effective Date signed by a Responsible Officer of Holdings certifying that (i) the representations and warranties of the Borrowers and each other Loan Party contained in Article V of the Amended Credit Agreement or any other Loan Document are true and correct in all material respects (and in all respects with respect to such representation or warranty that is already qualified by materiality or reference to Material Adverse Effect) on and as of the Amendment No. 1 Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (and in all respects with respect to such representation or warranty that is already qualified by materiality or reference to Material Adverse Effect) as of such earlier date, (ii) no Default or Event of Default exists as of the Amendment No. 1 Effective Date or would result from the Increase or this Amendment and (iii) after giving effect to the Increase and the use of proceeds thereof, the Borrowers are in compliance with the Financial Covenants as in effect on the last day of the most recently ended Test Period on a Pro Forma Basis;

(c) On the Amendment No. 1 Effective Date, the Administrative Agent shall have received all costs and expenses required to be paid by the Borrowers (including pursuant to Section 7 hereof to the extent invoiced at least two Business Days prior to the Amendment No. 1 Effective Date) and all other amounts as separately agreed by the Borrowers and the Administrative Agent for the account of the Lenders (or shall receive such amounts substantially simultaneously with the effectiveness hereunder); and

(d) Upon the reasonable request of the Additional Lender made at least ten Business Days prior to the Amendment No. 1 Effective Date, the Borrowers shall have provided to the Additional Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least three Business Days prior to the Amendment No. 1 Effective Date.

SECTION 5. *Effect of Amendment.* (a) Except as expressly set forth herein or in the Amended Credit Agreement, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement, the Amended Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants, guarantees or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle the Parent Borrower to a consent to, or a waiver, amendment,

modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, the Amended Credit Agreement or any other Loan Document in similar or different circumstances. By its execution of this Amendment, each of the parties hereto acknowledges and agrees that the terms of this Amendment do not constitute a novation, but, rather, a supplement of a pre-existing indebtedness and related agreement, as evidenced by the Amended Credit Agreement.

(b) On and after the Amendment No. 1 Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import, and each reference to the “Credit Agreement” in any other Loan Document shall be deemed a reference to the Amended Credit Agreement. This Amendment shall constitute a “Loan Document” and an “Incremental Facility Amendment” for all purposes of the Credit Agreement, the Amended Credit Agreement and the other Loan Documents.

(c) On the Amendment No. 1 Effective Date, each Revolving Credit Lender existing immediately prior to the Amendment No. 1 Effective Date (each, an “Existing Lender”) will automatically and without further act be deemed to have assigned to each Lender providing a portion of the Revolving Credit Commitment Increase (each, an “Amendment No. 1 Lender”), and each such Amendment No. 1 Lender will automatically and without further act be deemed to have assumed, a portion of such Existing Lender’s participations in outstanding Letters of Credit such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding participations in Letters of Credit held by each Revolving Credit Lender under the Amended Credit Agreement (including the Amendment No. 1 Lenders) will equal the percentage of the aggregate Revolving Credit Commitments of all Revolving Credit Lenders represented by such Revolving Credit Lender’s Revolving Credit Commitment. Additionally, the Revolving Credit Lenders in effect immediately after the Amendment No. 1 Effective Date shall purchase and assign at par such amounts of the Revolving Credit Loans outstanding at such time (if any) as the Administrative Agent may require such that each Revolving Credit Lender holds its Applicable Percentage of all Revolving Credit Loans immediately after giving effect to all such assignments. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained in the Amended Credit Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(d) The Additional Lender (i) acknowledges and agrees that, upon its execution of this Amendment and the effectiveness of the Additional Lender Increase, the Additional Lender shall become an “Additional Lender,” a “Revolving Credit Lender” and a “Lender” under, and for all purposes of, the Amended Credit Agreement and the other Loan Documents, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Lender thereunder, (ii) confirms that a copy of the Credit Agreement, the Amended Credit Agreement and the other applicable Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and to provide the Additional Lender Increase, have been made available to such Additional Lender; (iii) agrees that it will (together with any affiliates that it acts through as it deems appropriate), independently and without reliance upon the Administrative Agent, the Collateral Agent or any other Lender or agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Amended Credit Agreement or the other applicable Loan Documents, including this Amendment; and (iv) appoints and authorizes the Administrative Agent and the Collateral Agent, as applicable, to take such action as agent on its behalf and to exercise such powers under the Amended Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent or the Collateral Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

SECTION 6. *Governing Law, Jurisdiction, Service of Process; Waiver of Right to Trial by Jury.*
THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH,

THE LAW OF THE STATE OF NEW YORK. Sections 10.14 and 10.15 of the Amended Credit Agreement are incorporated herein by reference *mutatis mutandis*.

SECTION 7. *Costs and Expenses.* The Borrowers agree to reimburse the Administrative Agent for its reasonable and documented out-of-pocket expenses in connection with this Amendment (including all fees, charges and disbursements of counsel to the Administrative Agent that are required to have been reimbursed or paid (directly to such counsel if requested by the Administrative Agent)) to the extent required pursuant to Section 10.04 of the Amended Credit Agreement.

SECTION 8. *Counterparts.* This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile, Electronic Signature or other electronic imaging means of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment. The Agents may require that any such documents and signatures delivered by facsimile or other electronic transmission be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by facsimile or other electronic transmission.

SECTION 9. *Severability.* If any provision of this Amendment or any other Loan Document is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10. *Reaffirmation.* Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Amendment, (b) affirms all of its obligations under the Loan Documents, including, without limitation, its Guaranty of the Obligations (including in respect of the Increase) and (c) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge such Loan Party's obligations under the Loan Documents. Each Loan Party (a) affirms that each of the Liens granted in or pursuant to the Loan Documents are valid and subsisting and shall continue to secure the secured Obligations (including Obligations in respect of the Increase) and (b) agrees that this Amendment shall in no manner impair or otherwise adversely affect any of the Liens granted in or pursuant to the Loan Documents.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

DIGITALOCEAN, LLC,
a Delaware limited liability company

By: /s/ W. Matthew Steinfort
Name: W. Matthew Steinfort
Title: Treasurer and Chief Financial Officer

HOLDINGS:

DIGITALOCEAN HOLDINGS, INC.,
a Delaware corporation

By: /s/ W. Matthew Steinfort
Name: W. Matthew Steinfort
Title: Chief Financial Officer

SUBSIDIARY GUARANTOR:

PAPERSPACE CO.,
a Delaware corporation

By: /s/ W. Matthew Steinfort
Name: W. Matthew Steinfort
Title: President and Treasurer

**MORGAN STANLEY SENIOR
FUNDING, INC.,** as Administrative Agent
and Collateral Agent

By: /s/ Jennifer DeFazio
Name: Jennifer DeFazio
Title: Authorized Signatory

**MORGAN STANLEY SENIOR
FUNDING, INC.**, as Lender, L/C Issuer,
Amendment No. 1 Increasing Lender and
Amendment No. 1 L/C Issuer

By: /s/ Michael King
Name: Michael King
Title: Vice President

GOLDMAN SACHS BANK USA,
as Additional Lender

By: /s/ Dan Starr
Name: Dan Starr
Title: Authorized Signatory

J.P. MORGAN CHASE BANK, NA.,
as a Lender, an L/C Issuer, an Amendment
No. 1 L/C Issuer and Amendment No. 1
Increasing Lender

By: /s/ Lucas Menendez
Name: Lucas Menendez
Title: Executive Director

BANK OF AMERICA, NA.,
as a Lender, an L/C Issuer, an Amendment
No. 1 L/C Issuer and Amendment No. 1
Increasing Lender

By: /s/ Christine Yang
Name: Christine Yang
Title: Director

Citizens Bank, NA.,
as a Lender and an Amendment No. 1
Increasing Lender

By: /s/ Lucas Menendez
Name: Chancellor Peterson
Title: Senior Vice President

MUFG BANK, LTD.,

as a Lender

By: /s/ Ryan Abderdale

Name: Ryan Aberdale

Title: Director

KEYBANK NATIONAL ASSOCIATION
as a Lender

By: /s/ Geoff Smith
Name: Geoff Smith
Title: Senior Vice President

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Padmanabhan Srinivasan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DigitalOcean Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

By: /s/ Padmanabhan Srinivasan
 Name: Padmanabhan Srinivasan
 Title: Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, W. Matthew Steinfert, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DigitalOcean Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

By: /s/ W. Matthew Steinfert
 Name: W. Matthew Steinfert
 Title: Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Padmanabhan Srinivasan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of DigitalOcean Holdings, Inc. for the fiscal quarter ended June 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of DigitalOcean Holdings, Inc.

Date: August 4, 2026

By: /s/ Padmanabhan Srinivasan

Name: Padmanabhan Srinivasan

Title: Chief Executive Officer

I, W. Matthew Steinfert, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of DigitalOcean Holdings, Inc. for the fiscal quarter ended June 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of DigitalOcean Holdings, Inc.

Date: August 4, 2026

By: /s/ W. Matthew Steinfert

Name: W. Matthew Steinfert

Title: Chief Financial Officer