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 September 30, 2025

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	**45-5207470**
(State or other jurisdiction of incorporation or organization)	(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 October 29, 2025, there were 91,492,142 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.

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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIGITALOCEAN HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(unaudited)

	September 30, 2025	December 31, 2024
Current assets:		
Cash and cash equivalents	$ 236,561	$ 428,446
Accounts receivable, less allowance for credit losses of $6,434 and $5,940, respectively	84,379	72,486
Prepaid expenses and other current assets	46,685	40,786
Total current assets	367,625	541,718
Property and equipment, net	520,510	432,544
Restricted cash	—	1,747
Goodwill	348,674	348,674
Intangible assets, net	104,418	117,718
Operating lease right-of-use assets, net	280,075	187,877
Deferred tax assets	92,040	200
Other assets	12,364	8,537
Total assets	$ 1,725,706	$ 1,639,015
Current liabilities:		
Accounts payable	$ 67,599	$ 54,565
Accrued other expenses	46,595	38,156
Deferred revenue	8,587	5,397
Debt, current	9,500	—
Operating lease liabilities, current	131,207	75,785
Finance lease liabilities and equipment financing obligations, current	8,234	3,550
Other current liabilities	53,276	43,502
Total current liabilities	324,998	220,955
Deferred tax liabilities	4,496	4,123
Debt, long-term	1,284,315	1,485,366
Operating lease liabilities, long-term	160,243	130,431
Finance lease liabilities and equipment financing obligations, long-term	21,272	1,095
Total liabilities	1,795,324	1,841,970
Commitments and Contingencies (Note 7)		
Preferred stock ($0.000025 par value per share; 10,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2025 and December 31, 2024)	—	—
Common stock ($0.000025 par value per share; 750,000,000 shares authorized; 91,466,256 and 92,234,517 issued and outstanding as of September 30, 2025 and December 31, 2024, respectively)	2	2
Additional paid-in capital	720	57,282
Accumulated other comprehensive loss	(943)	(1,497)
Accumulated deficit	(69,397)	(258,742)
Total stockholders' deficit	(69,618)	(202,955)
Total liabilities and stockholders' deficit	$ 1,725,706	$ 1,639,015

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	$ 229,634	$ 198,484	$ 659,037	$ 575,690
Cost of revenue	92,701	81,920	261,715	235,830
Gross profit	136,933	116,564	397,322	339,860
Operating expenses:				
Research and development	38,119	36,278	117,357	102,189
Sales and marketing	21,228	15,258	59,917	52,165
General and administrative	32,654	40,422	101,855	127,034
Total operating expenses	92,001	91,958	279,129	281,388
Income from operations	44,932	24,606	118,193	58,472
Other income (expense):				
Interest expense	(5,042)	(2,262)	(9,489)	(6,887)
Gain on extinguishment of debt, net	48,373	—	48,104	—
Interest income and other income, net	2,051	7,297	17,334	17,120
Other income, net	45,382	5,035	55,949	10,233
Income before income taxes	90,314	29,641	174,142	68,705
Income tax benefit (expense)	68,057	3,308	59,460	(2,479)
Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Net income per share attributable to common stockholders				
Basic	$ 1.74	$ 0.36	$ 2.56	$ 0.72
Diluted	$ 1.51	$ 0.33	$ 2.31	$ 0.70
Weighted-average shares used to compute net income per share attributable to common stockholders				
Basic	91,191	92,145	91,421	91,413
Diluted	105,520	102,591	103,036	102,678

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of taxes	(352)	179	554	42
Unrealized gain on marketable securities, net of taxes	—	—	—	12
Other comprehensive (loss) income	(352)	179	554	54
Comprehensive income	$ 158,019	$ 33,128	$ 234,156	$ 66,280

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at June 30, 2025	91,114,675	$ 2	$ 8,883	$ (591)	$ (183,511)	$ (175,217)
Issuance of common stock under equity incentive plan, net of taxes withheld	452,584	—	(5,217)	—	—	(5,217)
Repurchase and retirement of common stock including related costs	(101,003)	—	(2,810)	—	—	(2,810)
Stock-based compensation	—	—	20,552	—	—	20,552
Purchases of capped calls related to 2030 Convertible Notes, net of tax	—	—	(20,688)	—	(44,257)	(64,945)
Other comprehensive loss	—	—	—	(352)	—	(352)
Net income attributable to common stockholders	—	—	—	—	158,371	158,371
Balance at September 30, 2025	91,466,256	$ 2	$ 720	$ (943)	$ (69,397)	$ (69,618)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at June 30, 2024	91,698,027	$ 2	$ 56,748	$ (577)	$ (309,957)	$ (253,784)
Issuance of common stock under equity incentive plan, net of taxes withheld	997,103	—	(3,474)	—	—	(3,474)
Repurchase and retirement of common stock including related costs	(297,827)	—	(11,370)	—	—	(11,370)
Stock-based compensation	—	—	23,797	—	—	23,797
Other comprehensive income	—	—	—	179	—	179
Net income attributable to common stockholders	—	—	—	—	32,949	32,949
Balance at September 30, 2024	92,397,303	$ 2	$ 65,701	$ (398)	$ (277,008)	$ (211,703)

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(in thousands, except share amounts)
(unaudited)

	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	1,484,481	—	(18,058)	—	—	(18,058)
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	(2,356,547)	—	(82,416)	—	—	(82,416)
Stock-based compensation	—	—	61,940	—	—	61,940
Purchases of capped calls related to 2030 Convertible Notes, net of tax	—	—	(20,688)	—	(44,257)	(64,945)
Other comprehensive income	—	—	—	554	—	554
Net income attributable to common stockholders	—	—	—	—	233,602	233,602
Balance at September 30, 2025	91,466,256	$ 2	$ 720	$ (943)	$ (69,397)	$ (69,618)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2023	90,243,442	$ 2	$ 30,989	$ (452)	$ (344,237)	$ (313,698)
Issuance of common stock under equity incentive plan, net of taxes withheld	2,854,890	—	(9,318)	—	—	(9,318)
Issuance of common stock under employee stock purchase plan, net of taxes withheld	94,162	—	2,231	—	—	2,231
Repurchase and retirement of common stock including related costs	(795,191)	—	(28,080)	—	1,003	(27,077)
Stock-based compensation	—	—	69,879	—	—	69,879
Other comprehensive income	—	—	—	54	—	54
Net income attributable to common stockholders	—	—	—	—	66,226	66,226
Balance at September 30, 2024	92,397,303	$ 2	$ 65,701	$ (398)	$ (277,008)	$ (211,703)

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	**2024**
Operating activities		
Net income attributable to common stockholders	$ 233,602	$ 66,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	97,035	100,825
Stock-based compensation	60,313	67,659
Provision for expected credit losses	13,337	12,018
Gain on extinguishment of debt, net	(48,104)	—
Deferred income taxes	(72,522)	—
Operating lease right-of-use assets and liabilities, net	(7,746)	2,861
Non-cash interest expense	5,451	5,987
Net accretion of discounts and amortization of premiums on investments	—	2,569
Impairment of certain long-lived assets	—	356
Other	(7,652)	(2,572)
Changes in operating assets and liabilities:		
Accounts receivable	(25,060)	(18,768)
Prepaid expenses and other current assets	(4,875)	(13,594)
Accounts payable and accrued expenses	18	1,136
Deferred revenue	3,190	235
Other assets and liabilities	5,337	(13,552)
Net cash provided by operating activities	252,324	211,386
Investing activities		
Capital expenditures - property and equipment	(102,931)	(132,886)
Capital expenditures - internal-use software development	(6,541)	(6,492)
Acquisition of equipment under financing arrangement	(27,622)	—
Purchase of intangible assets	(1,835)	—
Maturities of marketable securities	—	91,675
Proceeds from sale of equipment	157	42
Net cash used in investing activities	(138,772)	(47,661)
Financing activities		
Proceeds related to issuance of common stock under equity incentive plan	3,628	11,890
Proceeds from issuance of common stock under employee stock purchase plan	2,660	2,231
Employee payroll taxes paid related to net settlement of equity awards	(22,222)	(21,166)
Proceeds from issuance of 2030 Convertible Notes, net of issuance costs	606,827	—
Purchases of capped calls related to 2030 Convertible Notes	(83,875)	—
Proceeds from 2025 Credit Facility, net of issuance costs	375,919	—
Repayments of 2026 Convertible Notes including related costs	(1,131,458)	—
Proceeds from financing arrangement	27,622	—
Principal repayments of finance leases	(4,154)	(4,097)
Repurchase and retirement of common stock including related costs	(82,124)	(29,878)
Net cash used in financing activities	(307,177)	(41,020)

See accompanying notes to condensed consolidated financial statements

DIGITALOCEAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	**2024**
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(7)	(69)
(Decrease) increase in cash, cash equivalents and restricted cash	(193,632)	122,636
Cash, cash equivalents and restricted cash - beginning of period	430,193	318,983
Cash, cash equivalents and restricted cash - end of period	$ 236,561	$ 441,619
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,722	$ 824
Cash paid for taxes, net of refunds	4,910	13,442
Operating cash flows paid for operating leases	95,738	64,397
Non-cash investing and financing activities:		
Capitalized stock-based compensation	$ 1,627	$ 2,221
Property and equipment received but not yet paid, included in accounts payable and accrued other expenses	76,345	9,395
Debt issuance costs incurred but not yet paid, included in accounts payable and accrued liabilities	750	—
Operating right-of-use assets obtained in exchange for operating lease liabilities	161,219	27,717
Finance right-of-use assets obtained in exchange for finance lease liabilities	1,486	88

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 the Business and Organization

DigitalOcean Holdings, Inc. and its subsidiaries (collectively, the Company, we, our, us) is a leading cloud computing platform, offering simple, scalable and approachable on-demand cloud and AI services for digital native enterprises around the world. The Company's platform simplifies cloud computing and AI, enabling its customers to rapidly accelerate innovation and productivity. The Company offers a comprehensive set of cloud platform capabilities which spans 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 September 30, 2025, results of operations for the three and nine months ended September 30, 2025 and 2024, cash flows for the nine months ended September 30, 2025 and 2024, and stockholders' deficit for the three and nine months ended September 30, 2025 and 2024.

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 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:

	September 30,	
	2025	2024
Cash and cash equivalents	$ 236,561	$ 439,872
Restricted cash[(1)]	—	1,747
Total cash, cash equivalents and restricted cash	$ 236,561	$ 441,619

(1) Restricted cash as of September 30, 2024 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 represents 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, reasonable and supportable forecasts of future economic conditions to inform adjustments over historical loss data, 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, 2024	$	5,940
Provision for expected credit losses		13,337
Write-offs and other		(12,843)
Balance as of September 30, 2025	$	6,434

Recent Accounting Pronouncements – Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-04, Debt - Debt with Conversion and Other Options (Subtopic 470-20) ("ASU No. 2024-04"), which intends to clarify the conditions in which induced conversion applies to convertible debt by outlining three criteria that must be met for an entity to apply the induced conversion model. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). Early adoption is permitted as of the beginning of a reporting period if an entity has also adopted ASU 2020-06 for that period. The Company early adopted ASU 2024-04 on July 1, 2025 on a prospective basis and applied the amendments in this ASU to the repurchase of the 2026 Convertible Notes. The early adoption had no impact on the Company's accounting assessment. Refer to Note 6. Debt, to the condensed consolidated financial statements for further details.

Recent Accounting Pronouncements – Pending Adoption

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes ("Topic 740") - Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, ASU 2023-09 requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in ASU 2023-09 are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. The Company is currently evaluating the impact of adoption on its financial disclosures.

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 expense 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 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. Early adoption is permitted. The amendment should be applied on a prospective basis. The Company is currently evaluating the impact of the new standard on its consolidated financial statements and related 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 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 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:

- Builders: users that spend more than $50 and less than or equal to $500 in a month.
- Scalers: users that spend more than $500 and less than or equal to $8,333 in a month.
- Scalers+: users that spend more than $8,333 in a month.
- Learners and Testers: users that spend less than or equal to $50 in a month. Learners are users that have been on the Company’s platform for more than three months. Testers are users that have been on the Company’s platform for three months or less.

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

	Three Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue(1)	Amount	Percentage of Revenue(1)
Builders	$ 63,756	28 %	$ 59,657	30 %
Scalers	81,881	36 %	71,972	36 %
Scalers+	59,757	26 %	42,371	21 %
Learners, Testers and Other(2)	24,240	10 %	24,484	13 %
Total	$ 229,634	100 %	$ 198,484	100 %

	Nine Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Builders	$ 187,950	29 %	$ 175,572	30 %
Scalers	237,125	36 %	210,127	37 %
Scalers+	161,130	24 %	115,883	20 %
Learners, Testers and Other(2)	72,832	11 %	74,108	13 %
Total	$ 659,037	100 %	$ 575,690	100 %

(1) May not recalculate due to rounding.

(2) Other includes miscellaneous revenue and other reserve adjustments.

Geographical Information

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

	Three Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue(1)	Amount	Percentage of Revenue
North America	$ 91,244	40 %	$ 76,499	39%
Europe	61,897	27 %	55,529	28%
Asia	52,253	23 %	46,187	23%
Rest of the world	24,240	10 %	20,269	10%
Total	$ 229,634	100 %	$ 198,484	100%

	Nine Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
North America	$ 248,741	38 %	$ 217,568	38%
Europe	180,032	27 %	164,541	29%
Asia	154,021	23 %	134,047	23%
Rest of the world	76,243	12 %	59,534	10%
Total	$ 659,037	100 %	$ 575,690	100%

(1) May not recalculate due to rounding.

Revenue derived from customers in the United States was 34% and 32% of total revenue for the three and nine months ended September 30, 2025, and 33% and 32% of total revenue for the three and nine months ended September 30, 2024, respectively.

Deferred Revenue

Deferred revenue was $8,587 and $5,397 as of September 30, 2025 and December 31, 2024, respectively. Revenue recognized during the three months ended September 30, 2025 and 2024 was $325 and $441, respectively, and $3,210 and $3,375 during the nine months ended September 30, 2025 and 2024, respectively, which was included in the deferred revenue balances at the beginning of each respective period.

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. No customer represented 10% or more of accounts receivable, net as of September 30, 2025 and December 31, 2024. Additionally, no customer accounted for 10% or more of total revenue during the three and nine months ended September 30, 2025 and 2024.

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 September 30, 2025, the aggregate transaction price allocated to the remaining performance obligations was $47,413, which is expected to be recognized as revenue over the remaining life of the contracts. The weighted-average remaining life of these contracts is 1.7 years. The Company has applied the optional exemption to exclude contracts with an original expected term of one year or less from this amount.

Note 4. Fair Value Measurements

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

	September 30, 2025	
	Level I	Total
Cash and cash equivalents:		
Cash	$ 46,238	$ 46,238
Money market funds	190,323	190,323
Total Cash and cash equivalents	$ 236,561	$ 236,561

	December 31, 2024	
	Level I	Total
Cash and cash equivalents:		
Cash	$ 79,378	$ 79,378
Money market funds	349,068	349,068
Total Cash and cash equivalents	$ 428,446	$ 428,446

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 September 30, 2025 and December 31, 2024.

Interest income from investments was $2,630 and $4,991 for the three months ended September 30, 2025 and 2024, respectively, and $9,489 and $15,393 for the nine months ended September 30, 2025 and 2024, 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:

	September 30, 2025	December 31, 2024
Servers and related equipment	$ 961,562	$ 833,893
Furniture and fixtures	262	1,558
Leasehold improvements	285	6,985
Internal-use software	103,141	94,981
Equipment under finance leases and financing obligations	39,664	12,138
Property and equipment, gross	$ 1,104,914	$ 949,555
Less: accumulated depreciation	$ (500,577)	$ (439,664)
Less: accumulated amortization	(83,827)	(77,347)
Property and equipment, net	$ 520,510	$ 432,544

Depreciation expense on property and equipment was $28,062 and $28,675 for the three months ended September 30, 2025 and 2024, respectively, and $75,410 and $79,294 for the nine months ended September 30, 2025 and 2024, respectively.

Capitalized costs related to the development of computer software for internal use were $3,881 and $3,295 for the three months ended September 30, 2025 and 2024, respectively, and $8,168 and $8,713 for the nine months ended September 30, 2025 and 2024, respectively, which is included in internal-use software costs within property and equipment, net. Amortization expense related to internal-use software was $2,084 and $1,563 for the three months ended September 30, 2025 and 2024, respectively, and $6,483 and $4,490 for the nine months ended September 30, 2025 and 2024, respectively.

Other assets

Other assets consisted of the following:

	September 30, 2025	December 31, 2024
Prepaid expenses, long-term	$ 8,415	$ 5,353
Deferred debt issuance costs	1,951	782
Other assets	1,998	2,402
Total other assets	$ 12,364	$ 8,537

Note 6. Debt

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 net proceeds from this offering were $606,077 after deducting underwriting fees, expenses and other debt issuance costs of $18,923. 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. Special interest and additional interest, if any, will be payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2026 (if and to the extent that special interest and/or additional interest is then payable on the 2030 Convertible Notes). The 2030 Convertible Notes will mature on August 15, 2030, unless earlier converted, redeemed or repurchased.

The 2030 Convertible Notes do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company or any of its subsidiaries.

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.

On or after May 15, 2030 until the close of business on the scheduled trading day immediately before the maturity date, holders may convert, all or any portion of their 2030 Convertible Notes at any time, in multiples of $1,000 principal amount, at their option regardless of the foregoing circumstances. Upon conversion, the Company will satisfy the conversion obligation by paying or delivering, as applicable, cash, shares of common stock or a combination of cash and shares of common stock, at the Company's election.

During the three months ended September 30, 2025, none of the circumstances allowing holders to convert the 2030 Convertible Notes were met. Since 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 2030 Convertible Notes have been classified as a noncurrent liability in the condensed consolidated balance sheets as of September 30, 2025.

The Company may not redeem the 2030 Notes prior to August 15, 2028. The Company may redeem, in whole or in part (subject to certain limitations described below), at its option at any time, and from time to time, on a redemption date on or after August 15, 2028 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2030 Convertible Notes to be redeemed, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. However, the Company may not elect to redeem less than all of the outstanding 2030 Convertible Notes unless at least $100,000 aggregate principal amount of 2030 Convertible Notes are outstanding and not subject to redemption as of the time the Company sends the related redemption notice.

In the event of a corporate event that constitutes a "fundamental change" (as defined in the indenture governing the 2030 Convertible Notes), holders of the 2030 Convertible Notes will have the right, at their option to require the Company to repurchase for cash all or any portion of the 2030 Convertible Notes upon the occurrence of a fundamental change, at a purchase price equal to 100% of the principal amount of the 2030 Convertible Notes, plus any accrued and unpaid special interest and additional interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date, or if the Company issues a notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 2030 Convertible Notes in connection with such corporate event or notice of redemption, as the case may be.

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, which represents a premium of 125% over the last reported sale price of the Company's common stock of $29.56 per share on the New York Stock Exchange on August 11, 2025. The 2030 Capped Calls are 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.

For accounting purposes, the 2030 Capped Calls are separate transactions, and not part of the terms of the 2030 Convertible Notes. As the 2030 Capped Calls qualify for a scope exception from derivative accounting for instruments that are both indexed to the issuer's own stock and classified in stockholders' equity in the consolidated balance sheets, premium paid for the purchase of the 2030 Capped Calls of $83,875 was recorded as a reduction to additional paid-in capital and retained earnings on the condensed consolidated balance sheets and will not be remeasured. The Company recorded a deferred tax asset of $18,930 during the three and nine months ended September 30, 2025, as it made an income tax election allowable under Internal Revenue Service ("IRS") regulations to recover the cost of the Capped Calls as interest expense for income tax purposes over the term of the 2030 Convertible Notes.

As of September 30, 2025, all of the 2030 Capped Calls 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 (in such capacity, the "Agent"), and the lenders party thereto (the "Lenders"). The Credit Agreement provides for a $500,000 senior secured delayed draw term loan facility ("Term Loan Facility", and any loans thereunder "Term Loans") and a $300,000 senior secured revolving credit facility ("Revolving Facility", and any loans thereunder "Revolving Loans") which includes a $30,000 sublimit for the issuance of letters of credit (collectively the "2025 Credit Facility"). 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 between May 5, 2025 and February 5, 2026 and once borrowed and repaid, cannot be reborrowed.

The Term Loans and Revolving Loans bear interest, at the Company's option, at a rate equal to either (i) term SOFR, plus an applicable margin ranging from 1.25% to 2.25% per annum based on the total net leverage ratio (as defined in the Credit Agreement), or (ii) a base rate equal to the highest of (x) the federal funds rate plus 0.50%, (y) the prime rate and (z) term SOFR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.25% to 1.25% per annum based on the total net leverage ratio. Undrawn commitments under the Revolving Credit Facility and the Term Loan Facility are subject to a commitment fee ranging from 0.175% to 0.35% per annum based on the total net leverage ratio on the average daily unused portion of such commitment that is available to the Borrower. Commencing on June 30, 2026, payments will be made in equal quarterly installments based on 1.25% of the funded amount of the Term Loans.

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. The negative covenants include restrictions on liens, investments, indebtedness, fundamental changes, asset dispositions, dividend payments and other restricted payments, transactions with affiliates, prepayments of subordinated debt and other matters, all subject to certain exceptions. The obligations under the Credit Agreement are required to be guaranteed by the Company and certain of the Company's material domestic subsidiaries and are secured by substantially all of the assets of the Company, the Borrower and such subsidiary guarantors, subject to customary exceptions. The initial guarantors as of the closing under the Credit Agreement include the Company and Paperspace Co. The Credit Agreement also includes customary events of default. Upon the occurrence and during the continuance of an event of default, the Lenders may terminate their commitments and accelerate any outstanding obligations under the Credit Agreement and may exercise certain other rights and remedies provided for under the Credit Agreement, the other loan documents and applicable law. As of September 30, 2025, the Company was in compliance with all covenants under the 2025 Credit Facility.

The proceeds of the Term Loan Facility may only be used to repurchase, repay, acquire or otherwise settle a portion of the 2026 Convertible Notes and to pay related premiums, fees and expenses in connection therewith. On August

14, 2025, the Company drew down $380,000 on its Term Loan Facility (“Term Loan A”). The proceeds of Term Loan A were used to repurchase a portion of the Company’s 2026 Convertible Notes in August 2025, and to pay related fees and expenses in connection therewith. Issuance costs allocated to the drawn portion of the Term Loan Facility of $3,247 were reclassified as a contra-liability upon drawdown, and are amortized over the remaining term of the Term Loan Facility. As of September 30, 2025, the Company had $120,000 available for borrowing under the Term Loan Facility.

The proceeds of the Revolving Facility may be used for working capital, capital expenditures, permitted acquisitions, refinancing of any indebtedness and other general corporate purposes. Issuance costs allocated to the Revolving Facility of $1,579 are recognized as debt issuance costs in other assets within the condensed consolidated balance sheets, and are amortized over the remaining term of the 2025 Credit Facility. As of September 30, 2025, the Company has not made drawdowns on the Revolving Facility.

Partial Extinguishment of 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.

On August 14, 2025, the Company repurchased approximately $1,187,678 aggregate principal amount of the 2026 Convertible Notes for approximately $1,131,458 in cash from the proceeds under the 2030 Convertible Notes and Term Loan A and wrote-off $7,847 related issuance costs. The repurchase was accounted as an extinguishment resulting in a gain on extinguishment of debt of $48,373 recorded in other income, net on the Company’s condensed consolidated statements of operations during the three months ended September 30, 2025. The outstanding principal of $312,322 of the 2026 Convertible Notes will mature on December 1, 2026 unless earlier converted, redeemed, or repurchased.

During the three months ended September 30, 2025, none of the circumstances allowing holders to convert the 2026 Convertible Notes were met.

2022 Credit Facility

In February and March 2020, the Company entered into and subsequently amended a second amended and restated credit agreement with KeyBank National Association as administrative agent. In November 2021, the Company further amended such credit agreement to revise certain covenants that restricted the incurrence of indebtedness to permit the issuance of the 2026 Convertible Notes. In March 2022, the Company entered into a third amended and restated credit agreement (“2022 Credit Facility”) to, among other modifications, increase the maximum borrowing limit to $250,000.

On May 5, 2025, upon entry into the 2025 Credit Facility described above, the Company terminated its 2022 Credit Facility.

The net carrying amount of the Company’s 2030 Convertible Notes, borrowings under the 2025 Credit Facility and the 2026 Convertible Notes consisted of the following:

	Outstanding as of	
	September 30, 2025	December 31, 2024
2030 Convertible Notes	$ 625,000	$ —
2026 Convertible Notes	312,322	1,500,000
Term Loan A	380,000	—
Total obligations	1,317,322	1,500,000
Unamortized debt issuance costs	(23,507)	(14,634)
Carrying value of debt	1,293,815	1,485,366
Less: Debt, current	(9,500)	—
Debt, long-term	$ 1,284,315	$ 1,485,366

As of September 30, 2025, the total fair value of the 2030 Convertible Notes was $697,263, and the fair value of the 2026 Convertible Notes was $294,676. 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.

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Contractual interest expense	$ 3,084	$ 128	$ 3,392	$ 381
Amortization of debt issuance costs	1,752	1,998	5,757	5,987

Note 7. Commitments and Contingencies

Purchase Commitments

As of September 30, 2025, the Company had long-term 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, 2024.

Leases

As of September 30, 2025, the Company had $84,579 of estimated undiscounted fixed payment obligations, mostly related to 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 expected to commence between October 2025 and December 2025, and have a weighted-average lease term of 7.2 years.

In October 2025, the Company entered into leases for co-location space at data center facilities with total estimated undiscounted payments of $284,755 with lease terms of ten years expected to commence in March 2026.

Equipment Financing Obligations

In August 2025, the Company entered into an arrangement with a third-party financial institution for $27,622 of acquired servers and related equipment resulting in an equipment financing obligation of $27,622 which is included in finance lease liabilities and equipment financing obligations on the condensed consolidated balance sheets. Payments will be made monthly over a term of four years, resulting in an imputed interest rate of 6.7%. The Company did not enter into any such arrangements during the nine months ended September 30, 2024.

In October 2025, the Company entered into an arrangement for additional financing over a term of four years for $23,675 for servers and related equipment that were recorded in accounts payable and accrued expenses as of September 30, 2025.

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.

Note 8. Stockholders' Equity

Share Buyback Program

On February 20, 2024, the Company's Board of Directors approved the repurchase of up to an aggregate of $140,000 of its common stock ("2024 Share Buyback Program"), which was completed in July 2025.

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 nine months ended September 30, 2025, the Company repurchased and retired 101,003 and 2,356,547 shares of common stock for an aggregate purchase price of $2,925 and $82,124, respectively, which excludes a 1% excise tax on net share repurchases imposed under the Inflation Reduction Act. All purchased shares were retired and are reflected as a reduction of common stock for the par value of shares, with the excess applied to additional paid-in capital. As of September 30, 2025, accrued excise tax on net share repurchases was $292.

Note 9. 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 24,959,971 shares available for grant under the 2021 Plan as of September 30, 2025.

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) two trading days following the public release of the Company's financial results, and the remainder shall vest in eight equal quarterly installments subject, in each case, to the individual's continuous service through the applicable vesting date.

On April 11, 2024, the Company granted an LTIP PRSU award ("2024 LTIP PRSU"). The financial performance level under the PRSUs was equal to the sum of the attainment of revenue targets weighted at 75% and adjusted free cash flow margin targets weighted at 25%. On February 18, 2025, the Company determined that the 2024 LTIP PRSU was achieved at 94.8% of the target amount. This resulted in a performance factor reduction of 88,865 shares from the original maximum shares achievable of 168,944. The target shares granted under the 2024 LTIP PRSU was 84,472.

On April 25, 2025, the Company granted LTIP PRSU awards ("2025 LTIP PRSUs"). The financial performance level under the 2025 LTIP PRSUs can be attained based on the achievement of certain annual run-rate revenue ("ARR") and adjusted free cash flow margin targets. Under the 2025 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 2025 LTIP PRSUs were 218,486. The actual number of shares that are received under the 2025 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 2025.

As of September 30, 2025, there was $137,094 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 2.8 years. As of September 30, 2025, there was $4,271 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 2.4 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.

As of September 30, 2025, there was $4,520 of unrecognized stock-based compensation related to the MRSU award that is expected to be recognized over a weighted-average period of 3.4 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. The Company's current offering period began on May 21, 2025 and is expected to end on May 20, 2026. There were 5,202,269 shares available for grant under the ESPP as of September 30, 2025.

Stock-Based Compensation

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue(1)	$ 1,225	$ 1,393	$ 4,042	$ 4,380
Research and development(1)	8,536	10,423	26,261	27,891
Sales and marketing(1)	3,188	1,581	8,823	7,516
General and administrative	6,851	9,552	21,187	27,872
Total	$ 19,800	$ 22,949	$ 60,313	$ 67,659

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

Note 10. Net Income per Share Attributable to Common Stockholders

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

(In thousands, except per share amounts)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Basic net income per share:				
Numerator:				
Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Denominator:				
Weighted-average shares used to compute net income per share	91,191	92,145	91,421	91,413
Basic net income per share attributable to common stockholders	$ 1.74	$ 0.36	$ 2.56	$ 0.72
Diluted net income per share:				
Numerator:				
Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Interest expense on dilutive convertible notes, net of tax	1,203	1,244	4,399	5,879
Net income used in diluted calculation	$ 159,574	$ 34,193	$ 238,001	$ 72,105
Denominator:				
Number of shares used in basic calculation	91,191	92,145	91,421	91,413
Weighted-average effect of dilutive securities:				
Stock Options	664	1,165	762	1,552
RSUs	428	805	779	1,230
PRSUs	81	73	69	80
2026 Convertible Notes	5,004	8,403	7,258	8,403
2030 Convertible Notes	8,152	—	2,747	—
Number of shares used in diluted calculation	105,520	102,591	103,036	102,678
Diluted net income per share attributable to common stockholders	$ 1.51	$ 0.33	$ 2.31	$ 0.70

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

(In thousands)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Stock Options	—	2	—	3
RSUs	2,988	2,519	2,692	2,666
Total	2,988	2,521	2,692	2,669

Note 11. 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 and nine months ended September 30, 2025, the Company recorded tax benefit of $68,057 and $59,460, respectively. The effective tax rate for the three and nine months ended September 30, 2025 was (75.4)% and (34.1)%, respectively. The effective tax rate differs from the statutory rate primarily due to the release of the valuation allowance on U.S and state deferred tax assets.

For the three and nine months ended September 30, 2024, the Company recorded a tax benefit of $3,308 and tax expense of $2,479, respectively. The effective tax rate for the three and nine months ended September 30, 2024 was

(11.2)% and 3.6%, respectively. The effective tax rate differs from the statutory rate primarily as a result of having a full valuation allowance in the U.S., 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 Company regularly assesses the need for a valuation allowance on our deferred tax assets. In making this assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all the deferred tax assets will not be realized. As of September 30, 2025, based on all available positive and negative evidence, having demonstrated sustained U.S. profitability which is objective and verifiable, and taking into account anticipated future earnings, the Company has concluded it is more likely than not that its U.S. federal and state deferred tax assets will be realizable. As a result of this change in assertion, the Company released the full valuation allowance that was reserved as of December 31, 2024. The release of the valuation allowance on the net deferred tax assets in the U.S. resulted in the recognition of deferred tax assets and income tax benefit in the current period.

When a change in valuation allowance is recognized during an interim period, the change in valuation allowance resulting from current year income is included in the annual effective tax rate and the release of valuation allowance supported by projections of future taxable income is recorded as a discrete tax benefit in the interim period. The Company released $69,939 of its valuation allowance as a discrete tax benefit during the three and nine months ended September 30, 2025. The Company will continue to monitor the need for a valuation allowance against its deferred tax assets on a quarterly basis

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 ("OBBBA") was enacted in the U.S. The OBBBA 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 modifications to the capitalization of research and development expenses and changes to calculations for the limitation on deductions for interest expense for the period ended September 30, 2025, which did not have a material impact.

Note 12. 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 income, net and income tax 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 physical location of the assets, are as follows:

	September 30, 2025	December 31, 2024
United States	$ 549,827	$ 381,708
Netherlands	72,431	76,707
Germany	48,364	44,489
Singapore	44,479	27,958
Canada	33,194	32,688
Other	52,290	56,871
Total	$ 800,585	$ 620,421

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 and 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, 2024. 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 a leading cloud computing platform, offering simple, scalable and approachable on-demand cloud and AI services for digital native enterprises around the world. Our platform simplifies cloud computing, enabling our customers to rapidly accelerate innovation and productivity. Our customers include digital native enterprises across numerous industry verticals ranging from 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 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 spans 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 cloud computing 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.

We refer to our Builders, Scalers and Scalers+ customers collectively as our Higher Spend Customers (as further described in "Higher Spend Customers" below). Growing our Higher Spend 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 Higher Spend Customers as a percentage of total revenue was 89% in the three months ended September 30, 2025, up from approximately 88% in the three months ended September 30, 2024. We had approximately 177,000 Higher Spend Customers using our platform to build, deploy and scale applications as of September 30, 2025, up from approximately 163,000 as of September 30, 2024.

Our average revenue per customer (ARPU, as further described in “ARPU” below), has increased from $102.51 in the three months ended September 30, 2024 to $116.20 in the three months ended September 30, 2025. We had no material customer concentration as our top 25 customers made up approximately 11% and 9% of our revenue in the three months ended September 30, 2025 and 2024, respectively.

Our annual run-rate (ARR, as further described in “ARR” below), as of September 30, 2025 was $919 million, up from $794 million as of September 30, 2024.

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 digital native enterprises have enabled us to drive organic growth and establish a truly global customer base across a broad range of industries. We focus on customer acquisition, our self-service acquisition funnel, customer support and success, community education, inside sales, targeted outside sales, and partnership and channel development. For each of the three months ended September 30, 2025 and 2024 our sales and marketing expense was approximately 9% and 8% of our revenue, respectively.

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 September 30, 2025, 40% of our revenue was generated from North America, 27% from Europe, 23% from Asia and 10% 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 Higher Spend Customers, and introducing an account management function to provide more direct coverage of our top spending accounts. This deeper relationship with our customers will help us 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 closely monitor our net dollar retention (“NDR”), which reflects our ability to retain and grow revenue from our existing customers. NDR increased from 97% during the three months ended September 30, 2024 to 99% during the three months ended September 30, 2025 driven by improved net expansion. We expect to increase our revenue in the future from existing customers through the introduction of new products and features tailored to our Higher Spend 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 Higher Spend 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 Higher Spend Customers, including new marketing initiatives that further optimize our self-service revenue funnel to identify potential Higher Spend Customers, enhanced research and development to build our product roadmap around the needs of Higher Spend Customers, the creation of a new migration services team to support migration to our platform from other cloud providers, and a dedicated AI sales team with deep AI expertise to help prospective customers understand our offerings and the process to onboard onto our platform.

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 Higher Spend Customers. Our product strategy is anchored in addressing the needs of our Higher Spend 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 though 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. For example, in 2024, we announced a partnership with Hugging Face, which allows customers to quickly and easily deploy the most popular third-party models on GPU Droplets and significantly simplifies the model deployment process for our customers. 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 Conditions

Unfavorable conditions in the economy both in the United States and abroad, including conditions resulting from trade tension and/or the imposition of trade restrictions (including recent U.S. tariffs imposed and/or threatened to be imposed and any retaliatory actions taken by other countries), changes in gross domestic product growth, supply chain disruptions, inflationary pressures, high interest rates, financial and credit market fluctuations, volatility in the capital markets, liquidity concerns at, and failures of, banks and other financial institutions, geopolitical tensions, political turmoil, political instability and transitions of power in regions where we operate, natural catastrophes, outbreaks of contagious diseases, warfare and terrorist attacks on the United States, Europe or elsewhere, including military actions affecting Russia, Ukraine, the Middle East or elsewhere, could cause a decrease in business investments in information technology and negatively affect the growth of our business and our results of operations.

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 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 September 30,	
	2025	2024
Builders[1]	155,731	144,885
Scalers[1]	20,242	17,381
Scalers+[1]	593	472
ARPU	$ 116.20	$ 102.51
ARR (in millions)[2]	$ 919	$ 794
Net dollar retention rate	99%	97%

(1) Customer count. Beginning in the fourth quarter of 2024, we changed our methodology for calculating customer count and our customer categories. Prior periods have been recast to reflect the effects of the changes.

(2) Beginning in the fourth quarter of 2024, we changed our methodology for calculating ARR. Prior periods have been recast to reflect the effects of the change.

Higher Spend Customers

We refer to our Builders, Scalers and Scalers+ customers collectively as our Higher Spend Customers. We believe the total number of our Higher Spend Customers is an important indicator of the growth of our business and future revenue opportunity, and the trends relating to our Builders, Scalers and Scalers+ is of particular importance to us as these customers comprise a significant majority of our revenue and revenue growth, and are representative of growing digital native enterprises that scale on our platform and use multiple products. 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:

- Builders: users that spend more than $50 and less than or equal to $500 in a month.
- Scalers: users that spend more than $500 and less than or equal to $8,333 in a month.
- Scalers+: users that spend more than $8,333 in a month.

Users that spend less than or equal to $50 in a given month and have been on our platform for three months or less are considered "Testers." Users that spend less than or equal to $50 in a given month and have been on our platform for more than three months are considered "Learners." We have not disclosed the number of Testers and Learners on our platform in our regular disclosures since the second quarter of 2022 and fourth quarter of 2024, respectively, since we do not consider these customers to comprise a meaningful part of our customer base or be a good predictor of future growth.

ARPU

We believe that our average revenue per customer, which we refer to as ARPU, is a strong indication of our ability to acquire new customers with higher spending levels and expand usage of our platform by our existing customers. We calculate ARPU on a monthly basis as our total revenue from Learners, Builders, Scalers and Scalers+ in that period divided by the total number of Learners, Builders, Scalers and Scalers+ customers determined as of the last day of that month. For a quarterly or annual period, ARPU is determined as the weighted-average monthly ARPU over such three or 12-month period.

ARR

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 the revenue for the most recent quarter by four. For our ARR calculations, we include the total revenue from all customers, including Testers, Learners, Builders, Scalers, and Scalers+.

Net Dollar Retention Rate

Our ability to maintain long-term revenue growth and achieve profitability is dependent on our ability to retain and grow revenue from our existing customers. We have a history of retaining customers for multiple years and in many cases increasing their spend with us over time. To help us measure our performance in this area, we monitor our net dollar retention rate. We calculate net dollar retention rate monthly by starting with the revenue from all customers, including Testers, Learners, Builders, Scalers and Scalers+ for our IaaS and PaaS/SaaS offerings during the corresponding month 12 months prior, or the Prior Period Revenue. We then calculate the revenue from these same customers as of the current month, or the Current Period Revenue, including any expansion and net of any contraction or attrition from these customers over the last 12 months. The calculation also includes revenue from customers that generated revenue before, but not in, the corresponding month 12 months prior, but subsequently generated revenue in the current month and are therefore reflected in the Current Period Revenue. We include this group of re-engaged customers in this calculation because some of our customers use our platform for projects that stop and start over time. We then divide the total Current Period Revenue by the total Prior Period Revenue to arrive at the net dollar retention rate for the relevant month. For a quarterly or annual period, the net dollar retention rate is determined as the average monthly net dollar retention rates over such three or 12-month period.

Components of Results of Operations

Revenue

We offer a comprehensive set of cloud platform capabilities which spans 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 for research and development activities, 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, 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, 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 Income, net

Other income, net consists primarily of gain on partial extinguishment of our 2026 Convertible Notes, interest income on our money market funds, amortization of debt issuance costs and cash interest expense on our convertible notes and credit facilities, and gains or losses on foreign currency exchange.

Income Tax Expense

Our income tax benefit consists primarily of the release of a $69,939 valuation allowance related to our U.S. deferred tax assets. We regularly assess the need for a valuation allowance on our deferred tax assets. In making this assessment, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all the deferred tax assets will not be realized. As of September 30, 2025, based on all available positive and negative evidence, having demonstrated sustained U.S. profitability, which is objective and verifiable, and taking into account anticipated future earnings, we have concluded it is more likely than not that our U.S. federal and states deferred tax assets will be realizable.

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Revenue	$ 229,634	$ 198,484	$ 659,037	$ 575,690
Cost of revenue(1)(2)	92,701	81,920	261,715	235,830
Gross profit	136,933	116,564	397,322	339,860
Operating expenses:				
Research and development(1)(2)	38,119	36,278	117,357	102,189
Sales and marketing(1)(2)	21,228	15,258	59,917	52,165
General and administrative(2)	32,654	40,422	101,855	127,034
Total operating expenses	92,001	91,958	279,129	281,388
Income from operations	44,932	24,606	118,193	58,472
Other income, net	45,382	5,035	55,949	10,233
Income before income taxes	90,314	29,641	174,142	68,705
Income tax benefit (expense)	68,057	3,308	59,460	(2,479)
Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226

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

(2) Includes stock-based compensation as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Cost of revenue[(1)]	$ 1,225	$ 1,393	$ 4,042	$ 4,380
Research and development[(1)]	8,536	10,423	26,261	27,891
Sales and marketing[(1)]	3,188	1,581	8,823	7,516
General and administrative	6,851	9,552	21,187	27,872
Total stock-based compensation	$ 19,800	$ 22,949	$ 60,313	$ 67,659

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	100%	100%	100%	100%
Cost of revenue[(1)]	40	41	40	41
Gross profit	60	59	60	59
Operating expenses:				
Research and development[(1)]	17	18	18	18
Sales and marketing[(1)]	9	8	9	9
General and administrative	14	20	15	22
Total operating expenses[(2)]	40	46	42	49
Income from operations[(2)]	20	12	18	10
Other income, net	20	3	8	2
Income before income taxes[(2)]	39	15	26	12
Income tax benefit (expense)	30	2	9	—
Net income attributable to common stockholders[(2)]	69%	17%	35%	12%

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

(2) May not foot due to rounding.

Comparison of the Three Months Ended September 30, 2025 and 2024

Revenue

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Revenue	$ 229,634	$ 198,484	$ 31,150	16%

Revenue increased $31.2 million, or 16%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The increase was primarily driven by a 13% increase in ARPU to $116.20 from $102.51, and an 18% increase in revenue from our Higher Spend Customers. The increase in ARPU was primarily driven by continued adoption of our products by our existing customers leading to higher average usage on our platform.

Cost of Revenue

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Cost of revenue	$ 92,701	$ 81,920	$ 10,781	13%

Cost of revenue increased $10.8 million, or 13%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The change is primarily due to increases of $8.3 million in co-location costs as a result of our data center expansion, $1.2 million in costs related to our revenue share programs, and $1.2 million in other costs, net. Gross profit increased to 60% for the three months ended September 30, 2025 from 59% for the three months ended September 30, 2024 primarily due to higher revenue, offset by an increase in co-location costs driven by our data center expansion.

Operating Expenses

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Research and development	$ 38,119	$ 36,278	$ 1,841	5%
Sales and marketing	21,228	15,258	5,970	39%
General and administrative	32,654	40,422	(7,768)	(19%)
Total operating expenses	$ 92,001	$ 91,958	$ 43	—%

Research and development expenses increased $1.8 million, or 5%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The change is primarily due to an increase of $1.9 million in personnel costs mainly driven by higher headcount, offset by a decrease of $0.1 million in other costs, net.

Sales and marketing expenses increased $6.0 million, or 39%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The change is primarily due to increases of $3.6 million in personnel costs mainly driven by higher headcount, $2.1 million in advertising expenses, and $0.1 million in other costs, net.

General and administrative expenses decreased $7.8 million, or 19%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024. The change is primarily due to decreases of $7.9 million in personnel costs, primarily due to costs incurred in the third quarter of 2024 related to acquisition-related deferred compensation and lower share-based compensation due to forfeited or fully vested RSUs, and $0.7 million in other costs, net, partially offset by increases of $1.0 million in professional services costs.

Other Income, net

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Other income, net	$ 45,382	$ 5,035	$ 40,347	801%

Other income, net increased $40.3 million, or 801%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024, primarily due to a $48.4 million gain on partial extinguishment of our 2026 Convertible Notes, partially offset by decreases of $3.4 million in unrealized losses from foreign currency fluctuations from our operations, $2.8 million higher interest expense mostly due to accrued interest on Term Loan A and issuance cost amortization of our Convertible Notes, and $1.8 million lower interest income from our investments and other income.

The gain on partial extinguishment of our 2026 Convertible Notes increased basic net income per share attributable to common stockholders by $0.51 and diluted net income per share attributable to common stockholders by $0.44 during the three months ended September 30, 2025.

Income Tax Benefit

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Income tax benefit	$ 68,057	$ 3,308	$ 64,749	1,957%

Income tax benefit increased $64.7 million, or 1,957%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024, primarily as a result of the $69.9 million release of our valuation allowance related to our U.S. deferred tax assets as a discrete deferred tax benefit during the three months ended September 30, 2025, partially offset by the increase of current tax expense from higher taxable income.

The tax benefit related to the release of the valuation allowance increased basic net income per share attributable to common stockholders by $0.77 and diluted net income per share attributable to common stockholders by $0.66 during the three months ended September 30, 2025.

Comparison of the Nine Months Ended September 30, 2025 and 2024

Revenue

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Revenue	$ 659,037	$ 575,690	$ 83,347	14%

Revenue increased $83.3 million, or 14%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The increase in revenue was primarily driven by a 13% increase in ARPU to $112.18 from $99.02; and a 17% increase in revenue from Higher Spend Customers. The increase in ARPU was primarily driven by continued adoption of our products by our existing customers leading to higher average usage of our platform.

Cost of Revenue

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Cost of revenue	$ 261,715	$ 235,830	$ 25,885	11%

Cost of revenue increased $25.9 million, or 11%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The change is primarily due to increases of $22.6 million in co-location costs as a result of our data center expansion, $3.4 million in costs related to our revenue share programs, $2.3 million in third-party license fees and $1.0 million in personnel costs, partially offset by decreases of $2.7 million in depreciation and amortization and $0.7 million in other costs, net. Depreciation and amortization decreased primarily due to our change in useful life of servers and related equipment from five to six years effective October 1, 2024, partially offset by additional depreciation of equipment placed in service in the past year. Gross profit increased to 60% for the nine months ended September 30, 2025 from 59% for the nine months ended September 30, 2024, primarily due to higher revenue, offset by an increase in co-location costs driven by our data center expansion.

Operating Expenses

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Research and development	$ 117,357	$ 102,189	$ 15,168	15%
Sales and marketing	59,917	52,165	7,752	15%
General and administrative	101,855	127,034	(25,179)	(20%)
Total operating expenses	$ 279,129	$ 281,388	$ (2,259)	(1%)

Research and development expenses increased $15.2 million, or 15%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The change is primarily due to increases of $10.1 million in personnel costs mainly driven by increased headcount, $2.4 million in professional services and other costs, $1.4 million in software costs, and lower capitalized internal-use software costs of $1.3 million.

Sales and marketing expenses increased $7.8 million, or 15%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The change is primarily due to increases of $4.6 million in personnel costs mainly driven by increased headcount, $2.4 million in advertising expenses, and $1.0 million in professional services costs, partially offset by $0.2 million in other costs, net.

General and administrative expenses decreased $25.2 million, or 20%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The change is primarily due to a decreases of $27.3 million in personnel costs, primarily due to costs incurred in the first half of 2024 related to acquisition-related deferred compensation and executive reorganization, including the reversal of stock-based compensation from forfeited RSUs and other related costs, and $2.7 million in other costs, partially offset by increases of $2.9 million in payment processing costs and provision for expected credit losses due to higher revenue and $1.9 million in professional services costs.

Other Income, net

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Other income, net	$ 55,949	$ 10,233	$ 45,716	447%

Other income, net increased $45.7 million, or 447%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024, primarily due to a $48.1 million net gain on partial extinguishment of our 2026 Convertible Notes and termination of our 2022 Credit Facility, an increase of $6.1 million in unrealized gains from foreign currency fluctuations from our operations and other income, partially offset by decreases of $5.9 million of lower interest income from our investments and $2.6 million higher interest expense mostly due to accrued interest on Term Loan A and issuance cost amortization of our Convertible Notes.

The gain on partial extinguishment of our 2026 Convertible Notes increased basic net income per share attributable to common stockholders by $0.50 and diluted net income per share attributable to common stockholders by $0.45 during the nine months ended September 30, 2025.

Income Tax Benefit (Expense)

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
	(in thousands)			
Income tax benefit (expense)	$ 59,460	$ (2,479)	$ 61,939	(2,499%)

Income tax benefit (expense) increased $61.9 million, or 2,499%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024, primarily as a result of the $69.9 million release of our valuation allowance related to our U.S. deferred tax assets as a discrete deferred tax benefit during the nine months ended September 30, 2025, partially offset by the increase of current tax expense from higher taxable income.

The tax benefit related to the release of the valuation allowance increased basic net income per share attributable to common stockholders by $0.77 and diluted net income per share attributable to common stockholders by $0.68 during the nine months ended September 30, 2025.

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, and equipment financing arrangements. Cash provided from these sources is used primarily for operating expenses, such as personnel and co-location costs, and capital expenditures, including our investments in AI/ML and other core product offerings. 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 August 2025, we completed a private offering of our 2030 Convertible Notes with an aggregate principal amount of $625.0 million. The total net proceeds from the offering, after deducting issuance costs, were $606.1 million. The 2030 Convertible Notes mature on August 15, 2030, unless earlier converted, redeemed or repurchased by us. In connection with the 2030 Convertible Notes, we entered into capped call transactions, which are expected to reduce the potential dilution of our common stock upon any conversion of the 2030 Convertible Notes and/or offset any cash payments we could be required to make in excess of the principal amount of the converted notes, with such reduction and/or offset subject to a cap based on a cap price initially equal to $66.51 per share, which is subject to certain adjustments under the terms of the capped call transactions. In August 2025, we drew down $380.0 million on Term Loan A under our 2025 Credit Facility, which we entered into on May 5, 2025.

We used the proceeds from our 2030 Convertible Notes and Term Loan A along with cash on hand to repurchase $1,187.7 million of principal outstanding of our 2026 Convertible Notes for an aggregate amount of $1,131.5 million, and to purchase the 2030 Capped Calls for an aggregate purchase price of $83.9 million. For further information refer to Note 6. Debt in our condensed consolidated financial statements.

As of September 30, 2025, we had $1,317.3 million aggregate principal amount outstanding under our 2030 Convertible Notes, 2026 Convertible Notes and our Term Loan A, with $420.0 million of borrowing capacity available under our 2025 Credit Facility.

We believe our existing cash and cash equivalents, cash flow from operations and availability under our 2025 Credit Facility will be sufficient to support working capital and capital expenditure requirements and our outstanding contractual commitments 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 February 2024, our Board of Directors approved additional repurchase program of up to an aggregate of $140 million of our common stock which we completed in July 2025. In August 2025, we adopted the 2025 Share Buyback Program which authorizes the repurchase of up to $100 million of our common stock. The 2025 Share Buyback Program will expire on July 31, 2027. For the nine months ended September 30, 2025, we repurchased and retired 2.4 million shares of common stock for an aggregate purchase price of $82.1 million.

As of September 30, 2025, we had $84.6 million of estimated undiscounted fixed payment obligations for leases of co-location space at data center facilities that have not yet commenced and were not included on the condensed consolidated balance sheets. These leases are expected to commence between October 2025 and December 2025, and have a weighted-average lease term of 7.2 years.

As of September 30, 2025, we had $236.6 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. 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 2025 Credit Facility, in whole or in part, and using cash on hand or generated from our operations.

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

	Nine Months Ended September 30,	
(In thousands)	2025	2024
Net cash provided by operating activities	$ 252,324	$ 211,386
Net cash used in investing activities	(138,772)	(47,661)
Net cash used in financing activities	(307,177)	(41,020)
(Decrease) increase in cash, cash equivalents and restricted cash	(193,632)	122,636

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, and taxes.

Net cash provided by operating activities was $252.3 million and $211.4 million for the nine months ended September 30, 2025 and 2024, respectively. The change was primarily driven by an increase in cash collections from higher revenues, partially offset by higher co-location costs as a result of our data center expansion and higher personnel costs due to increased headcount, as well as annual merit-based salary increases.

Investing Activities

Net cash used in investing activities was $138.8 million and $47.7 million for the nine months ended September 30, 2025 and 2024, respectively. The change in cash used in investing activities was primarily driven by a $91.7 million reallocation of our marketable securities portfolio to cash equivalents and increases of $27.6 million in cash payments for the acquisition of equipment under financing arrangement and $1.8 million in purchases of intangible assets, partially offset by a decrease of $29.9 million in cash payments for capital expenditures.

Financing Activities

Net cash used in financing activities of $307.2 million and $41.0 million for the nine months ended September 30, 2025 and 2024, respectively. The change was primarily due to $1,131.5 million in repurchases of our 2026 Convertible Notes, $83.9 million in purchases of capped calls relating to our 2030 Convertible Notes, and an increases of $52.2 million in repurchases and retirement of our common stock and $1.1 million in employee payroll taxes paid related to net settlement of equity awards, partially offset by $606.8 million in proceeds from our 2030 Convertible Notes, $375.9 million in proceeds from the drawdown of our 2025 Credit Facility, $27.6 million in proceeds from a financing arrangement, and a decrease of $7.8 million in proceeds related to the issuance of common stock under our 2021 Plan and ESPP.

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, 2024 other than that disclosed under Note 6. Debt and Note 7. 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, 2024.

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 condensed 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 EBITDA and adjusted EBITDA margin and (ii) 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. 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 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, revaluation of warrants, (gain) loss on extinguishment of debt, net, release of a VAT reserve, and other charges. We define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenue. We believe that adjusted EBITDA, when taken together with our GAAP financial results, provides meaningful supplemental information regarding our operating performance and facilitates 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 EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, evaluating our operating performance, and for internal planning and forecasting purposes.

Our calculation of adjusted EBITDA and adjusted EBITDA margin may differ from the calculations of adjusted EBITDA and adjusted EBITDA margin by other companies and therefore comparability may be limited. Because of these limitations, when evaluating our performance, you should consider adjusted EBITDA and adjusted EBITDA margin alongside other financial performance measures, including our net income attributable to common stockholders and other GAAP results.

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 September 30,		Nine Months Ended September 30,	
(In thousands)	**2025**	**2024**	**2025**	**2024**
GAAP Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Adjustments:				
Depreciation and amortization	35,060	35,810	97,035	100,825
Stock-based compensation[1]	19,800	22,949	60,313	67,512
Interest expense	5,042	2,262	9,489	6,887
Acquisition related compensation	—	3,193	—	11,439
Income tax (benefit) expense	(68,057)	(3,308)	(59,460)	2,479
Gain on extinguishment of debt, net	(48,373)	—	(48,104)	—
Restructuring related charges[1][2]	—	162	—	4,025
Impairment of certain long-lived assets	—	—	—	356
Interest income and other income, net[3]	(2,051)	(7,297)	(17,334)	(17,120)
Adjusted EBITDA	$ 99,792	$ 86,720	$ 275,541	$ 242,629
As a percentage of revenue:				
Net income margin	69%	17%	35%	12%
Adjusted EBITDA margin	43%	44%	42%	42%

(1) For the nine months ended September 30, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

(2) For the three and nine months ended September 30, 2024, primarily consists of executive reorganization charges.

(3) For the three and nine months ended September 30, 2025, primarily consists of interest income from our cash and cash equivalents. For the three and nine months ended September 30, 2024, primarily consists of interest and accretion income from our cash and cash equivalents and marketable securities.

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, revaluation of warrants, release of a VAT reserve, 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.

We believe 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.

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:

(In thousands, except per share amounts)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
GAAP Net income attributable to common stockholders	$ 158,371	$ 32,949	$ 233,602	$ 66,226
Stock-based compensation[(1)]	19,800	22,949	60,313	67,512
Acquisition related compensation	—	3,193	—	11,439
Amortization of acquired intangible assets	4,914	5,571	15,142	17,041
Gain on extinguishment of debt, net	(48,373)	—	(48,104)	—
Restructuring related charges[(1)(2)]	—	162	—	4,025
Impairment of certain long-lived assets	—	—	—	356
Non-GAAP income tax adjustment[(3)]	(78,722)	(13,150)	(91,699)	(24,573)
Non-GAAP Net income	$ 55,990	$ 51,674	$ 169,254	$ 142,026
Non-cash charges related to convertible notes[(4)]	$ 1,320	$ 1,590	$ 4,511	$ 4,764
Non-GAAP Net income used to compute net income per share, diluted	$ 57,310	$ 53,264	$ 173,765	$ 146,790
GAAP Net income per share attributable to common stockholders, diluted	$ 1.51	$ 0.33	$ 2.31	$ 0.70
Stock-based compensation[(1)]	0.19	0.22	0.59	0.66
Acquisition related compensation	—	0.03	—	0.11
Amortization of acquired intangible assets	0.05	0.05	0.15	0.16
Gain on extinguishment of debt, net[(5)]	(0.46)	—	$ (0.47)	—
Restructuring related charges[(1)(2)]	—	—	—	0.03
Impairment of certain long-lived assets	—	—	—	—
Non-cash charges related to convertible notes[(4)]	0.01	0.02	0.04	0.04
Non-GAAP income tax adjustment[(3)]	(0.76)	(0.13)	(0.93)	(0.27)
Non-GAAP Net income per share, diluted[(6)]	$ 0.54	$ 0.52	$ 1.69	$ 1.43
GAAP Weighted-average shares used to compute net income per share, diluted	105,520	102,591	103,036	102,678
Weighted-average dilutive effect of potentially dilutive securities	—	—	—	—
Non-GAAP Weighted-average shares used to compute net income per share, diluted	105,520	102,591	103,036	102,678

(1) For the nine months ended September 30, 2024, non-GAAP stock-based compensation excludes $0.1 million as it is presented in restructuring related charges.

(2) For the three and nine months ended September 30, 2024, primarily consists of executive reorganization charges.

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

(4) Consists of non-cash interest expense for amortization of debt issuance costs related to the 2026 and 2030 Convertible Notes.

(5) For the three and nine months ended September 30, 2025, excludes tax impact which is presented in Non-GAAP income tax adjustment.

(6) May not foot due to rounding.

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, 2024.

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 September 30, 2025. Based on such evaluation, our CEO and CFO concluded that, as of September 30 2025, 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 September 30, 2025 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, 2024 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, 2024.

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

(c) Issuer Purchases of Equity Securities

The following table provides information with respect to repurchases of shares of common stock by the Company during the three months ended September 30, 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program(1)	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Program(1)
July 1-31, 2025	101,003	$28.96	101,003	$ —
August 1-31, 2025	—	—	—	$ 100,000
September 1-30, 2025	—	—	—	$ 100,000
Total	101,003	$28.96	101,003	

(1) On February 20, 2024, the Company’s Board of Directors approved the 2024 Share Buyback Program, authorizing the repurchase of up to $140 million of the Company’s common stock, which was completed in July 2025. 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Arrangements

None.

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.1	Indenture, dated August 14, 2025, between DigitalOcean Holdings, Inc. and U.S. Bank Trust Company, National Association, as Trustee.	8-K	001-40252	4.1	8/14/2025	
4.2	Form of Global Note representing DigitalOcean Holdings, Inc.'s 0.00% Convertible Senior Notes due 2030 (included as Exhibit A to the Indenture filed as Exhibit 4.1).	8-K	001-40252	4.2	8/14/2025	
10.1	Form of Confirmation for Capped Call Transactions.	8-K	001-40252	10.1	8/14/2025	
31.1	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.					X
31.2	Certification of W. Matthew Steinfort, 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.					X
32.1*	Certifications of Padmanabhan Srinivasan, Chief Executive Officer, and W. Matthew Steinfort, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					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:	November 5, 2025	By:	/s/ Padmanabhan Srinivasan
			Padmanabhan Srinivasan Chief Executive Officer (Principal Executive Officer)
Date:	November 5, 2025	By:	/s/ W. Matthew Steinfort
			W. Matthew Steinfort Chief Financial Officer (Principal Financial Officer)