



# Earnings Presentation

## Q2 2021

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# SAFE HARBOR

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This presentation contains forward-looking statements that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “estimate,” “believe,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions intended to identify statements about the future. These statements speak only as of the date of this presentation and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations.

We cannot assure you that the forward-looking statements in this presentation will prove to be accurate.

Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should, however, review the factors and risks and other information we describe in the reports we file from time to time with the SEC.

This presentation includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties as well as our own estimates of potential market opportunities. All of the market data used involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. Our estimates of the potential market opportunities for our product candidates include several key assumptions based on our industry knowledge, industry publications, third-party research and other surveys, which may be based on a small sample size and may fail to accurately reflect market opportunities. While we believe that our internal assumptions are reasonable, no independent source has verified such assumptions.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA Margin. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by DigitalOcean Holdings, Inc. may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in our filings with the SEC.

## OUR MISSION

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**DigitalOcean simplifies cloud computing so developers and businesses can spend more time creating software that changes the world.**

# Key Performance Indicators Driving 30%+ Revenue Growth

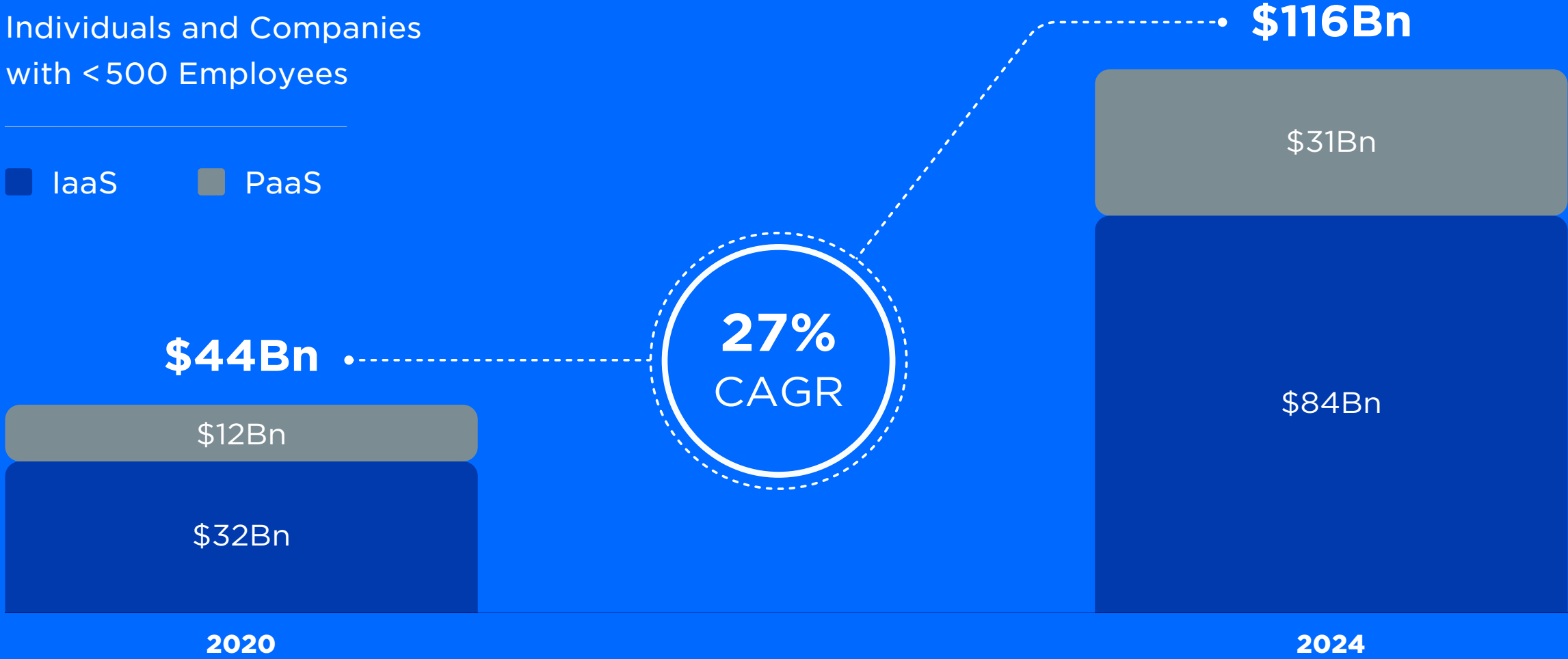
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	Q2'20	Q2'21	IMPROVING METRICS
Accelerating Revenue Growth:	\$77M	\$104M	<b>+35%</b>
Scaling ARR:	\$313M	\$426M	<b>+36%</b>
Healthy Customer Growth:	554K	602K	<b>+9%</b>
Strong ARPU Increase:	\$46.44	\$58.07	<b>+25%</b>
Improving Net Dollar Retention:	102%	113%	<b>+1100 bps</b>

# LARGE AND RAPIDLY GROWING MARKET OPPORTUNITY

Individuals and Companies  
with <500 Employees

■ IaaS    ■ PaaS



SOURCE: IDC: PUBLIC CLOUD SERVICES SPENDING GUIDE (JUNE 2020)

# SOURCES OF MARKET GROWTH



# What is the problem DigitalOcean solves for SMBs?

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**Complex systems:** Enterprise-focused vendors have complicated implementation processes which limit onboarding for startups and SMBs.

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**Onerous pricing:** Existing providers have intricate and unpredictable pricing models that lack transparency.

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**Lack of support:** Traditional public cloud vendors target large enterprise customers and smaller buyers often do not get the necessary level of support they require.

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**Uncurated set of offerings:** Hyperscalers have built their platforms to serve global enterprises with large dev teams. Ancillary products and services create challenges.

# DigitalOcean's Offerings are Highly Differentiated

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## Simplicity

Infrastructure and Platform Technologies that can be spun up quickly, intuitively, and independently



## Support

Live, personal support to all customers regardless of their spend or scale



## Community

Free knowledge base with tens of thousands of pieces of content, including Q&A and tutorials to help developers and entrepreneurs



## Open Source

Enabling faster, lower cost innovation without locking users into a proprietary stack



# DigitalOcean Offers a Cloud Platform Purpose Built for Developers and SMBs

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## VPS Hosting

2012-2015

Droplets: Simple and scalable virtual machines

## Cloud Infrastructure

2015-2018

Key components underpinning cloud such as Volumes, Load Balancers, Spaces, and Firewalls

## Developer & SMB Cloud

2018-2021+

Essential elements to help developers and growing SMBs scale such as Managed Kubernetes, Managed Databases, Marketplace, and App Platform

# GLOBAL INFRASTRUCTURE SUPPORTS 600K+ CUSTOMERS IN 185 COUNTRIES





# Scale with Profitability

REVENUE (M)



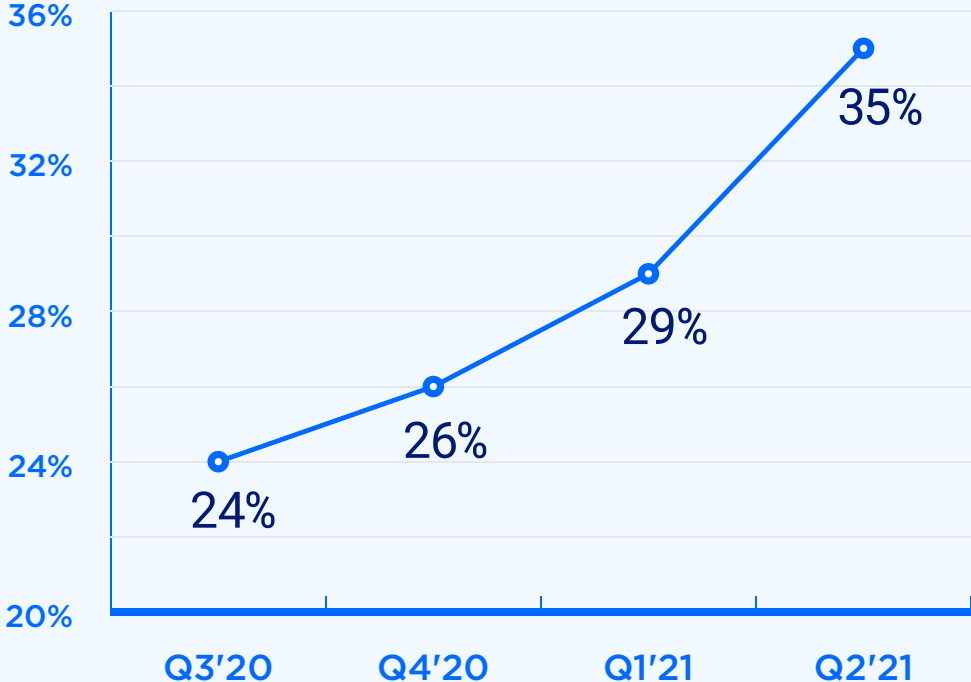
ADJ. EBITDA (M)



NOTES: 1. BASED ON THE THE MIDPOINT OF FINANCIAL OUTLOOK AS OF AUGUST 5, 2021.

# Accelerating Top Line Growth

REVENUE GROWTH (%)

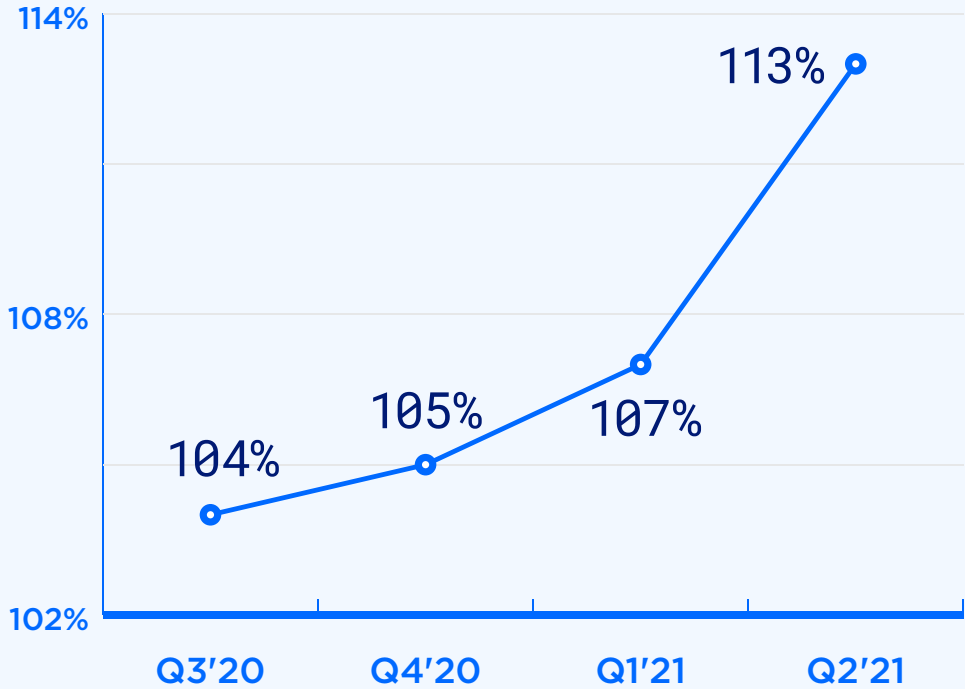


ARR GROWTH (%)



# Improving Customer Economics

**NET DOLLAR RETENTION RATE (%)**



**MONTHLY ARPU (\$)**



# Financial Outlook

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<b>METRIC</b>	<b>Q3 2021</b>	<b>FY 2021</b>
<b>Revenue</b>	\$106-\$109M	\$419-\$423M
<b>Adjusted EBITDA Margin</b>	30%-31%	30%-31%
<b>Fully Diluted Weighted Average Shares Outstanding</b>	119-121M	115-117M
<b>Capex as a % of Revenue</b>		25%-26%

# Appendix

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# Financial Highlights and KPIs

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Revenue (M)	\$72.8	\$76.9	\$81.2	\$87.5	\$93.7	\$103.8
Revenue Growth	25%	24%	24%	26%	29%	35%
ARR (M)	\$299	\$313	\$335	\$357	\$388	\$426
ARR Increase (M)	\$14	\$14	\$22	\$22	\$31	\$38
Adj. EBITDA (M)	\$18.4	\$23.9	\$26.4	\$27.1	\$30.7	\$31.4
NDR	101%	102%	104%	105%	107%	113%
ARPU	\$44.68	\$46.44	\$48.58	\$51.25	\$53.68	\$58.07
Customers	546k	554k	559k	573k	585k	602k
Capex as a % of Revenue	44%	40%	32%	35%	25%	25%