

**Press Release**

# DigitalOcean Announces Pricing of Upsized \$1.3 Billion Convertible Senior Notes Offering

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NEW YORK, (BUSINESS WIRE) -- DigitalOcean Holdings, Inc. ("DigitalOcean") (NYSE: DOCN) today announced the pricing of its offering of \$1.3 billion aggregate principal amount of 0% convertible senior notes due 2026 (the "notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The issuance and sale of the notes are scheduled to settle on November 18, 2021, subject to customary closing conditions. DigitalOcean also granted the initial purchasers of the notes an option to purchase, for settlement within a period of 13 days from, and including, the date the notes are first issued, up to an additional \$200.0 million aggregate principal amount of notes.

The notes will be senior, unsecured obligations of DigitalOcean and will not bear interest and the principal amount will not accrete. The notes will mature on December 1, 2026, unless earlier converted, redeemed or repurchased by DigitalOcean. Before July 1, 2026, noteholders will have the right to convert their notes only in certain circumstances. From and after July 1, 2026, noteholders may convert their notes at any time at their election until the close of business on the scheduled trading day immediately before the maturity date. DigitalOcean will settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at DigitalOcean's election. The initial conversion rate is 5.6018 shares of common stock per \$1,000 principal amount of notes, which represents an initial conversion price of approximately \$178.51 per share of common stock. The initial conversion price represents a premium of 50.0% over the last reported sale price of \$119.01 per share of DigitalOcean's common stock on November 15, 2021. The conversion rate and conversion price will be subject to adjustment upon the occurrence of certain events.

The notes will not be redeemable at DigitalOcean's election before December 2, 2024. The notes will be redeemable, in whole or in part (subject to certain limitations), at DigitalOcean's option at any time, and from time to time, on or after December 2, 2024 and on or before the 25th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 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 DigitalOcean's common stock exceeds 130% of the conversion price for a specified period of time.

If a "fundamental change" (as defined in the indenture for the notes) occurs, then, subject to a limited exception, noteholders may require DigitalOcean to repurchase their notes at a cash repurchase price equal to the principal amount of the notes to be repurchased, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the fundamental change repurchase date.

DigitalOcean estimates that the net proceeds to DigitalOcean from the offering will be approximately \$1.27 billion (or approximately \$1.46 billion if the initial purchasers fully exercise their option to purchase additional notes), after deducting the initial purchasers' discounts and commissions and our estimated offering expenses.

DigitalOcean expects to use approximately \$350.0 million of the net proceeds from the offering to repurchase shares of its common stock concurrently with the pricing of the offering in privately negotiated transactions effected through one of the initial purchasers or its affiliates. DigitalOcean expects to repurchase these shares from purchasers of notes in the offering at a purchase price per share equal to \$119.01 (the closing price per share of DigitalOcean's common stock on November 15, 2021). These repurchases could increase (or reduce the size of any decrease in) the market price of DigitalOcean's common stock or the notes. In the case of repurchases effected concurrently with the offering, this activity could have affected the market price of DigitalOcean's common stock prior to, concurrently with or shortly after the pricing of the notes, and could have resulted in a higher effective conversion price for the notes.

DigitalOcean expects to use the remaining net proceeds of the offering for general corporate purposes, including working capital, operating expenses and capital expenditures. DigitalOcean may also use a portion of the net proceeds to acquire complementary businesses, services or technologies. However, it does not have agreements or commitments to enter into any acquisitions at this time. These expectations are subject to change.

The offer and sale of the notes and any shares of common stock issuable upon conversion of the notes have not been, and will not be, registered under the Securities Act or any other securities laws, and the notes and any such shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, the notes or any shares of common stock issuable upon conversion of the notes, nor will there be any sale of the notes or any such shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

## About DigitalOcean

DigitalOcean simplifies cloud computing so developers and businesses can spend more time building software that changes the world. With its mission-critical infrastructure and fully managed offerings, DigitalOcean helps developers, startups and small and medium-sized businesses (SMBs) rapidly build, deploy and scale applications to accelerate innovation and increase productivity and agility. DigitalOcean combines the power of simplicity, community, open source, and customer support so customers can spend less time managing their infrastructure and more time building innovative applications that drive business growth.

## Forward-Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the completion of the offering, the expected amount and intended use of the net proceeds and the timing or amount of any repurchases of common stock by DigitalOcean and the potential impact of the foregoing or related transactions on the market price of DigitalOcean's common stock or the price of the notes. Forward-looking statements represent DigitalOcean's current expectations regarding future events and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those implied by the forward-looking statements. Among those risks and uncertainties are market conditions, the satisfaction of the closing conditions related to the offering and risks relating to DigitalOcean's business, including those described under the caption "Risk Factors" and elsewhere in DigitalOcean's filings with the Securities and Exchange Commission (the "SEC"), including in its Quarterly Report on Form 10-Q for the period ended September 30, 2021, filed with the SEC on November 5, 2021, and the future quarterly and current reports that DigitalOcean files with the SEC. DigitalOcean may not consummate the offering described in this press release and, if the offering is consummated, cannot provide any assurances regarding its ability to effectively apply the net proceeds as described above. The forward-looking statements included in this press release speak only as of the date of this press release, and DigitalOcean does not undertake to update the statements included in this press release for subsequent developments, except as may be required by law.

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