



Datadog Announces Pricing of Upsized Offering of \$650 Million Convertible Senior Notes

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NEW YORK, May 29, 2020 (GLOBE NEWSWIRE) -- Datadog, Inc. (Nasdaq: DDOG), the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age, today announced the pricing of \$650 million aggregate principal amount of 0.125% convertible senior notes due 2025 (the "notes") in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate principal amount of the offering was increased from the previously announced offering size of \$550.0 million. Datadog also granted the initial purchasers of the notes an option to purchase up to an additional \$97.5 million aggregate principal amount of notes. The sale of the notes is expected to close on June 2, 2020, subject to customary closing conditions.

The notes will be senior unsecured obligations of Datadog and will accrue interest payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2020, at a rate of 0.125% per year. The notes will mature on June 15, 2025, unless earlier converted, redeemed or repurchased. The conversion rate of the notes will initially be 10.8338 shares of Datadog's Class A common stock per \$1,000 principal amount of such notes (equivalent to an initial conversion price of approximately \$92.30 per share of Class A common stock). The initial conversion price of the notes represents a premium of approximately 37.5% over the last reported sale price of Datadog's Class A common stock on the Nasdaq Global Select Market on May 28, 2020. The notes will be convertible under certain circumstances into cash, shares of Datadog's Class A common stock or a combination of cash and shares of Datadog's Class A common stock, at Datadog's election.

Datadog may redeem for cash all or any portion of the notes, at its option, on or after June 20, 2023 and prior to the 31st scheduled trading day immediately preceding the maturity date of the notes, if the last reported sale price of Datadog's Class A common stock has been at least 130% of the conversion price for the notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Datadog provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If Datadog undergoes a "fundamental change," holders of the notes may require Datadog to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the notes or if we deliver a notice of redemption in respect of the notes, Datadog will, in certain circumstances, increase the conversion rate of the notes for a holder who elects to convert its notes in connection with such a corporate event or convert its notes called for redemption during the related redemption period, as the case may be.

Datadog estimates that the net proceeds from the offering will be approximately \$634.2 million (or \$729.4 million if the initial purchasers exercise their option to purchase additional notes in full), after deducting the initial purchasers' discount and estimated offering expenses payable by Datadog. Datadog intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below, and the remainder for working capital and other general corporate purposes, which may include potential acquisitions and strategic transactions.

In connection with the pricing of the notes, Datadog entered into capped call transactions with one or more of the initial purchasers and/or their respective affiliates and/or other financial institutions (the "option counterparties"). The capped call transactions cover, subject to customary adjustments, the number of shares of Datadog's Class A common stock that will initially underlie the notes. The capped call transactions are expected generally to offset the potential dilution to Datadog's Class A common stock as a result of any conversion of the notes and/or offset any cash payments Datadog is required to make in excess of the principal amount of converted notes, as the case may be, with such offset subject to a cap based on a cap price.

If, however, the market price per share of Datadog's Class A common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds such cap price. In addition, to the extent any observation period for any converted notes does not correspond to the period during which the market price of Datadog's Class A common stock is measured under the terms of the related capped call transactions, there could also be dilution and/or a reduced offset of any such cash payments as a result of the different measurement periods. The cap price of the capped call transactions relating to the notes will initially be approximately \$151.04, which represents a premium of approximately 125% over the last report sale price of Datadog's Class A common stock on the Nasdaq Global Select Market on May 28, 2020, and is subject to certain adjustments under the terms of the capped call transactions.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates may purchase shares of Datadog's Class A common stock and/or enter into various derivative transactions with respect to Datadog's Class A common stock concurrently with or shortly after the pricing of the notes, including with certain investors in the notes. This activity could increase (or reduce the size of any decrease in) the market price of Datadog's Class A common stock or the trading price of the notes at that time.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Datadog's Class A common stock and/or purchasing or selling Datadog's Class A common stock or other securities of Datadog in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so on each exercise date for the capped call transactions, which are expected to occur during each 30 trading day period beginning on the 31st scheduled trading day prior to the maturity date of the notes, or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the notes). This activity could also cause or prevent an increase or a decrease in the market price of Datadog's Class A common stock or the notes, which could affect noteholders' ability to convert their notes, and, to the extent the activity occurs during any observation period

related to a conversion of notes, this could affect the number of shares and value of the consideration that a noteholder will receive upon conversion of its notes.

Neither the notes, nor any shares of Datadog's Class A common stock issuable upon conversion of the notes, have been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

About Datadog

Datadog is the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age. Our SaaS platform integrates and automates infrastructure monitoring, application performance monitoring and log management to provide unified, real-time observability of our customers' entire technology stack. Datadog is used by organizations of all sizes and across a wide range of industries to enable digital transformation and cloud migration, drive collaboration among development, operations and business teams, accelerate time to market for applications, reduce time to problem resolution, understand user behavior and track key business metrics.

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