

Supplemental Financial Information
For the Period Ended September 30, 2026
(Unaudited)

Non-GAAP Financial Measures

The unaudited condensed consolidated financial statements within this document include the accounts of Datadog, Inc. and its wholly-owned subsidiaries ("Datadog" or the "Company"), and have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”).

The Company also discloses the following non-GAAP financial measures within this document: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (research and development, sales and marketing and general and administrative), non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per basic share, non-GAAP net income (loss) per diluted share, free cash flow, and free cash flow margin. Datadog uses each of these non-GAAP financial measures internally to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Datadog’s financial performance. Datadog believes they are useful to investors, as a supplement to GAAP measures, in evaluating its operational performance, as further discussed below. Datadog’s non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring and unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on Datadog’s reported financial results.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release.
Datadog defines non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (research and development, sales and marketing and general and administrative), non-GAAP operating income (loss), non-GAAP operating margin and non-GAAP net income (loss) as the respective GAAP balances, adjusted for, as applicable: (1) stock-based compensation expense; (2) the amortization of acquired intangibles; (3) employer payroll taxes on employee stock transactions; (4) M&A transaction costs; (5) amortization of issuance costs; and (6) an assumed provision for income taxes based on our long-term projected tax rate. Non-GAAP financial measures prior to April 1, 2025 have not been adjusted for M&A transaction costs, as such costs were not material to our results of operations in such prior periods. Our estimated long-term projected tax rate is subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in Datadog's geographic earnings mix, or other changes to our strategy or business operations. We will re-evaluate our long-term projected tax rate as appropriate.

Datadog defines free cash flow as net cash provided by operating activities, minus capital expenditures and minus capitalized software development costs, if any. Investors are encouraged to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures.

Management believes these non-GAAP financial measures are useful to investors and others in assessing Datadog’s operating performance due to the following factors:

Stock-based compensation. Datadog utilizes stock-based compensation to attract and retain employees. It is principally aimed at aligning their interests with those of its stockholders and at long-term retention, rather than to address operational performance for any particular period. As a result, stock-based compensation expenses vary for reasons that are generally unrelated to financial and operational performance in any particular period.

Amortization of acquired intangibles. Datadog views amortization of acquired intangible assets as items arising from pre-acquisition activities determined at the time of an acquisition. While these intangible assets are evaluated for impairment regularly, amortization of the cost of acquired intangibles is an expense that is not typically affected by operations during any particular period.

Employer payroll taxes on employee stock transactions. Datadog excludes employer payroll tax expense on equity incentive plans as these expenses are tied to the exercise or vesting of underlying equity awards and the price of Datadog’s common stock at the time of vesting or exercise. As a result, these taxes may vary in any particular period independent of the financial and operating performance of Datadog’s *business.*

Non-GAAP Financial Measures

M&A transaction costs. Datadog views acquisition-related expenses, such as transaction costs, as costs that are not necessarily reflective of operational performance during a period. In particular, Datadog believes the consideration of measures that exclude such expenses can assist in the comparison of operational performance in different periods which may or may not include such expenses.

Amortization of issuance costs. In June 2020 and December 2024, Datadog issued $747.5 million of 0.125% convertible senior notes due 2025 and $1.0 billion of 0.00% convertible senior notes due 2029, respectively. Debt issuance costs, which reduce the carrying value of the convertible debt instrument, are amortized as interest expense over the term. The expense for the amortization of debt issuance costs is a non-cash item, and we believe the exclusion of this interest expense will provide for a more useful comparison of our operational performance in different periods.

Additionally, Datadog's management believes that the non-GAAP financial measure free cash flow is meaningful to investors because it is a measure of liquidity that provides useful information in understanding and evaluating the strength of our liquidity and future ability to generate cash that can be used for strategic opportunities or investing in our business. Free cash flow represents net cash provided by operating activities, reduced by capital expenditures and capitalized software development costs, if any. The reduction of capital expenditures and amounts capitalized for software development facilitates comparisons of Datadog's liquidity on a period-to-period basis and excludes items that management does not consider to be indicative of our liquidity.

Operating Metrics

Datadog's number of customers with ARR of $100,000 or more is based on the ARR of each customer, as of the last month of the quarter.

We define the number of customers as the number of accounts with a unique account identifier for which we have an active subscription in the period indicated. Users of our free trials or tier are not included in our customer count. A single organization with multiple divisions, segments or subsidiaries is generally counted as a single customer. However, in some cases where they have separate billing terms, we may count separate divisions, segments or subsidiaries as multiple customers.

We define ARR as the annualized revenue run-rate of subscription agreements from all customers at a point in time. We calculate ARR by taking the monthly recurring revenue, or MRR, and multiplying it by 12. MRR for each month is calculated by aggregating, for all customers during that month, monthly revenue from committed contractual amounts, additional usage, usage from subscriptions for a committed contractual amount of usage that is delivered as used, and monthly subscriptions. ARR and MRR should be viewed independently of revenue, and do not represent our revenue under GAAP on a monthly or annualized basis, as they are operating metrics that can be impacted by contract start and end dates and renewal rates. ARR and MRR are not intended to be replacements or forecasts of revenue.

A further indication of the propensity of our customer relationships to expand over time is our dollar-based net retention rate, which compares our ARR from the same set of customers in one period, relative to the year-ago period. We calculate dollar-based net retention rate as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average of the trailing 12-month point-in-time dollar-based net retention rates, to arrive at the trailing 12-month dollar-based net retention rate.

Datadog, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Revenue	$ 737,727	$ 761,553	$ 826,760	$ 885,651	$ 953,194	$1,006,426	$1,121,454	$ 1,197,090
Cost of revenue [1][2][3]	144,178	157,628	165,978	176,457	186,894	209,228	240,113	237,167
Gross profit	593,549	603,925	660,782	709,194	766,300	797,198	881,341	959,923
Operating expenses:								
Research and development [1][3]	316,314	341,061	387,482	401,982	417,926	435,298	477,968	491,570
Sales and marketing [1][2][3]	207,947	214,291	239,026	238,729	264,377	279,823	311,519	303,298
General and administrative [1][3][4]	59,896	60,993	69,774	74,292	74,641	74,750	86,399	90,349
Total operating expenses	584,157	616,345	696,282	715,003	756,944	789,871	875,886	885,217
Operating income (loss)	9,392	(12,420)	(35,500)	(5,809)	9,356	7,327	5,455	74,706
Operating income								
Interest expense [5]	(2,643)	(2,963)	(3,075)	(2,421)	(2,600)	(3,119)	(3,255)	(3,235)
Interest income and other income, net	47,077	47,179	44,663	43,897	46,714	54,722	49,533	53,108
Other income, net	44,434	44,216	41,588	41,476	44,114	51,603	46,278	49,873
Income before provision for income taxes	53,826	31,796	6,088	35,667	53,470	58,930	51,733	124,579
Provision for income taxes	8,232	7,154	3,441	1,782	6,903	6,356	7,175	6,263
Net income	$ 45,594	$ 24,642	$ 2,647	$ 33,885	$ 46,567	$ 52,574	$ 44,558	$ 118,316
Net income per share - basic	$ 0.13	$ 0.07	$ 0.01	$ 0.10	$ 0.13	$ 0.15	$ 0.13	$ 0.33
Net income per share - diluted	$ 0.13	$ 0.07	$ 0.01	$ 0.10	$ 0.13	$ 0.15	$ 0.12	$ 0.32
Weighted average shares used in calculating net income per share:								
Basic	340,320	343,097	346,185	348,645	350,892	353,272	356,253	358,617
Diluted	360,940	363,078	358,725	362,001	365,516	364,731	371,023	375,014

(1) Includes stock-based compensation expense as follows:

Cost of revenue	$ 8,052	$ 6,651	$ 6,783	$ 8,038	$ 8,257	$ 8,558	$ 9,256	$ 9,514
Research and development	97,276	105,735	112,445	124,288	127,058	123,671	131,682	146,376
Sales and marketing	33,598	34,125	37,442	41,463	43,442	42,298	47,098	49,226
General and administrative	19,535	17,754	23,792	26,769	26,629	22,314	32,215	32,065
Total	$ 158,461	$ 164,265	$ 180,462	$ 200,558	$ 205,386	$ 196,841	$ 220,251	$ 237,181

(2) Includes amortization of acquired intangibles as follows:

Cost of revenue	$ 1,104	$ 894	$ 1,518	$ 1,451	$ 1,565	$ 1,282	$ 1,310	$ 2,056
Sales and marketing	207	203	188	277	277	358	362	366
Total	$ 1,311	$ 1,097	$ 1,706	$ 1,728	$ 1,842	$ 1,640	$ 1,672	$ 2,422

(3) Includes employer payroll taxes on employee stock transactions as follows:

Cost of revenue	$ 68	$ 186	$ 165	$ 169	$ 175	$ 188	$ 392	$ 270
Research and development	7,410	9,582	11,819	8,177	10,605	11,276	21,211	13,522
Sales and marketing	873	1,570	1,359	1,480	1,514	1,895	3,632	2,626
General and administrative	1,653	2,225	2,724	1,061	989	3,635	2,408	2,443
Total	$ 10,004	$ 13,563	$ 16,067	$ 10,887	$ 13,283	$ 16,994	$ 27,643	$ 18,861

(4) Includes M&A transaction costs as follows:

General and administrative	$ —	$ —	$ 1,373	$ —	$ 201	$ 695	$ 2,010	$ 1,119
Total	$ —	$ —	$ 1,373	$ —	$ 201	$ 695	$ 2,010	$ 1,119

(5) Includes amortization of issuance costs as follows:

Interest expense	$ 1,089	$ 1,819	$ 1,691	$ 1,046	$ 1,046	$ 1,047	$ 1,049	$ 1,050
Total	$ 1,089	$ 1,819	$ 1,691	$ 1,046	$ 1,046	$ 1,047	$ 1,049	$ 1,050

Datadog, Inc.
Non-GAAP Condensed Consolidated Statements of Operations
(In thousands, except per share data; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Revenue	$ 737,727	$ 761,553	$ 826,760	$ 885,651	$ 953,194	$1,006,426	$1,121,454	$ 1,197,090
Cost of revenue	134,954	149,897	157,512	166,799	176,897	199,200	229,155	225,327
Gross profit	602,773	611,656	669,248	718,852	776,297	807,226	892,299	971,763
Operating expenses:								
Research and development	211,628	225,744	263,218	269,517	280,263	300,351	325,075	331,672
Sales and marketing	173,269	178,393	200,037	195,509	219,144	235,272	260,427	251,080
General and administrative	38,708	41,014	41,885	46,462	46,822	48,106	49,766	54,722
Total operating expenses	423,605	445,151	505,140	511,488	546,229	583,729	635,268	637,474
Operating income	179,168	166,505	164,108	207,364	230,068	223,497	257,031	334,289
Other income (loss):								
Interest expense	(1,554)	(1,144)	(1,384)	(1,375)	(1,554)	(2,072)	(2,206)	(2,185)
Interest income and other income, net	47,077	47,179	44,663	43,897	46,714	54,722	49,533	53,108
Other income, net	45,523	46,035	43,279	42,522	45,160	52,650	47,327	50,923
Income before provision for income taxes	224,691	212,540	207,387	249,886	275,228	276,147	304,358	385,212
Provision for income taxes	8,232	7,154	3,441	1,782	6,903	6,356	7,175	6,263
Non-GAAP net income before non-GAAP tax adjustments	216,459	205,386	203,946	248,104	268,325	269,791	297,183	378,949
Income tax effects and adjustments [1]	38,953	37,479	40,110	50,694	50,895	51,635	56,740	74,632
Non-GAAP net income after non-GAAP tax adjustments	$ 177,506	$ 167,907	$ 163,836	$ 197,410	$ 217,430	$ 218,156	$ 240,443	$ 304,317
Non-GAAP net income per share before non-GAAP tax adjustments - basic	$ 0.64	$ 0.60	$ 0.59	$ 0.71	$ 0.76	$ 0.76	$ 0.83	$ 1.06
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	$ 0.60	$ 0.57	$ 0.57	$ 0.69	$ 0.73	$ 0.74	$ 0.80	$ 1.01
Non-GAAP net income per share after non-GAAP tax adjustments - basic	$ 0.52	$ 0.49	$ 0.47	$ 0.57	$ 0.62	$ 0.62	$ 0.67	$ 0.85
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	$ 0.49	$ 0.46	$ 0.46	$ 0.55	$ 0.59	$ 0.60	$ 0.65	$ 0.81
Weighted average shares used in calculating non-GAAP net income per share:								
Basic	340,320	343,097	346,185	348,645	350,892	353,272	356,253	358,617
Diluted	360,940	363,078	358,725	362,001	365,516	364,731	371,023	375,014

1) Non-GAAP financial information for the periods shown are adjusted for an assumed provision for income taxes based on our long-term projected tax rate of 21%. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities.

Datadog, Inc.
Condensed Consolidated Balance Sheets
(In thousands; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	$1,246,983	$1,079,854	$ 489,030	$ 540,602	$ 401,305	$ 426,360	$ 434,957	$ 881,230
Marketable securities	2,942,076	3,369,820	3,421,940	3,599,737	4,073,531	4,332,257	4,550,481	4,352,357
Accounts receivable, net	598,919	490,172	604,174	549,648	741,262	680,434	827,345	793,977
Deferred contract costs, current	56,095	58,832	62,090	67,201	76,022	81,687	87,350	94,735
Prepaid expenses and other current assets	67,042	77,660	67,442	80,917	90,160	104,468	108,424	108,995
Total current assets	4,911,115	5,076,338	4,644,676	4,838,105	5,382,280	5,625,206	6,008,557	6,231,294
Property and equipment, net	226,970	249,916	283,084	307,609	338,093	378,944	409,634	438,173
Operating lease assets	172,512	203,074	215,626	218,682	214,674	213,260	206,037	229,256
Goodwill	360,381	361,738	530,982	530,043	530,568	540,543	706,721	706,644
Intangible assets, net	3,711	2,626	17,239	16,810	14,968	14,929	23,157	19,736
Deferred contract costs, non-current	86,573	90,501	95,568	105,943	126,708	136,264	145,028	157,958
Other assets	24,077	26,188	35,240	35,278	36,553	42,866	48,541	55,967
TOTAL ASSETS	$5,785,339	$6,010,381	$5,822,415	$6,052,470	$6,643,844	$6,952,012	$7,547,675	$7,839,028
LIABILITIES AND STOCKHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Accounts payable	$ 107,731	$ 98,442	$ 198,767	$ 135,243	$ 148,791	$ 174,801	$ 313,529	$ 266,417
Accrued expenses and other current liabilities	127,136	138,238	148,028	175,198	209,595	208,549	230,548	228,610
Operating lease liabilities, current	31,970	34,228	39,955	35,989	39,369	41,401	44,218	46,177
Convertible senior notes, net, current	634,023	634,780	—	—	—	—	—	—
Deferred revenue, current	961,853	949,135	966,442	974,264	1,193,646	1,231,152	1,286,690	1,235,133
Total current liabilities	1,862,713	1,854,823	1,353,192	1,320,694	1,591,401	1,655,903	1,874,985	1,776,337
Operating lease liabilities, non-current	196,905	227,974	243,115	260,926	256,187	259,155	248,038	274,462
Convertible senior notes, net, non-current	979,282	980,314	981,357	982,402	983,449	984,496	985,545	986,595
Deferred revenue, non-current	22,693	21,560	29,866	29,028	68,711	50,918	50,860	65,081
Other liabilities	9,383	9,036	19,128	20,302	11,890	13,318	21,087	20,741
Total liabilities	3,070,976	3,093,707	2,626,658	2,613,352	2,911,638	2,963,790	3,180,515	3,123,216
STOCKHOLDERS' EQUITY								
Common stock	3	3	3	3	3	3	3	3
Additional paid-in capital	2,689,013	2,860,643	3,130,130	3,335,703	3,579,010	3,801,272	4,139,000	4,383,737
Accumulated other comprehensive (loss) income	(4,701)	1,338	8,287	12,190	15,404	(3,416)	(6,764)	(21,165)
Retained earnings	30,048	54,690	57,337	91,222	137,789	190,363	234,921	353,237
Total stockholders' equity	2,714,363	2,916,674	3,195,757	3,439,118	3,732,206	3,988,222	4,367,160	4,715,812
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$5,785,339	$6,010,381	$5,822,415	$6,052,470	$6,643,844	$6,952,012	$7,547,675	$7,839,028

Datadog, Inc.
Condensed Consolidated Statements of Cash Flow
(In thousands; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	$ 45,594	$ 24,642	$ 2,647	$ 33,885	$ 46,567	$ 52,574	$ 44,558	$ 118,316
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	15,706	11,255	12,822	15,048	16,631	17,923	19,489	20,790
Accretion of discounts on marketable securities	(12,393)	(10,370)	(10,927)	(10,855)	(12,364)	(11,880)	(12,480)	(12,743)
Amortization of issuance costs	1,089	1,819	1,691	1,046	1,046	1,047	1,049	1,050
Net loss on conversion inducement and capped call settlement	599	—	—	—	—	—	—	—
Amortization of deferred contract costs	14,279	14,853	15,977	17,231	18,712	20,325	22,077	23,827
Stock-based compensation, net of amounts capitalized	158,461	164,265	180,462	200,558	205,386	196,841	220,251	237,181
Non-cash lease expense	7,002	8,389	9,001	9,060	9,001	9,073	9,517	9,749
Allowance for credit losses on accounts receivable	4,473	4,520	3,895	3,967	4,642	4,953	5,641	8,510
Loss (gain) on disposal of property and equipment	1,308	(145)	977	1,314	(5)	1,134	534	1,226
Changes in operating assets and liabilities:								
Accounts receivable, net	(116,327)	104,227	(115,899)	50,559	(196,255)	55,874	(151,649)	24,858
Deferred contract costs	(24,725)	(21,519)	(24,301)	(32,718)	(48,298)	(35,545)	(36,505)	(44,141)
Prepaid expenses and other current assets	(16,581)	(10,263)	11,343	(13,116)	(9,263)	(14,445)	(730)	(2,737)
Other assets	(4,639)	(1,217)	(1,821)	(162)	(606)	(522)	(1,955)	(4,551)
Accounts payable	17,034	(10,712)	96,352	(61,341)	12,329	21,500	133,620	(50,416)
Accrued expenses and other liabilities	4,083	5,648	(3,250)	30,010	20,481	(3,877)	6,975	(3,633)
Deferred revenue	170,265	(13,851)	21,086	6,984	259,065	19,647	55,480	(37,335)
Net cash provided by operating activities	265,228	271,541	200,055	251,470	327,069	334,622	315,872	289,951
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of marketable securities	(507,309)	(970,302)	(751,477)	(795,593)	(1,082,469)	(1,304,965)	(1,132,495)	(787,465)
Maturities of marketable securities	428,445	555,938	697,172	631,163	603,384	1,046,415	598,288	984,455
Proceeds from sale of marketable securities	233	(76)	13,212	(11)	17,979	(57)	323,146	(3)
Purchases of property and equipment	(7,761)	(8,748)	(15,152)	(16,786)	(8,892)	(11,358)	(9,889)	(10,872)
Capitalized software development costs	(16,495)	(18,402)	(19,550)	(20,732)	(27,156)	(34,173)	(27,279)	(28,445)
Cash paid for acquisition of businesses, net of cash acquired	(6,477)	(1,818)	(115,272)	(192)	(700)	(10,660)	(101,650)	(3,299)
Net cash (used in) provided by investing activities	(109,364)	(443,408)	(191,067)	(202,151)	(497,854)	(314,798)	(349,879)	154,371
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from exercise of stock options	2,243	1,673	1,685	1,271	1,809	9,711	2,754	2,368
Proceeds for issuance of common stock under the employee stock purchase plan	21,179	—	28,578	—	28,238	—	39,067	—
Proceeds from issuance of 2029 Convertible Senior Notes, net of issuance costs	978,881	—	(190)	—	—	—	—	—
Proceeds from settlement of capped calls related to 2025 Convertible Senior Notes	54,725	—	—	—	—	—	—	—
Purchase of capped calls related to 2029 Convertible Senior Notes	(100,900)	—	—	—	—	—	—	—
Repayments of 2025 Convertible Senior Notes	(196,704)	(20)	(635,527)	—	—	—	—	—
Net cash provided by (used in) financing activities	759,424	1,653	(605,454)	1,271	30,047	9,711	41,821	2,368

Datadog, Inc.
Condensed Consolidated Statements of Cash Flow
(In thousands; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Effect of exchange rate changes on cash and cash equivalents	(5,723)	3,085	5,642	982	1,441	(4,480)	783	(417)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	909,565	(167,129)	(590,824)	51,572	(139,297)	25,055	8,597	446,273
CASH AND CASH EQUIVALENTS — Beginning of period	337,418	1,246,983	1,079,854	489,030	540,602	401,305	426,360	434,957
CASH AND CASH EQUIVALENTS — End of period	$1,246,983	$1,079,854	$ 489,030	$ 540,602	$ 401,305	$ 426,360	$ 434,957	$ 881,230

Datadog, Inc.
Reconciliation from GAAP to Non-GAAP Results
(In thousands, except per share data; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Reconciliation of gross profit and gross margin								
GAAP gross profit	$ 593,549	$ 603,925	$ 660,782	$ 709,194	$ 766,300	$ 797,198	$ 881,341	$ 959,923
Plus: Stock-based compensation expense	8,052	6,651	6,783	8,038	8,257	8,558	9,256	9,514
Plus: Amortization of acquired intangibles	1,104	894	1,518	1,451	1,565	1,282	1,310	2,056
Plus: Employer payroll taxes on employee stock transactions	68	186	165	169	175	188	392	270
Non-GAAP gross profit	$ 602,773	$ 611,656	$ 669,248	$ 718,852	$ 776,297	$ 807,226	$ 892,299	$ 971,763
GAAP gross margin	80 %	79 %	80 %	80 %	80 %	79 %	79 %	80 %
Non-GAAP gross margin	82 %	80 %	81 %	81 %	81 %	80 %	80 %	81 %
Reconciliation of operating expenses								
GAAP research and development	$ 316,314	$ 341,061	$ 387,482	$ 401,982	$ 417,926	$ 435,298	$ 477,968	$ 491,570
Less: Stock-based compensation expense	(97,276)	(105,735)	(112,445)	(124,288)	(127,058)	(123,671)	(131,682)	(146,376)
Less: Employer payroll taxes on employee stock transactions	(7,410)	(9,582)	(11,819)	(8,177)	(10,605)	(11,276)	(21,211)	(13,522)
Non-GAAP research and development	$ 211,628	$ 225,744	$ 263,218	$ 269,517	$ 280,263	$ 300,351	$ 325,075	$ 331,672
GAAP sales and marketing	$ 207,947	$ 214,291	$ 239,026	$ 238,729	$ 264,377	$ 279,823	$ 311,519	$ 303,298
Less: Stock-based compensation expense	(33,598)	(34,125)	(37,442)	(41,463)	(43,442)	(42,298)	(47,098)	(49,226)
Less: Amortization of acquired intangibles	(207)	(203)	(188)	(277)	(277)	(358)	(362)	(366)
Less: Employer payroll taxes on employee stock transactions	(873)	(1,570)	(1,359)	(1,480)	(1,514)	(1,895)	(3,632)	(2,626)
Non-GAAP sales and marketing	$ 173,269	$ 178,393	$ 200,037	$ 195,509	$ 219,144	$ 235,272	$ 260,427	$ 251,080
GAAP general and administrative	$ 59,896	$ 60,993	$ 69,774	$ 74,292	$ 74,641	$ 74,750	$ 86,399	$ 90,349
Less: Stock-based compensation expense	(19,535)	(17,754)	(23,792)	(26,769)	(26,629)	(22,314)	(32,215)	(32,065)
Less: Employer payroll taxes on employee stock transactions	(1,653)	(2,225)	(2,724)	(1,061)	(989)	(3,635)	(2,408)	(2,443)
Less: M&A transaction costs [1]	—	—	(1,373)	—	(201)	(695)	(2,010)	(1,119)
Non-GAAP general and administrative	$ 38,708	$ 41,014	$ 41,885	$ 46,462	$ 46,822	$ 48,106	$ 49,766	$ 54,722
Reconciliation of operating (loss) income and operating margin								
GAAP operating income (loss)	$ 9,392	$ (12,420)	$ (35,500)	$ (5,809)	$ 9,356	$ 7,327	$ 5,455	$ 74,706
Plus: Stock-based compensation expense	158,461	164,265	180,462	200,558	205,386	196,841	220,251	237,181
Plus: Amortization of acquired intangibles	1,311	1,097	1,706	1,728	1,842	1,640	1,672	2,422
Plus: Employer payroll taxes on employee stock transactions	10,004	13,563	16,067	10,887	13,283	16,994	27,643	18,861
Plus: M&A transaction costs [1]	—	—	1,373	—	201	695	2,010	1,119
Non-GAAP operating income	$ 179,168	$ 166,505	$ 164,108	$ 207,364	$ 230,068	$ 223,497	$ 257,031	$ 334,289
GAAP operating margin	1 %	(2)%	(4)%	(1)%	1 %	1 %	0 %	6 %
Non-GAAP operating margin	24 %	22 %	20 %	23 %	24 %	22 %	23 %	28 %

1) The three months ended June 30, 2025 were adjusted for M&A transaction costs, and these adjustments were applied prospectively, as these costs were not material to the consolidated results of operations in the prior periods.

Datadog, Inc.
Reconciliation from GAAP to Non-GAAP Results
(In thousands, except per share data; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Reconciliation of net income								
GAAP net income	$ 45,594	$ 24,642	$ 2,647	$ 33,885	$ 46,567	$ 52,574	$ 44,558	$ 118,316
Plus: Stock-based compensation expense	158,461	164,265	180,462	200,558	205,386	196,841	220,251	237,181
Plus: Amortization of acquired intangibles	1,311	1,097	1,706	1,728	1,842	1,640	1,672	2,422
Plus: Employer payroll taxes on employee stock transactions	10,004	13,563	16,067	10,887	13,283	16,994	27,643	18,861
Plus: M&A transaction costs [1]	—	—	1,373	—	201	695	2,010	1,119
Plus: Amortization of issuance costs	1,089	1,819	1,691	1,046	1,046	1,047	1,049	1,050
Non-GAAP net income before non-GAAP tax adjustments	216,459	205,386	203,946	248,104	268,325	269,791	297,183	378,949
Income tax effects and adjustments [2]	38,953	37,479	40,110	50,694	50,895	51,635	56,740	74,632
Non-GAAP net income after non-GAAP tax adjustments	$ 177,506	$ 167,907	$ 163,836	$ 197,410	$ 217,430	$ 218,156	$ 240,443	$ 304,317
Non-GAAP net income per share before non-GAAP tax adjustments - basic	$ 0.64	$ 0.60	$ 0.59	$ 0.71	$ 0.76	$ 0.76	$ 0.83	$ 1.06
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	$ 0.60	$ 0.57	$ 0.57	$ 0.69	$ 0.73	$ 0.74	$ 0.80	$ 1.01
Non-GAAP net income per share after non-GAAP tax adjustments - basic	$ 0.52	$ 0.49	$ 0.47	$ 0.57	$ 0.62	$ 0.62	$ 0.67	$ 0.85
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	$ 0.49	$ 0.46	$ 0.46	$ 0.55	$ 0.59	$ 0.60	$ 0.65	$ 0.81
Shares used in non-GAAP net income per share calculations:								
Basic	340,320	343,097	346,185	348,645	350,892	353,272	356,253	358,617
Diluted	360,940	363,078	358,725	362,001	365,516	364,731	371,023	375,014

1) The three months ended June 30, 2025 were adjusted for M&A transaction costs, and these adjustments were applied prospectively, as these costs were not material to the consolidated results of operations in the prior periods.
2) Non-GAAP financial information for the periods shown are adjusted for an assumed provision for income taxes based on our long-term projected tax rate of 21%. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities.

Datadog, Inc.
Reconciliation of GAAP Cash Flow from Operating Activities to Free Cash Flow
(In thousands; unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Net cash provided by operating activities	$265,228	$271,541	$200,055	$251,470	$327,069	$334,622	$315,872	$289,951
Less: Purchases of property and equipment	(7,761)	(8,748)	(15,152)	(16,786)	(8,892)	(11,358)	(9,889)	(10,872)
Less: Capitalized software development costs	(16,495)	(18,402)	(19,550)	(20,732)	(27,156)	(34,173)	(27,279)	(28,445)
Free cash flow	$240,972	$244,391	$165,353	$213,952	$291,021	$289,091	$278,704	$ 250,634
Free cash flow margin	33 %	32 %	20 %	24 %	31 %	29 %	25 %	21 %

Datadog, Inc.
Other Selected Key Metrics
(Unaudited)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Net dollar-based retention rate	high-110%'s	high-110%'s	about 120%	about 120%	about 120%	low-120%'s	low-120%'s	low-120%'s
Total customers	30,000	30,500	31,400	32,000	32,700	33,200	33,400	33,500
Customers with equal or greater than $1 million ARR	462				603			
Customers with equal or greater than $100,000 ARR	3,610	3,770	3,850	4,060	4,310	4,550	4,720	4,860
Percentage of ARR comprised by $100k+ customers	88 %	88 %	89 %	89 %	90 %	90 %	91 %	91 %
Percentage of customers using 2+ products	83 %	83 %	83 %	84 %	84 %	85 %	85 %	86 %
Percentage of customers using 4+ products	50 %	51 %	52 %	54 %	55 %	56 %	58 %	61 %
Percentage of customers using 6+ products	26 %	28 %	29 %	31 %	33 %	35 %	37 %	41 %
Percentage of customers using 8+ products	12 %	13 %	14 %	16 %	18 %	20 %	22 %	26 %
Percentage of customers using 10+ products	5 %	6 %	7 %	8 %	9 %	11 %	13 %	16 %

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