UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2021

Datadog, Inc. (Exact name of Registrant as Specified in Its Charter)

	D.1	004 20054	27 2025502
	Delaware (State or Other Jurisdiction	001-39051 (Commission	27-2825503 (IRS Employer
	of Incorporation)	File Number)	Identification No.)
	620 8th Avenue, 45th Flooi	r	
	New York, NY	•	10018
	(Address of Principal Executive Offices)		(Zip Code)
	,		` •
	(Regist	(866) 329-4466 rant's Telephone Number, Including Ar	rea Code)
	(T	Not Applicable	
	(Former Nai	ne or Former Address, if Changed Sinc	e Last Report)
	ck the appropriate box below if the Form 8-K filing is in wing provisions:	tended to simultaneously satisfy t	he filing obligation of the registrant under any of the
	Written communications pursuant to Rule 425 under to	he Securities Act (17 CFR 230.42	25)
	Soliciting material pursuant to Rule 14a-12 under the	Exchange Act (17 CFR 240.14a-1	12)
	Pre-commencement communications pursuant to Rule	-	
	Pre-commencement communications pursuant to Rule	13e-4(c) under the Exchange Ac	t (17 CFR 240.13e-4(c))
Secu	rities registered pursuant to Section 12(b) of the Act:	_ "	
	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
	Class A Common Stock, new value \$0,00001 per	chave DDOC	The Nasdaq Stock Market LLC
	Class A Common Stock, par value \$0.00001 per	share DDOG	(Nasdaq Global Select Market)
	cate by check mark whether the registrant is an emerging ter) or Rule 12b-2 of the Securities Exchange Act of 193		Rule 405 of the Securities Act of 1933 (§230.405 of this
Eme	rging growth company \Box		
	emerging growth company, indicate by check mark if the vised financial accounting standards provided pursuant	9	e the extended transition period for complying with any new Act. \square

Item 2.02 Results of Operations and Financial Condition.

On August 5, 2021, Datadog, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended June 30, 2021. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

99.1 <u>Press Release dated August 5, 2021</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Datadog, Inc.

Date: August 5, 2021

By: /s/ David Obstler

David Obstler

Chief Financial Officer



Datadog Announces Second Quarter 2021 Financial Results

August 5, 2021

Second quarter revenue grew 67% year-over-year to \$234 million

Strong growth of larger customers, with 1,610 \$100k+ ARR customers, up from 1,015 a year ago

Launched general availability of Cloud Security Posture Management and Cloud Workload Security products

Announced beta of CI Visibility product

NEW YORK-- Datadog, Inc. (NASDAQ:DDOG), the monitoring and security platform for cloud applications, today announced financial results for its second guarter ended June 30, 2021.

"We had a strong second quarter, with revenue growth accelerating to 67% year-over-year and 18% quarter-over-quarter. We saw broad-based strength across customer segments and products," said Olivier Pomel, co-founder and CEO of Datadog. "Our high growth at scale demonstrates that we continue to be a trusted partner in our customers' digital transformation and cloud migration journeys."

Pomel added, "We continue to expand the features and functionality of our cloud native end-to-end observability platform. Meanwhile, we are just getting started on our journey to break down silos between DevOps and Security teams with our Cloud Security Platform."

Second Quarter 2021 Financial Highlights:

- Revenue was \$233.5 million, an increase of 67% year-over-year.
- GAAP operating loss was \$(9.9) million; GAAP operating margin was (4)%.
- Non-GAAP operating income was \$30.9 million; non-GAAP operating margin was 13%.
- GAAP net loss per diluted share was \$(0.03); non-GAAP net income per diluted share was \$0.09.
- Operating cash flow was \$51.7 million, with free cash flow of \$42.3 million.
- Cash, cash equivalents, restricted cash, and marketable securities were \$1.4 billion as of June 30, 2021.

Second Quarter & Recent Business Highlights:

- As of June 30, 2021, we had 1,610 customers with ARR of \$100,000 or more, an increase of 59% from 1,015 as of June 30, 2020.
- Announced the launch of the Datadog Cloud Security Platform, adding full-stack security context to Datadog's deep
 observability capabilities. This new offering enables organizations to use a single platform to correlate security insights
 with monitoring data across infrastructure, network and application tiers, providing Security teams with the visibility they
 need to understand and respond to potential threats faster. The Cloud Security Platform includes Cloud Security Posture
 Management, Cloud Workload Security, Security Monitoring, and Application Security (in beta), as well as Unified
 Observability and Security Reporting capabilities.
- Cloud Security Posture Management (CSPM) and Cloud Workload Security (CWS) became generally available. Cloud Security Posture Management (CSPM) makes it easy to track whether production environments comply with industry standards. Cloud Workload Security (CWS) detects threats to production workloads by monitoring file and process activity across environments to help catch host and infrastructure-based attacks.
- Announced the beta launch of CI Visibility, a way to bring production level visibility earlier into the development process
 by shifting left and bringing observability throughout the CI/CD pipeline.
- Announced support for application monitoring with AWS App Runner, joining Amazon Web Services (AWS) as a Launch
 Partner for the new fully managed service. This new functionality will help engineering and product teams scale, deploy,
 and monitor their apps without the burden of managing their own infrastructure.
- Announced the general availability of Datadog's AWS Lambda extension. This feature enables engineering teams to send their metrics, traces, and logs securely to Datadog with minimal overhead to their business-critical serverless applications.
- Announced our integration with the Salesforce platform. This new integration provides Salesforce admins and security
 teams with the ability to detect and respond to suspicious behavior through visibility into user, platform and API activity.
- Achieved Amazon Web Services (AWS) Government Competency status. This designation reflects Datadog's deep experience working with government customers to deliver mission-critical workloads and applications on AWS.
- Announced availability on the Google Cloud Marketplace. Google Cloud customers can now purchase Datadog with just a few clicks on the Google Cloud Marketplace, allowing them to quickly and easily

monitor the health of their applications and infrastructure across their Google Cloud and hybrid cloud environments.

 Delivered numerous product innovations, including cross-browser testing in Synthetics; support for Android, iOS, and cross-platform frameworks like React Native in mobile RUM; automatic detection of faulty deployments in APM; and anomaly detection in Security Monitoring.

Third Quarter and Full Year 2021 Outlook:

Based on information as of today, August 5, 2021, Datadog is providing the following guidance:

- · Third Quarter 2021 Outlook:
 - Revenue between \$246 million and \$248 million.
 - Non-GAAP operating income between \$18 million and \$20 million.
 - Non-GAAP net income per share between \$0.05 and \$0.06, assuming approximately 344 million weighted average diluted shares outstanding.
- Full Year 2021 Outlook:
 - Revenue between \$938 million and \$944 million.
 - Non-GAAP operating income between \$87 million and \$93 million.
 - Non-GAAP net income per share between \$0.26 and \$0.28, assuming approximately 344 million weighted average diluted shares outstanding.

Datadog has not reconciled its expectations as to non-GAAP operating income, or as to non-GAAP net income per share, to their most directly comparable GAAP measure as a result of uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation and employer payroll taxes on equity incentive plans. Accordingly, reconciliation is not available without unreasonable effort, although it is important to note that these factors could be material to Datadog's results computed in accordance with GAAP.

Conference Call Details:

- · What: Datadog financial results for the second quarter of 2021 and outlook for the third quarter and the full year of 2021
- When: August 5, 2021 at 8:00 A.M. Eastern Time (5:00 A.M. Pacific Time)
- **Dial in:** To access the call in the U.S., please dial (800) 708-4539, and for international callers, please dial (847) 619-6396. Callers may provide confirmation number 50198098 to access the call more

quickly, and are encouraged to dial into the call 10 to 15 minutes prior to the start to prevent any delay in joining.

- Webcast: https://investors.datadoghq.com (live and replay)
- Replay: A replay of the call will be archived on the investor relations website

About Datadog

Datadog is the monitoring and security platform for cloud applications. 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, security and business teams, accelerate time to market for applications, reduce time to problem resolution, secure applications and infrastructure, understand user behavior and track key business metrics.

Forward-Looking Statements

This press release and the earnings call referencing this press release contain "forward-looking" statements, as that term is defined under the federal securities laws, including but not limited to statements regarding the impact of the COVID-19 pandemic on digital transformation and cloud migration trends and the ability of Datadog to benefit from these trends, Datadog's strategy, partnerships, investments and long-term opportunity, and Datadog's future financial performance, including its outlook for the third quarter and full year 2021. These forward-looking statements are based on Datadog's current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause Datadog's actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include, but are not limited to (1) our recent rapid growth may not be indicative of our future growth; (2) our history of operating losses; (3) our limited operating history; (4) our business depends on our existing customers purchasing additional subscriptions and products from us and renewing their subscriptions; (5) our ability to attract new customers; (6) our ability to effectively develop and expand our sales and marketing capabilities; (7) risk of a security breach; (8) risk of interruptions or performance problems associated with our products and platform capabilities; (9) our ability to adapt and respond to rapidly changing technology or customer needs; (10) the competitive markets in which we participate; (11) risks associated with successfully managing our growth; (12) general market, political, economic, and business conditions; and (13) the impact that the ongoing COVID-19 pandemic and any related economic downturn could have on our or our customers' businesses, financial condition and results of operations. These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission (SEC), including in the section entitled "Risk Factors" in our Quarterly Report on Form

10-Q for the quarter ended March 31, 2021, filed with the SEC on May 7, 2021. Additional information will be made available in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 and other filings and reports that we may file from time to time with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. We disclaim any obligation to update forward-looking statements.

About Non-GAAP Financial Measures

Datadog discloses the following non-GAAP financial measures in this release and the earnings call referencing this press release: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative), non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, non-GAAP net income (loss) per basic share, and free cash flow. 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 (sales and marketing, research and development, 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) non-cash benefit related to tax adjustment; (4) employer payroll taxes on employee stock transactions; and (5)

amortization of issuance costs. Datadog defines free cash flow as Net cash provided by operating activities, minus capital expenditures and minus capitalized software development costs. 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.

Non-cash benefit related to tax adjustment. Datadog recorded a contingent payroll tax liability in conjunction with a common stock repurchase transaction in 2016. In 2020, the period of limitations for assessing the contingent Federal payroll tax liability expired and the Company was legally released from being the primary obligor, and recognized a benefit in the consolidated statement of operations. Datadog does not believe this is reflective of on-going results and therefore adjusted for this benefit.

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.

Amortization of issuance costs. In May 2020, Datadog issued \$747.5M of convertible senior notes due 2025, which bear interest at an annual fixed rate of 0.125%. 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 management reviews cash flows generated from operations after taking into consideration capital expenditures and the capitalization of software development costs due to the fact that these expenditures are considered to be a necessary component of ongoing operations.

Operating Metrics

Datadog's number of customers with ARR of \$100,000 or more and number of customers with ARR of \$1 million or more are 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. 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 is defined as the revenue run-rate of subscription agreements from all customers for the last month of the period, including committed amounts and any additional usage. ARR and MRR should be viewed independently of revenue as they are operating metrics and are not intended to be replacements or forecasts of revenue.

Condensed Consolidated Statements of Operations

(In thousands, except per share data; unaudited)

	Three Months Ended June 30,					Six Months Ended June 30,					
	2021		2020			2021		2020			
Revenue	\$	233,549	\$	140,012	\$	432,098	\$	271,260			
Cost of revenue (1)(2)(4)		57,098		28,878		103,764		55,357			
Gross profit		176,451		111,134		328,334		215,903			
Operating expenses:											
Research and development (1)(3)(4)		94,779		45,664		174,045		86,488			
Sales and marketing (1)(2)(3)(4)		70,412		51,269		134,765		96,484			
General and administrative (1)(3)(4)		21,146		13,547		42,240		28,499			
Total operating expenses		186,337		110,480		351,050		211,471			
Operating (loss) income		(9,886)		654		(22,716)		4,432			
Other income:											
Interest expense (5)		(5,064)		(4,294)		(10,536)		(5,001)			
Interest income and other income, net		5,292		4,466		11,065		8,069			
Other income, net		228		172		529		3,068			
(Loss) income before benefit from (provision for) income taxes		(9,658)		826		(22,187)		7,500			
Benefit from (provision for) income taxes		296		(542)		(243)		(737)			
Net (loss) income	\$	(9,362)	\$	284	\$	(22,430)	\$	6,763			
Net (loss) income per share - basic	\$	(0.03)	\$	0.00	\$	(0.07)	\$	0.02			
Net (loss) income per share - diluted	\$	(0.03)	\$	0.00	\$	(0.07)	\$	0.02			
Weighted average shares used in calculating net (loss) income per share:											
Basic		308,019		299,267		307,032		297,361			
Diluted		308,019		330,847		307,032		329,402			

(1) Includes stock-based compensation expense as follows:								
Cost of revenue	\$	829	\$	407	\$	1,530	\$	638
Research and development		21,639		8,703		37,708		14,550
Sales and marketing		6,606		4,541		13,616		7,615
General and administrative		5,441		3,183		10,522		6,091
Total	\$	34,515	\$	16,834	\$	63,376	\$	28,894
(2) Includes amortization of acquired intangibles as follows:								
Cost of revenue	\$	908	\$	147	\$	1,263	\$	394
Sales and marketing		163		_		163		
Total	\$	1,071	\$	147	\$	1,426	\$	394
(3) Includes non-cash benefit related to tax adjustment as follows:								
Research and development	\$	_	\$	(2,729)	\$	_	\$	(2,729)
Sales and marketing		_		(449)		_		(449)
General and administrative		_		(2,383)		_		(2,383)
Total	\$	_	\$	(5,561)	\$		\$	(5,561)
(4) Includes employer payroll taxes on employee stock transactions as follows:								
Cost of revenue	\$	96	\$	121	\$	191	\$	121
Research and development	•	2,101	Ť	1,423	•	3,872	•	1,460
Sales and marketing		2,776		1,508		3,955		1,659
General and administrative		194		212		318		270
Total	\$	5,167	\$	3,264	\$	8,336	\$	3,510
	===							
(5) Includes amortization of issuance costs as follows:								
Interest expense	\$	837	\$	2,484	\$	1,672	\$	2,484
Total	\$	837	\$	2,484	\$	1,672	\$	2,484

Condensed Consolidated Balance Sheets

(In thousands; unaudited)

ASSETS CURRENT ASSETS: Clash and cash equivalents \$ 247,442 \$ 224,927 Markatable securities \$ 1,62,717 2,224,927 Markatable securities \$ 1,62,717 2,224,927 Markatable securities \$ 1,62,217 1,229,252 Accounts reservable, net of allowance for credit losses of \$2,267 and \$2,468 as of June 30,2021 and \$2,468 as of June 30,2021 and \$2,468,258 \$ 1,62,238 \$ 2,63,254 Deferred contract costs, current \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 2,62,24 \$ 1,718,00 <th colspan="2"></th> <th>June 30, 2021</th> <th>[</th> <th>December 31, 2020</th>			June 30, 2021	[December 31, 2020
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December 31, 2020, respectively 188,366 163,369 Defered contract costs, current 1,62,368 23,026 Prepad expenses and other current assets 26,289 23,026 Total current assets 1,642,368 1,718,008 Property and equipment, net 60,511 47,197 Operating leas assets 49,233 57,826 Goodwil 25,862 17,009 Deferred contract costs, on-current 3,602 3,602 Deferred contract costs, on-current 3,602 3,802 Deferred contract costs, on-current 3,602 3,802 Total ASSETS 3,602 3,802 Total Cash 3,602 3,802 Total LASSETS 2,007,073 1,809,005 CAUSTILIES AND STOCKHOLDERS' EQUITY 2,002,000 2,002,000 CAUSILITIES 3,002 5,531 Accured expenses and other current liabilities 7,052 5,532 Operating lease liabilities, current 16,62 16,326 Operating lease liabilities, on-current 3,00 57,564 Oper	Marketable securities		1,162,717		1,292,532
Prepaid expenses and other current assets 26,284 23,624 Total current assets 1,642,386 1,718,080 Property and equipment, net 60,511 47,077 Operating lease assets 49,233 57,629 Goodwill 258,682 17,609 Intenciple assets, net 11,743 2,056 Deferred contract costs, non-current 3,662 3,782 Petersticted cash 3,662 3,782 Petersticted cash 18,892 16,902 Total ASSETS 2,2076,33 \$ 1,890,805 TOTAL ASSETS 2,2076,33 \$ 1,890,805 CHEMENT LIBRILITIES CHEMENT LIBRILITIES AND STOCKHOLDERS'EQUITY CHEMENT LIBRILITIES CHEMENT LIBRILITIES			188,326		163,359
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Property and equipment, net 60,511 47,197 Operating lease assets 49,233 57,829 Goodwill 258,682 17,609 Intangible assets, net 11,743 2,006 Deferred contract costs, non-current 31,624 26,750 Restricted cash 3,602 3,784 Other assets 18,902 1,890,285 TOTAL ASSETS 2,076,733 1,890,285 CURRENT LIABILITIES 2,2076,733 2,1380,285 CURRENT LIABILITIES 70,524 5,531 Operating lease liabilities, current liabilities 70,524 5,531 Operating lease liabilities, current 28,465 20,485 Operating lease liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 1,273 3,456 Operating lease liabilities, non-current 1,273 3,456 Operating lease liabilities, non-current 1,273 3,456<	Prepaid expenses and other current assets		26,289		23,624
Operating lease assets 49,233 57,826 Goodwill 256,682 17,609 Intangible assets, net 11,743 2,006 Deferred contract costs, non-current 31,624 26,756 Restricted cash 3,662 3,784 Other assets 18,892 16,967 TOTAL ASSETS 2,076,733 1,890,285 LABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Accrued expenses and other current liabilities 70,524 55,251 Accrued expenses and other current liabilities 70,524 55,251 Operating lease liabilities, current 16,626 16,226 Deferred revenue, current 264,650 204,825 Total current liabilities 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Operating lease liabilities, non-current 42,448 51,433 Operating lease liabilities, non-current 733,805 575,844 Operating lease liabilities, non-current 1,277 3,450 Operating lease liabilities, non-curre	Total current assets		1,642,386		1,718,080
Operating lease assets 49,233 57,826 Goodwill 256,682 17,609 Intangible assets, net 11,743 2,006 Deferred contract costs, non-current 31,624 26,756 Restricted cash 3,662 3,784 Other assets 18,892 16,967 TOTAL ASSETS 2,076,733 1,890,285 LABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Accrued expenses and other current liabilities 70,524 55,251 Accrued expenses and other current liabilities 70,524 55,251 Operating lease liabilities, current 16,626 16,226 Deferred revenue, current 264,650 204,825 Total current liabilities 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Operating lease liabilities, non-current 42,448 51,433 Operating lease liabilities, non-current 733,805 575,844 Operating lease liabilities, non-current 1,277 3,450 Operating lease liabilities, non-curre	Property and equipment, net		60,511		
Intangible assets, net 11,743 2,068 Deferred contract costs, non-current 31,624 26,750 Restricted cash 3,662 3,784 Other assets 18,892 16,967 TOTAL ASSETS \$ 2,076,733 \$ 1,890,285 LABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: CURRENT Explain to the current liabilities 70,524 55,351 Accounts payable \$ 29,257 \$ 21,342 Accrued expenses and other current liabilities 70,524 55,351 Operating lease liabilities, current 264,650 204,625 Total current liabilities 381,057 297,844 Operating lease liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 1,277 3,450 Operating lease liabilities, non-current 1,277 3,450 Offer liabilities 5,556 4,262 Deferred revenue, non-current 1,277 3,450 Other liabilities 1,656,35 3,363 TOTAL Individual paid-in capital	Operating lease assets		49,233		57,829
Deferred contract costs, non-current 31,624 26,750 Restricted cash 3,662 3,784 Other assets 18,892 16,967 TOTAL ASSETS \$ 2,076,733 \$ 1,890,285 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable \$ 29,257 \$ 21,342 Accounts payable \$ 29,257 \$ 5,351 Operating lease liabilities, current liabilities 16,626 55,351 Operating lease liabilities, current 264,650 204,825 Operating lease liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Convertible senior notes, net 733,805 575,864 Deferred revenue, non-current 1,277 3,450 Other liabilities 5,267 4,262 Other liabilities 5,267 4,262 Other liabilities 5,267 4,263 Total liabilities 3 3 STOCKHOLDERS' EQUITY 3 3 Common stock </td <td>Goodwill</td> <td></td> <td>258,682</td> <td></td> <td>17,609</td>	Goodwill		258,682		17,609
Restricted cash 3,662 3,784 Other assets 18,892 16,967 TOTAL ASSETS \$ 2,076,733 \$ 1,890,285 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable \$ 29,257 \$ 21,342 Accrued expenses and other current liabilities 70,524 55,351 Operating lease liabilities, current 16,626 16,326 Deferred revenue, current 264,650 204,825 Total current liabilities 331,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Convertible senior notes, net 733,805 575,864 Deferred revenue, non-current 1,277 3,450 Other liabilities 5,267 4,262 Other liabilities 5,267 4,262 Other liabilities 5,267 4,262 Other liabilities 3 3 STOCKHOLDERS' EQUITY 3 3 Common stock 3 3 3 Accumulated other comprehensive income </td <td>Intangible assets, net</td> <td></td> <td>11,743</td> <td></td> <td>2,069</td>	Intangible assets, net		11,743		2,069
Other assets 18,892 16,967 TOTAL ASSETS \$ 2,076,733 \$ 1,890,285 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: 4 Securing payable \$ 29,257 \$ 21,342 Accounts payable \$ 70,524 55,351 Operating lease liabilities, current 16,626 16,326 Operating lease liabilities, current 381,057 297,844 Operating lease liabilities, current 42,448 51,432 Operating lease liabilities, current 42,448 51,432 Operating lease liabilities, current 381,057 3,452 Operating lease liabilities, current 42,448 51,432 Operating lease liabilities, current 42,448 51,432	Deferred contract costs, non-current		31,624		26,750
LIABILITIES AND STOCKHOLDERS' EQUITY URRENT LIABILITIES: Accounts payable \$ 29,257 \$ 21,342 Accounts payable (accounted liabilities, current liabilities) 70,524 55,351 Operating lease liabilities, current 264,650 204,825 Deferred revenue, current 264,650 204,825 Total current liabilities 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Convertible senior notes, net 733,805 575,864 Deferred revenue, non-current 1,277 3,450 Other liabilities 5,267 4,262 Total liabilities 1,163,854 932,853 STOCKHOLDERS' EQUITY 3 3 Common stock 3 3 Additional paid-in capital 1,065,835 1,103,305 Accumulated other comprehensive income 832 2,287 Accumulated deficit (153,791) (148,163) Total stockholders' equity 997,432 997,432	Restricted cash		3,662		3,784
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable \$ 29,257 \$ 21,342 Accrued expenses and other current liabilities 70,524 55,351 Operating lease liabilities, current 16,626 16,326 Deferred revenue, current 264,650 204,825 Total current liabilities, non-current 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Convertible senior notes, net 733,805 575,864 Deferred revenue, non-current 1,277 3,450 Other liabilities 5,267 4,262 Total liabilities 5,267 4,262 STOCKHOLDERS' EQUITY 5 1,163,854 932,853 STOCKHOLDERS' EQUITY 6 3 3 Accumulated other comprehensive income 832 2,287 Accumulated other comprehensive income 832 2,287 Accumulated deficit (153,791) (148,163) Total stockholders' equity 995,7432	Other assets		18,892		16,967
CURRENT LIABILITIES: Current payable \$ 29,257 \$ 21,342 Accounts payable 70,524 55,351 Accrued expenses and other current liabilities 16,626 16,326 Operating lease liabilities, current 264,650 204,825 Total current liabilities 381,057 297,844 Operating lease liabilities, non-current 42,448 51,433 Convertible senior notes, net 733,805 575,864 Deferred revenue, non-current 1,277 3,450 Other liabilities 5,267 4,262 Total liabilities 5,267 4,262 Total liabilities 3 3 STOCKHOLDERS' EQUITY 3 3 Common stock 3 3 Additional paid-in capital 1,065,835 1,103,305 Accumulated other comprehensive income 832 2,287 Accumulated deficit (153,791) (148,163) Total stockholders' equity 912,879 957,432	TOTAL ASSETS	\$	2,076,733	\$	1,890,285
Common stock 3 3 Additional paid-in capital 1,065,835 1,103,305 Accumulated other comprehensive income 832 2,287 Accumulated deficit (153,791) (148,163) Total stockholders' equity 912,879 957,432	CURRENT LIABILITIES: Accounts payable Accrued expenses and other current liabilities Operating lease liabilities, current Deferred revenue, current Total current liabilities Operating lease liabilities, non-current Convertible senior notes, net Deferred revenue, non-current Other liabilities	\$	70,524 16,626 264,650 381,057 42,448 733,805 1,277 5,267	\$	55,351 16,326 204,825 297,844 51,433 575,864 3,450 4,262
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 2,076,733 \$ 1,890,285	Common stock Additional paid-in capital Accumulated other comprehensive income Accumulated deficit		1,065,835 832 (153,791)		1,103,305 2,287 (148,163)
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	2,076,733	\$	1,890,285

Condensed Consolidated Statements of Cash Flow

(In thousands; unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,					
		2021		2020		2021		2020		
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net (loss) income	\$	(9,362)	\$	284	\$	(22,430)	\$	6,763		
Adjustments to reconcile net (loss) income to net cash provided by operating activities:										
Depreciation and amortization		5,463		3,707		9,865		7,395		
Amortization of discounts or premiums on marketable securities		3,854		1,216		8,113		1,460		
Amortization of issuance costs		837		2,484		1,672		2,484		
Amortization of deferred contract costs		4,074		2,442		7,853		4,627		
Stock-based compensation, net of amounts capitalized		34,515		16,834		63,376		28,894		
Non-cash lease expense		4,049		3,325		8,061		6,551		
Allowance for credit losses on accounts receivable		502		928		527		2,001		
Loss on disposal of property and equipment		153		6		156		8		
Changes in operating assets and liabilities:										
Accounts receivable, net		(34,131)		(16,568)		(24,908)		(23,684)		
Deferred contract costs		(9,990)		(6,618)		(16,701)		(11,237)		
Prepaid expenses and other current assets		3,461		(5,077)		(2,537)		(6,481)		
Other assets		(1,504)		(1,834)		(932)		(915)		
Accounts payable		16,598		4,083		7,372		2,692		
Accrued expenses and other liabilities		(2,374)		(377)		7,308		1,648		
Deferred revenue		35,578		19,903		56,578		26,787		
Net cash provided by operating activities		51,723		24,738		103,373		48,993		
CASH FLOWS FROM INVESTING ACTIVITIES:										
Purchases of marketable securities		(340,652)		(776,031)		(490,983)	(1,203,513)		
Maturities of marketable securities		316,972		119,234		570,206		121,854		
Proceeds from sale of marketable securities		35,218		_		41,715		_		
Purchases of property and equipment		(3,229)		(1,398)		(4,227)		(2,924)		
Capitalized software development costs		(6,209)		(4,737)		(12,392)		(8,154)		
Cash paid for acquisition of businesses; net of cash acquired		(188,839)		(2,363)		(200,348)		(2,363)		
Net cash used in investing activities		(186,739)		(665,295)		(96,029)	(1,095,100)		
CASH FLOWS FROM FINANCING ACTIVITIES:										
Proceeds from exercise of stock options		2,887		4,422		6,162		7,235		
Initial public offering costs		_		(268)		_		(421)		
Proceeds for issuance of common stock under the employee stock purchase plan		9,794		7,680		9,794		7,680		
Employee payroll taxes paid related to net share settlement under the employee stock purchase plan		_		(859)		(245)		(859)		
Proceeds from issuance of convertible senior notes, net of issuance costs		_		730,681				730,681		
Purchase of capped call related to convertible senior notes		_		(89,625)		_		(89,625)		
Net cash provided by financing activities		12,681		652,031		15,711		654,691		
			_							
Effect of exchange rate changes on cash, cash equivalents and restricted cash		120		28		(662)		(113)		
NET (DECDEACE) INCODE ACE IN CACH CACH FOUND INTO AND DECEDICATE CACH		(122 215)		11 500		22 202		(201 520)		
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		(122,215)		11,502		22,393		(391,529)		
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	_	373,319	_	198,158	_	228,711	_	601,189		
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$	251,104	\$	209,660	\$	251,104	\$	209,660		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEETS TO THE AMOUNTS SHOWN IN THE STATEMENTS OF CASH FLOWS ABOVE:										
Cash and cash equivalents	\$	247,442	\$	206,202	\$	247,442	\$	206,202		
Restricted cash – Including amounts in prepaid expense and other current assets and other assets	,	3,662	•	3,458	-	3,662		3,458		
Total cash, cash equivalents and restricted cash	\$	251,104	\$	209,660	\$	251,104	\$	209,660		
Total Cash, Cash Equivalents and restricted Cash	=		=		=		Ť			

Reconciliation from GAAP to Non-GAAP Results

(In thousands, except per share data; unaudited)

Pace Pace	(iii tilousarius, except per share data, unaddited)		Three Months Ended June 30,					Six Months Ended June 30,					
PLANS SPOKED 18 17,54.6 1 11,11.4 2 18,20.5 5 2,00.5 1 11,11.4 2 1,20.5 3 1,20.5 <th></th> <th></th> <th>2021</th> <th></th> <th>2020</th> <th></th> <th>2021</th> <th></th> <th>2020</th>			2021		2020		2021		2020				
Pures. Sook-based compensation expenses 8.89 147 1,528 3.83 Plus. Employer payrolitaxes on comployee stock transactions 9.8 121 1.91 2.2 Non-GAAP gross profit 8.7 8.2 1.9 3.33 8.2 CAAP gross margin 76 76 8.0 7.0 8.0 CAAP gross margin 8.94,779 8.4 5.0 1.7 8.0 CAAP gross margin 8.94,779 8.4 5.0 1.7 8.0 8.0 8.0 1.0 <t< th=""><th>Reconciliation of gross profit and gross margin</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>	Reconciliation of gross profit and gross margin												
Pure Employer propriet to complement of the Pure Employer propriet to complement of th	GAAP gross profit	\$	176,451	\$	111,134	\$	328,334	\$	215,903				
Page	Plus: Stock-based compensation expense		829		407		1,530		638				
Non-GAAP gross rangin \$ 178,284 \$ 111,800 \$ 33,318 \$ 2,70% CAAP gross margin 76 % 79 % 75 % 80 % Non-GAAP gross margin 76 % 80 % 77 % 80 % Reconciliation of one string expenses 8 8 17 4,00% \$ 8,00% \$ 174,00% \$ 8,00% Less Stock-based compension expense (21,03) (4,073) (3,770) (1,458) Less Stock-based compension expense (21,03) (4,043) (3,872) (1,458) Less Stock-based compension employee stock transactions (2,010) (1,458) (3,872) (1,458) CAPS alse and marketing (5,000) (4,544) (3,361) (7,600) Less Stock-based compensation expense (6,600) (4,544) (3,361) (7,600) Less Stock-based compensation expense (6,000) (4,544) (3,164) (3,134) (7,600) Less Stock-based compensation expense (5,214) (1,500) (3,134) (2,204) (3,204) Plus: Amorgania and administrative 21,164 (3,158)	Plus: Amortization of acquired intangibles		908		147		1,263		394				
CAP pross margin 76 % 79 % 76 % 80 % Non-GAP gross margin 80 % 80 % 80 % 80 % Reconciliation of operating expenses Commentation of operating expenses 80 % 80 % 174 % 80 % CAP research and development 9 47,79 \$ 45,664 \$ 174,055 \$ 86,488 Plus. Non-cash benefit related to tax adjustment — 2,729 — 3,724 — 3,724 — 3,724 — 3,724 — 3,724 — 3,724 — 3,724 — 3,724 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723 — 2,723	Plus: Employer payroll taxes on employee stock transactions		96		121		191		121				
Non-GAAP gross margin 76 % 80 % 77 % 80 % Reconstitution of operating expenses 80 % 45 % 45 % 17 (10%) 80 %	Non-GAAP gross profit	\$	178,284	\$	111,809	\$	331,318	\$	217,056				
Reconcilitation of operating expenses 8 9 4 5 4 7 4 5 8 1 1 5 1 2 3 3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	GAAP gross margin		76 %		79 %		76 %		80 %				
FAPP research and development \$ 4,77.8 \$ 4,50.6 \$ 1,74.04 \$ 1,82.0 Less: Stock-based compersation expenses 2,12.33 (8,70.3) (3,77.08) 1,42.50 Plus: Non-cash benefit related to tax adjustment 2,2.0 1,6.2 3,87.2 1,2.0 Rose: Employer payrol taxes on employee stock transactions 2,71.03 \$ 13,12 \$ 13,24 \$ 1,73.0 ROn-CAAP research and development \$ 7,10.39 \$ 13,12 \$ 13,476 \$ 9,64 CAAP sales and marketing \$ 16,60 (4,541) (13,616) (7,615) Less: Amortization of acquired intangibles (6,606) 4,541 (3,315) \$ 1,60 Plus: Non-cash benefit related to tax adjustment 2,27 (1,000) \$ 3,35 \$ 1,60 Non-GAAP sales and marketing \$ 2,114 3,31,54 \$ 2,42 \$ 2,84 CAAP general and administrative \$ 2,114 3,31,54 \$ 2,42 \$ 2,84 Plus: Snot-habed related to tax adjustment \$ 1,02 3,31 \$ 2,42 Plus: Snot-habed persation stoppense \$ 9,88 \$ 1,62 3,31 \$ 2,42	Non-GAAP gross margin		76 %		80 %		77 %		80 %				
Less: Stock-based compensation expenses (21,638) (37,708) (31,708) Plus: Non-cash benefit related to tax adjustment 2 2,729 2,729 Less: Employer payrol taxes on employee stock transactions 2,710 3 3,282 1,246 9,73,207 SAPA Pessearch and development \$ 70,103 \$ 13,208 \$ 13,476 9,96,484 Less: Stock-based compensation expense (6,606) 4,451 1,31,40 9,96,484 Less: Amortization of acquired intangibles (6,606) 4,454 4,40 4,49 Less: Stock-based compensation expense (6,006) 3,435 3,21,40 3,87,60 Less: Amortization of acquired intangibles (7,000) 4,49 4,49 4,49 Less: Stock-based compensation expenses on employee stock transactions 2,21,46 3,33,57 1,50,20 2,28,49 Less: Stock-based compensation expense (5,41) 3,33,47 3,24,20 2,28,49 Plus: Non-cash benefit related to tax adjustment 2,91 2,28,49 2,28,49 Plus: Stock-based compensation expense 3,53 3,20 2,21	Reconciliation of operating expenses												
Page Page	GAAP research and development	\$	94,779	\$	45,664	\$	174,045	\$	86,488				
Less: Employer payroll taxes on employee stock transactions 2,10,103 3,10,203 3,12,205 3,73,207 AGAP sees and and development \$7,002 \$1,12,009 \$1,31,605 \$9,73,207 GAAP sakes and maketing \$6,000 \$1,000 \$1,000 \$1,000 \$1,000 Less: Shorck-based compensation expenses \$6,000 \$1,000 \$1,000 \$1,000 Plus: Non-cash benefit related to tax adjustment \$2,000 \$1,500 \$1,000 \$1,000 Less: Employer payroll taxes on employee stock transactions \$2,010 \$1,35,60 \$1,000 \$2,800 CAAP general and administrative \$6,000 \$1,35,60 \$1,000 \$2,800 Cless: Shork-based compensation expenses \$6,000 \$1,000 \$1,000 \$1,000 \$2,333 \$2,338 \$2,3	Less: Stock-based compensation expense		(21,639)		(8,703)		(37,708)		(14,550)				
Non-GAAP research and development \$ 71.039 \$ 38.267 \$ 132.465 \$ 73.207 GAAP sales and marketing \$ 70.412 \$ 15.269 \$ 134.765 \$ 96.484 Less: Sinck-based compensation expense (6.606) (4.541) (13.016) 7.76 Less: Sinck-based compensation expense (6.606) 4.484 (1.63) — 4.449 Less: Employer payroll taxes on employee stock transactions (7.776) (1.500) 3.355 (1.650) Non-GAAP sales and marketing \$ 60.607 \$ 45.660 \$ 117.031 \$ 87.690 Plus: Short-based compensation expense (5.441) 3.13.39 (10.522) 6.001 Plus: Short-based compensation expense (5.441) 3.1383 (10.522) 6.001 Plus: Short-based compensation expense (5.441) 3.1383 (10.522) 6.001 Resonctiliation of perating Income \$ 9.888 5 15.511 \$ 12.535 \$ 3.100 \$ 24.521 Plus: Short-based compensation expense \$ 9.888 \$ 65.4 \$ 2.710 \$ 4.422 Plus: Short-based compensation expense \$ 9.888 <t< td=""><td>Plus: Non-cash benefit related to tax adjustment</td><td></td><td>_</td><td></td><td>2,729</td><td></td><td>_</td><td></td><td>2,729</td></t<>	Plus: Non-cash benefit related to tax adjustment		_		2,729		_		2,729				
CAAP sales and marketing \$ 70,412 \$ 51,269 \$ 13,4765 \$ 96,484 Less: Slock-based compensation expense (6,600) (4,541) (13,616) (7,615) Plus: Non-cash benefit related to tax adjustment 408 449 49 449 Plus: Non-cash benefit related to tax adjustment 2,776 1,509 3,355 1,609 Non-GAAP sales and marketing 5,60867 \$ 45,609 \$ 117,031 \$ 76,009 CAAP general and administrative 5,21,40 3,357 \$ 22,809 \$ 28,009 Less: Stock-based compensation expense (5,441) 3,13,547 \$ 1,002 \$ 28,009 Plus: Non-cash benefit related to tax adjustment 9 1,511 \$ 1,002 \$ 2,383 \$ 2,24,22 \$ 28,009 Less: Stock-based compensation expense (5,441) \$ 1,253 \$ 3,100 \$ 2,24,22 \$ 28,009 Plus: Stock-based compensation expense \$ 9,808 \$ 65 \$ 2,216 \$ 2,452 Plus: Stock-based compensation expense \$ 3,809 \$ 15,831 \$ 6,551 \$ 2,809 Plus: Stock-based compensation expense <td>Less: Employer payroll taxes on employee stock transactions</td> <td></td> <td>(2,101)</td> <td></td> <td>(1,423)</td> <td></td> <td>(3,872)</td> <td></td> <td>(1,460)</td>	Less: Employer payroll taxes on employee stock transactions		(2,101)		(1,423)		(3,872)		(1,460)				
Less: Stock-based compensation expense (6,606) (4,541) (13,616) (7,615) Less: Amortization of acquired intangibles (163) — (163) — Plus: Non-cash benefit related to tax adjustment — 449 — 449 Less: Employer payroll taxes on employee stock transactions (2,776) (1,508) 3,355 1,6569 CAAP general and administrative \$2,146 \$13,547 \$42,240 \$28,499 Less: Stock-based compensation expense (5,441) (3,183) (10,522) (6,001) Plus: Non-cash benefit related to tax adjustment — 2,383 — 2,383 Less: Stock-based compensation expense (5,441) (3,120) \$2,521 Non-GAAP general and administrative \$1,511 (2,125) \$3,452 Less: Stock-based compensation expense \$0,986 6,564 \$2,271 \$4,452 Plus: Stock-based compensation expenses \$3,515 16,364 \$3,76 \$2,894 Plus: Stock-based compensation expenses \$3,515 16,36 \$3,76 \$3,50 Plus: Empl	Non-GAAP research and development	\$	71,039	\$	38,267	\$	132,465	\$	73,207				
Puss	GAAP sales and marketing	\$	70,412	\$	51,269	\$	134,765	\$	96,484				
Plus: Non-cash benefit related to tax adjustment C. 1 449 C. 3 489 Less: Employer payrolitaxes on employee stock transactions 6.78 4.568 \$ 17.05 1.659 Non-GAAP sales and marketing \$ 6.0387 4.568 \$ 17.05 \$ 28.498 Less: Stock-based compensation expense (5.441) (3.183) (10.52) \$ 2.303 Less: Stock-based compensation expense (5.441) (2.12) 3.30 (0.07) Plus: Non-cash benefit related to tax adjustment 9 15.51 2.233 - 2.33 - 2.33 Less: Employer payrolitaxes on employee stock transactions (194) (212) 3.00 > 2.452 Non-GAAP general and administrative \$ 15.51 12.535 \$ 3.00 > 2.452 Non-GAAP general and administrative \$ 9.886 \$ 6.54 \$ 2.271 \$ 2.422 Non-GAAP general and administrative \$ 9.886 \$ 6.54 \$ 2.271 \$ 4.422 Plus: Stock-based compensation expense 3.451 1.634 6.324 8.432 Plus: Stock-based compensation expense \$ 1.07 2.541 3.5	Less: Stock-based compensation expense		(6,606)		(4,541)		(13,616)		(7,615)				
Less: Employer payroll taxes on employee stock transactions C,776 C,508 C,309 1,170 2,876 Non-GAAP sales and marketing \$ 0,808 \$ 45,609 \$ 117,001 \$ 28,409 GAAP general and administrative \$ 2,1146 \$ 13,507 \$ 42,204 \$ 28,409 Less: Stock-based compensation expense \$ 2,303 \$ 2,303 \$ 2,303 \$ 2,303 Plus: Non-cash benefit related to tax adjustment \$ 1,510 \$ (21,00) \$ 3,300 \$ 2,303 Less: Employer payroll taxes on employee stock transactions \$ 1,510 \$ (21,00) \$ 3,300 \$ 3,300 \$ 3,400 \$ 2,452 Reconciliation of operating Income \$ 9,888 \$ 654 \$ 22,716 \$ 4,422 Plus: Stock-based compensation expense \$ 9,888 \$ 654 \$ 22,716 \$ 4,425 Plus: Amortization of acquired intangibles \$ 1,071 \$ 1,402 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304 \$ 3,304	Less: Amortization of acquired intangibles		(163)		_		(163)		_				
Non-GAAP sales and marketing \$ 60,867 \$ 45,669 \$ 117,031 \$ 87,659 GAAP general and administrative \$ 21,146 \$ 13,547 \$ 42,240 \$ 28,499 Less: Stock-based compensation expense (5,441) (3,183) (10,522) 6,091 Plus: Non-cash benefit related to tax adjustment - 2,333 - 3 2,333 Less: Employer payroll taxes on employee stock transactions (194) (12,52) \$ 31,400 \$ 24,521 Non-GAAP general and administrative \$ 15,511 \$ 12,532 \$ 31,400 \$ 24,521 Plus: Stock-based compensation expense \$ 9,886 \$ 65,681 \$ 622,716 \$ 4,432 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,949 Plus: Amortization of acquired intangibles 1,071 147 1,426 334 Plus: Employer payroll taxes on employee stock transactions 5,169 3,51 3,51 Ron-GAAP operating margin (3,98) 15,338 5,042 3,169 Reconciliation of net (loss) income \$ 9,36 2,89 4,83 3,169	Plus: Non-cash benefit related to tax adjustment		_		449		_		449				
GAAP general and administrative \$ 21,146 \$ 13,547 \$ 42,240 \$ 28,499 Less: Stock-based compensation expense (5,441) (3,183) (10,522) (6,091) Plus: Non-cash benefit related to tax adjustment — 2,383 — 2,383 — 2,383 Less: Employer payroll taxes on employee stock transactions (194) (212) (318) (270) Non-CAAP general and administrative \$ 15,511 \$ 12,535 \$ 31,400 \$ 24,512 Reconciliation of operating income and operating margin \$ (9,886) \$ 654 \$ (22,716) \$ 4,432 Plus: Stock-based compensation expense \$ 4,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 1,656 — 1,426 39,484 Less: Non-cash benefit related to tax adjustment — 6,5561 — 6,561 — (5,561) — (5,561) — (5,561) — (5,561) — (5,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,561) — (6,56	Less: Employer payroll taxes on employee stock transactions		(2,776)		(1,508)		(3,955)		(1,659)				
Less: Stock-based compensation expense (5,441) (3,183) (10,522) (6,091) Plus: Non-cash benefit related to tax adjustment — 2,383 — 2,383 Less: Employer payroll taxes on employee stock transactions (194) (212) (318) 2,270 Non-GAAP general and administrative \$1,5511 \$1,2535 \$1,400 \$2,551 Reconciliation of operating income and operating margin \$1,651 \$16,834 63,376 2,8894 Plus: Stock-based compensation expense 34,515 16,834 63,376 2,8894 Plus: Stock-based compensation expense 34,515 16,834 63,376 2,8894 Plus: Stock-based compensation expense 3,516 16,834 63,376 2,8894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,169 Plus: Employer payroll taxes on employee stock transactions 9,936 2,84 2,2430 5,6761 Ron-GAAP operating margin 9,936 2,84	Non-GAAP sales and marketing	\$	60,867	\$	45,669	\$	117,031	\$	87,659				
Plus: Non-cash benefit related to tax adjustment Less: Employer payroll taxes on employee stock transactions — 2,383 — 2,383 — 2,383 — 2,383 — 2,383 — 2,383 — 2,383 — 2,783 — 2,783 — 2,783 — 2,318 — 2,783 — 2,318 — 2,018 — 2,018 — 2,018 — 2,018 — 2,018 — 2,018 — 2,018 — 2,018 — 2,018 — 2,019 — 4,012 — 2,018 — 2,019 — 4,012 — 2,018 — 2,019 — 4,014 — 2,019 — 4,014 — 3,03 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 — 1,019 <td>GAAP general and administrative</td> <td>\$</td> <td>21,146</td> <td>\$</td> <td>13,547</td> <td>\$</td> <td>42,240</td> <td>\$</td> <td>28,499</td>	GAAP general and administrative	\$	21,146	\$	13,547	\$	42,240	\$	28,499				
Less: Employer payroll taxes on employee stock transactions (194) (212) (318) (270) Non-GAAP general and administrative \$ 15.511 \$ 12.532 \$ 31,400 \$ 24.521 Reconciliation of operating income and operating margin \$ (9.88) \$ 654 \$ (22,716) \$ 4,432 APP operating (loss) income \$ (9.88) \$ 16,834 \$ 63,76 28.944 Plus: Stock-based compensation expense \$ 4,515 \$ 147 \$ 1,426 \$ 394 Plus: Amortization of acquired intangibles \$ 1,071 \$ 147 \$ 1,426 \$ 394 Plus: Employer payroll taxes on employee stock transactions \$ 1,167 \$ 2,624 \$ 33.60 \$ 3,160 Plus: Employer payroll taxes on employee stock transactions \$ 3,087 \$ 15,38 \$ 5,042 \$ 3,160 Ron-GAAP operating margin \$ 3,0867 \$ 15,38 \$ 50,422 \$ 3,660 Reconciliation of net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense \$ (9,362) \$ 284 \$ (24,430) \$ 6,763 Plus: Stock-based compensation expense	Less: Stock-based compensation expense		(5,441)		(3,183)		(10,522)		(6,091)				
Non-GAAP general and administrative \$ 15,511 \$ 12,535 \$ 31,400 \$ 24,521 Reconciliation of operating income and operating margin \$ (9,886) \$ 654 \$ (22,716) \$ 4,432 Plus: Shock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 38,904 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating income (4)% 0 6,592 3,169 ACAP operating margin (4)% 0 6,594 2,26 Non-GAAP operating margin 2 4,26 3,360 2,36 Reconciliation of net (loss) income \$ (9,362) 2,284 5,672 3,676 Plus: Stock-based compensation expense 34,515 16,834 63,376 2,884 Plus: Amortization of acquired intangibles 1,071 147 1,426 3,94	Plus: Non-cash benefit related to tax adjustment		_		2,383		_		2,383				
Reconciliation of operating income and operating margin S (9,886) \$ 654 \$ (22,716) \$ 4,432 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment - (5,561) - (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating income \$ 30,867 15,338 50,422 3,066 GAAP operating margin (4)% 0 (5)% 2% Non-GAAP operating margin (4)% 0 (5)% 2% Non-GAAP operating margin (4)% 0 (5)% 2% Reconciliation of net (loss) income \$ 9,362 284 63,736 28,894 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Stock-based dompensation expense 34,515 16,834	Less: Employer payroll taxes on employee stock transactions		(194)		(212)		(318)		(270)				
GAAP operating (loss) income \$ (9,886) 654 \$ (22,716) \$ 4,432 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment - (5,561) - (5,561) - (5,561) - (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating margin 4(3) 0 6(5) 2 3,60 Reconciliation of net (loss) income 4(3) 0 6(5) 2 3,60 Plus: Stock-based compensation expense 9(3,62) 28,94 2(2,430) 5,663 Plus: Amortization of acquired intangibles 1,071 147 1,426 3,94 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Employer payroll taxes on employee stock transactions 5,1	Non-GAAP general and administrative	\$	15,511	\$	12,535	\$	31,400	\$	24,521				
Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating margin 4(4)% 0% (5)% 2% Roap Operating margin 13,386 11,338 50,422 31,669 Non-GAAP operating margin 4(4)% 0% (5)% 2% Non-GAAP operating margin 1,03 11 12 12% Non-GAAP net (loss) income 8 9,362 284 (22,430) 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stoc	Reconciliation of operating income and operating margin												
Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating income \$ 30,867 \$ 15,338 \$ 50,422 \$ 31,669 GAAP operating margin (4)% 0 % (5)% 2 % Non-GAAP operating margin (4)% 0 % (5)% 2 % Reconcilitation of net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of isuance costs 837 2,484 1,672 2,484	GAAP operating (loss) income	\$	(9,886)	\$	654	\$	(22,716)	\$	4,432				
Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating income \$ 30,867 \$ 15,338 \$ 50,422 \$ 31,669 GAAP operating margin (4)% 0 % (5)% 2 % Non-GAAP operating margin 13 % 11 % 12 % 12 % Reconcilitation of net (loss) income \$ (9,362) 284 (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment 5,167 3,264 8,336 3,510 Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income 32,228 17,452 5,2380 36,484 Net income p	Plus: Stock-based compensation expense		34,515		16,834		63,376		28,894				
Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Non-GAAP operating income \$ 30,867 \$ 15,338 \$ 50,422 \$ 31,669 GAAP operating margin (4)% 0 % (5)% 2 % Non-GAAP operating margin 13 % 11 % 12 % 12 % Reconciliation of net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 17,452 52,380 36,484 Net income per share - basic \$ 0.00 0.01 0.17 0.12 Shares used in non-GAAP per s	·		1,071				1,426						
Non-GAAP operating income \$ 30,867 \$ 15,338 \$ 50,422 \$ 31,669 GAAP operating margin (4)% 0 % (5)% 2 % Non-GAAP operating margin 13 % 11 % 12 % 12 % Reconciliation of net (loss) income \$ (9,362) 284 (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 17,452 5,2380 36,484 Net income per share - basic \$ 0.10 0.06 0.17 0.12 Net income per share - diluted \$ 0.09 0.05 0.15 0.11 Shares used in non-GAAP per share calculations: <td< td=""><td>-</td><td></td><td>_</td><td></td><td></td><td></td><td>_</td><td></td><td></td></td<>	-		_				_						
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Non-GAAP operating margin 13 % 11 % 12 % 12 % Reconciliation of net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment - (5,561) - (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 \$ 17,452 \$ 52,380 \$ 36,484 Net income per share - basic \$ 0.10 \$ 0.06 \$ 0.17 \$ 0.12 Net income per share - diluted \$ 0.99 0.05 \$ 0.15 \$ 0.11 Shares used in non-GAAP per share calculations:		<u>*</u>		\$		\$							
Reconciliation of net (loss) income GAAP net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 \$ 17,452 \$ 52,380 \$ 36,484 Net income per share - basic \$ 0.06 \$ 0.06 \$ 0.17 \$ 0.12 Net income per share - diluted \$ 0.09 0.05 \$ 0.15 \$ 0.11 Shares used in non-GAAP per share calculations: Basic 308,019 299,267 307,032 297,361	3 3												
GAAP net (loss) income \$ (9,362) \$ 284 \$ (22,430) \$ 6,763 Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 \$ 17,452 \$ 52,380 \$ 36,484 Net income per share - basic \$ 0.10 \$ 0.06 \$ 0.17 \$ 0.12 Net income per share - diluted \$ 0.09 \$ 0.05 \$ 0.15 \$ 0.11 Shares used in non-GAAP per share calculations: Basic 308,019 299,267 307,032 297,361			13 %		11 90		12 90		12 90				
Plus: Stock-based compensation expense 34,515 16,834 63,376 28,894 Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 \$ 17,452 \$ 52,380 \$ 36,484 Net income per share - basic \$ 0.10 \$ 0.06 \$ 0.17 \$ 0.12 Net income per share - diluted \$ 0.09 \$ 0.05 \$ 0.15 \$ 0.11 Shares used in non-GAAP per share calculations: Basic 308,019 299,267 307,032 297,361	· · · · · · · · · · · · · · · · · · ·	•	(0.000)	•	20.4	•	(00, 400)	•	0.700				
Plus: Amortization of acquired intangibles 1,071 147 1,426 394 Less: Non-cash benefit related to tax adjustment — (5,561) — (5,561) Plus: Employer payroll taxes on employee stock transactions 5,167 3,264 8,336 3,510 Plus: Amortization of issuance costs 837 2,484 1,672 2,484 Non-GAAP net income \$ 32,228 \$ 17,452 \$ 52,380 \$ 36,484 Net income per share - basic \$ 0.10 \$ 0.06 \$ 0.17 \$ 0.12 Net income per share - diluted \$ 0.09 \$ 0.05 \$ 0.15 \$ 0.11 Shares used in non-GAAP per share calculations: Basic 308,019 299,267 307,032 297,361	• •	\$		\$		\$		\$					
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Basic 308,019 299,267 307,032 297,361	·	~	5.55	+	0.00	-	0.10	~	5.11				
	•		308,019		299,267		307,032		297,361				

Reconciliation of GAAP Cash Flow from Operating Activities to Free Cash Flow

(In thousands; unaudited)

		Three Mor Jun	nths E e 30,	inded	Six Months Ended June 30,			
	2021			2020	2021	2020		
Net cash provided by operating activities	\$	51,723	\$	24,738	\$ 103,373	\$	48,993	
Less: Purchases of property and equipment		(3,229)		(1,398)	(4,227)		(2,924)	
Less: Capitalized software development costs		(6,209)		(4,737)	(12,392)		(8,154)	
Free cash flow	\$	42,285	\$	18,603	\$ 86,754	\$	37,915	

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