



**Supplemental Financial Information  
For the Period Ended March 31, 2022  
(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 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 (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) 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, 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.

*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

## Non-GAAP Financial Measures

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 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 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. 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. We updated the definition of MRR as of the quarter ended September 30, 2021 to capture usage from subscriptions with committed contractual amounts and applied this change retrospectively. 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 dollar-based net retention rate.

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenue	\$ 140,012	\$ 154,675	\$ 177,531	\$ 198,549	\$ 233,549	\$ 270,488	\$ 326,198	\$ 363,030
Cost of revenue <sup>(1)(2)(4)</sup>	28,878	33,984	40,856	46,666	57,098	63,332	67,149	74,462
Gross profit	111,134	120,691	136,675	151,883	176,451	207,156	259,049	288,568
Operating expenses:								
Research and development <sup>(1)(3)(4)</sup>	45,664	56,440	67,698	79,266	94,779	112,675	133,049	150,608
Sales and marketing <sup>(1)(2)(3)(4)</sup>	51,269	57,142	60,034	64,353	70,412	75,827	88,905	101,166
General and administrative <sup>(1)(3)(4)</sup>	13,547	16,376	17,881	21,094	21,146	23,549	28,640	26,380
Total operating expenses	110,480	129,958	145,613	164,713	186,337	212,051	250,594	278,154
Operating income (loss)	654	(9,267)	(8,938)	(12,830)	(9,886)	(4,895)	8,455	10,414
Other income (loss):								
Interest expense <sup>(5)</sup>	(4,294)	(12,423)	(13,010)	(5,472)	(5,064)	(4,912)	(5,604)	(5,247)
Interest income and other income, net	4,466	7,135	6,781	5,773	5,292	5,040	5,681	5,687
Other income (loss), net	172	(5,288)	(6,229)	301	228	128	77	440
Income (loss) before (provision for) benefit from income taxes	826	(14,555)	(15,167)	(12,529)	(9,658)	(4,767)	8,532	10,854
(Provision for) benefit from income taxes	(542)	(595)	(993)	(539)	296	(717)	(1,363)	(1,116)
Net income (loss)	\$ 284	\$ (15,150)	\$ (16,160)	\$ (13,068)	\$ (9,362)	\$ (5,484)	\$ 7,169	\$ 9,738
Net income (loss) per share - basic	\$ 0.00	\$ (0.05)	\$ (0.05)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ 0.03
Net income (loss) per share - diluted	\$ 0.00	\$ (0.05)	\$ (0.05)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ 0.03
Weighted average shares used in calculating net income (loss) per share:								
Basic	299,267	302,554	304,057	306,034	308,019	310,247	311,817	313,456
Diluted	330,847	302,554	304,057	306,034	308,019	310,247	345,877	345,668

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

Cost of revenue	\$ 407	\$ 529	\$ 627	\$ 701	\$ 829	\$ 1,427	\$ 1,608	\$ 1,653
Research and development	8,703	10,173	13,285	16,069	21,639	27,239	36,995	44,696
Sales and marketing	4,541	6,068	6,784	7,010	6,606	9,739	11,680	14,595
General and administrative	3,183	3,946	4,068	5,081	5,441	5,590	6,083	5,940
Total	\$ 16,834	\$ 20,716	\$ 24,764	\$ 28,861	\$ 34,515	\$ 43,995	\$ 56,366	\$ 66,884

(2) Includes amortization of acquired intangibles as follows:

Cost of revenue	\$ 147	\$ 274	\$ 275	\$ 355	\$ 908	\$ 1,311	\$ 1,218	\$ 1,413
Sales and marketing	—	—	—	—	163	229	208	203
Total	\$ 147	\$ 274	\$ 275	\$ 355	\$ 1,071	\$ 1,540	\$ 1,426	\$ 1,616

(3) Includes non-cash benefit related to tax adjustment as follows:

Research and development	\$ (2,729)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Sales and marketing	(449)	—	—	—	—	—	—	—
General and administrative	(2,383)	—	—	—	—	—	—	—
Total	\$ (5,561)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

Cost of revenue	\$ 121	\$ 32	\$ 33	\$ 95	\$ 96	\$ 62	\$ 92	\$ 102
Research and development	1,423	418	959	1,771	2,101	1,523	2,748	3,297
Sales and marketing	1,508	1,354	742	1,179	2,776	1,275	1,119	1,109
General and administrative	212	282	287	124	194	520	410	257
Total	\$ 3,264	\$ 2,086	\$ 2,021	\$ 3,169	\$ 5,167	\$ 3,380	\$ 4,369	\$ 4,765

(5) Includes amortization of issuance costs as follows:

Interest expense	\$ 2,484	\$ 8,062	\$ 8,181	\$ 835	\$ 837	\$ 838	\$ 839	\$ 840
Total	\$ 2,484	\$ 8,062	\$ 8,181	\$ 835	\$ 837	\$ 838	\$ 839	\$ 840

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenue	\$ 140,012	\$ 154,675	\$ 177,531	\$ 198,549	\$ 233,549	\$ 270,488	\$ 326,198	\$ 363,030
Cost of revenue	28,203	33,149	39,921	45,515	55,265	60,532	64,231	71,294
Gross profit	111,809	121,526	137,610	153,034	178,284	209,956	261,967	291,736
Operating expenses:								
Research and development	38,267	45,849	53,454	61,426	71,039	83,913	93,306	102,615
Sales and marketing	45,669	49,720	52,508	56,164	60,867	64,584	75,898	85,259
General and administrative	12,535	12,148	13,526	15,889	15,511	17,439	22,147	20,183
Total operating expenses	96,471	107,717	119,488	133,479	147,417	165,936	191,351	208,057
Operating income	15,338	13,809	18,122	19,555	30,867	44,020	70,616	83,679
Other income:								
Interest expense	(1,810)	(4,361)	(4,829)	(4,637)	(4,227)	(4,074)	(4,765)	(4,407)
Interest income and other income, net	4,466	7,135	6,781	5,773	5,292	5,040	5,681	5,687
Other income, net	2,656	2,774	1,952	1,136	1,065	966	916	1,280
Income before (provision for) benefit from income taxes	17,994	16,583	20,074	20,691	31,932	44,986	71,532	84,959
(Provision for) benefit from income taxes	(542)	(595)	(993)	(539)	296	(717)	(1,363)	(1,116)
Non-GAAP net income	\$ 17,452	\$ 15,988	\$ 19,081	\$ 20,152	\$ 32,228	\$ 44,269	\$ 70,169	\$ 83,843
Non-GAAP net income per share - basic	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.14	\$ 0.23	\$ 0.27
Non-GAAP net income per share - diluted	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.09	\$ 0.13	\$ 0.20	\$ 0.24
Weighted average shares used in calculating non-GAAP net income per share:								
Basic	299,267	302,554	304,057	306,034	308,019	310,247	311,817	313,456
Diluted	330,847	333,011	334,459	342,329	342,307	344,453	345,877	345,668

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>ASSETS</b>								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 206,202	\$ 198,523	\$ 224,927	\$ 369,706	\$ 247,442	\$ 286,966	\$ 270,973	\$ 271,686
Marketable securities	1,259,597	1,296,261	1,292,532	1,178,190	1,162,717	1,180,160	1,283,473	1,399,323
Accounts receivable, net	124,078	120,992	163,359	154,111	188,326	224,602	268,824	275,342
Deferred contract costs, current	10,927	11,544	13,638	15,446	17,612	19,933	23,235	24,688
Prepaid expenses and other current assets	25,268	25,655	23,624	29,404	26,289	24,675	24,443	32,632
Total current assets	1,626,072	1,652,975	1,718,080	1,746,857	1,642,386	1,736,336	1,870,948	2,003,671
Property and equipment, net	37,164	42,059	47,197	52,805	60,511	68,820	75,152	90,713
Operating lease assets	58,188	55,365	57,829	53,117	49,233	61,972	61,355	61,921
Goodwill	16,860	17,211	17,609	48,479	258,682	255,735	292,176	292,032
Intangible assets, net	2,586	2,327	2,069	3,414	11,743	12,803	15,704	14,088
Deferred contract costs, non-current	21,438	22,667	26,750	27,874	31,624	35,508	42,062	42,753
Restricted cash	3,451	3,607	3,784	3,613	3,662	3,572	3,490	3,424
Other assets	17,947	18,073	16,967	15,915	18,892	19,427	19,907	20,413
TOTAL ASSETS	<u>\$ 1,783,706</u>	<u>\$ 1,814,284</u>	<u>\$ 1,890,285</u>	<u>\$ 1,952,074</u>	<u>\$ 2,076,733</u>	<u>\$ 2,194,173</u>	<u>\$ 2,380,794</u>	<u>\$ 2,529,015</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>								
CURRENT LIABILITIES:								
Accounts payable	\$ 18,010	\$ 21,199	\$ 21,342	\$ 12,065	\$ 29,257	\$ 34,654	\$ 25,270	\$ 18,629
Accrued expenses and other current liabilities	46,016	54,383	55,351	68,476	70,524	85,173	111,284	108,211
Operating lease liabilities, current	14,524	15,058	16,326	16,626	16,626	19,425	20,157	20,320
Deferred revenue, current	162,858	164,010	204,825	223,647	264,650	300,950	371,985	454,812
Total current liabilities	241,408	254,650	297,844	320,814	381,057	440,202	528,696	601,972
Deferred tax liability	11,203	—	—	—	—	—	—	—
Operating lease liabilities, non-current	52,881	49,675	51,433	46,620	42,448	53,189	52,106	51,817
Convertible senior notes, net	559,621	567,683	575,864	732,968	733,805	734,643	735,482	736,318
Deferred revenue, non-current	2,417	2,444	3,450	5,628	1,277	3,266	13,896	12,798
Other liabilities	3,305	3,644	4,262	4,714	5,267	5,461	9,411	9,253
Total liabilities	870,835	878,096	932,853	1,110,744	1,163,854	1,236,761	1,339,591	1,412,158
<b>STOCKHOLDERS' EQUITY</b>								
Common stock	3	3	3	3	3	3	3	3
Additional paid-in capital	1,027,656	1,065,543	1,103,305	985,004	1,065,835	1,116,872	1,197,136	1,271,777
Accumulated other comprehensive income (loss)	2,065	2,645	2,287	752	832	(188)	(3,830)	(12,555)
Accumulated deficit	(116,853)	(132,003)	(148,163)	(144,429)	(153,791)	(159,275)	(152,106)	(142,368)
Total stockholders' equity	912,871	936,188	957,432	841,330	912,879	957,412	1,041,203	1,116,857
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,783,706</u>	<u>\$ 1,814,284</u>	<u>\$ 1,890,285</u>	<u>\$ 1,952,074</u>	<u>\$ 2,076,733</u>	<u>\$ 2,194,173</u>	<u>\$ 2,380,794</u>	<u>\$ 2,529,015</u>

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Net income (loss)	\$ 284	\$ (15,150)	\$ (16,160)	\$ (13,068)	\$ (9,362)	\$ (5,484)	\$ 7,169	\$ 9,738
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	3,707	3,972	4,083	4,402	5,463	6,197	6,876	7,394
Amortization of discounts or premiums on marketable securities	1,216	3,884	4,409	4,259	3,854	3,716	4,407	3,959
Amortization of issuance costs	2,484	8,062	8,181	835	837	838	839	840
Amortization of deferred contract costs	2,442	2,721	3,099	3,779	4,074	4,704	5,309	6,022
Stock-based compensation, net of amounts capitalized	16,834	20,716	24,764	28,861	34,515	43,995	56,366	66,884
Non-cash lease expense	3,325	3,453	4,056	4,012	4,049	4,544	4,596	4,411
Allowance for credit losses on accounts receivable	928	655	627	25	502	699	1,085	798
Loss on disposal of property and equipment	6	(4)	6	3	153	102	16	823
Changes in operating assets and liabilities:								
Accounts receivable, net	(16,568)	2,431	(42,995)	9,223	(34,131)	(36,972)	(45,232)	(7,319)
Deferred contract costs	(6,618)	(4,567)	(9,276)	(6,711)	(9,990)	(10,909)	(15,165)	(8,166)
Prepaid expenses and other current assets	(5,077)	(340)	2,418	(5,998)	3,461	1,596	204	(8,391)
Other assets	(1,834)	310	1,573	572	(1,504)	(912)	(783)	(805)
Accounts payable	4,083	3,714	133	(9,226)	16,598	5,060	(9,354)	(7,624)
Accrued expenses and other liabilities	(377)	5,236	(2,914)	9,682	(2,374)	11,918	18,044	(2,911)
Deferred revenue	19,903	1,177	41,824	21,000	35,578	38,287	81,416	81,735
Net cash provided by operating activities	24,738	36,270	23,828	51,650	51,723	67,379	115,793	147,388
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Purchases of marketable securities	(776,031)	(273,550)	(317,499)	(150,331)	(340,652)	(406,429)	(228,107)	(329,706)
Maturities of marketable securities	119,234	146,646	238,054	253,234	316,972	365,486	110,868	199,703
Proceeds from sale of marketable securities	—	85,700	77,930	6,497	35,218	19,417	6,617	2,007
Purchases of property and equipment	(1,398)	(1,412)	(1,079)	(998)	(3,229)	(3,324)	(2,405)	(9,514)
Capitalized software development costs	(4,737)	(6,217)	(6,097)	(6,183)	(6,209)	(6,972)	(6,705)	(7,973)
Cash paid for acquisition of businesses, net of cash acquired	(2,363)	—	—	(11,509)	(188,839)	146	(26,303)	(4,871)
Net cash (used in) provided by investing activities	(665,295)	(48,833)	(8,691)	90,710	(186,739)	(31,676)	(146,035)	(150,354)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>								
Proceeds from exercise of stock options	4,422	5,119	3,631	3,275	2,887	4,489	4,256	4,245
Proceeds from initial public offering, net of underwriting discounts and commissions and other offering costs	(268)	—	—	—	—	—	—	—
Proceeds for issuance of common stock under the employee stock purchase plan	7,680	—	7,490	—	9,794	—	10,484	—
Employee payroll taxes paid related to net share settlement under the employee stock purchase plan	(859)	(118)	(63)	(245)	—	—	—	—
Proceeds from issuance of convertible senior notes, net of issuance costs	730,681	(474)	—	—	—	—	—	—
Purchase of capped call related to convertible senior notes	(89,625)	—	—	—	—	—	—	—
Repayments of convertible senior notes	—	—	—	—	—	—	—	(3)
Net cash provided by financing activities	652,031	4,527	11,058	3,030	12,681	4,489	14,740	4,242

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

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	28	506	386	(782)	120	(758)	(573)	(629)
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>11,502</b>	<b>(7,530)</b>	<b>26,581</b>	<b>144,608</b>	<b>(122,215)</b>	<b>39,434</b>	<b>(16,075)</b>	<b>647</b>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	198,158	209,660	202,130	228,711	373,319	251,104	290,538	274,463
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	<u>\$ 209,660</u>	<u>\$ 202,130</u>	<u>\$ 228,711</u>	<u>\$ 373,319</u>	<u>\$ 251,104</u>	<u>\$ 290,538</u>	<u>\$ 274,463</u>	<u>\$ 275,110</u>
<b>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:</b>								
Cash and cash equivalents	\$ 206,202	\$ 198,523	\$ 224,927	\$ 369,706	\$ 247,442	\$ 286,966	\$ 270,973	\$ 271,686
Restricted cash	3,458	3,607	3,784	3,613	3,662	3,572	3,490	3,424
Total cash, cash equivalents and restricted cash	<u>\$ 209,660</u>	<u>\$ 202,130</u>	<u>\$ 228,711</u>	<u>\$ 373,319</u>	<u>\$ 251,104</u>	<u>\$ 290,538</u>	<u>\$ 274,463</u>	<u>\$ 275,110</u>



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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Reconciliation of gross profit and gross margin</b>								
<b>GAAP gross profit</b>	\$ 111,134	\$ 120,691	\$ 136,675	\$ 151,883	\$ 176,451	\$ 207,156	\$ 259,049	\$ 288,568
Plus: Stock-based compensation expense	407	529	627	701	829	1,427	1,608	1,653
Plus: Amortization of acquired intangibles	147	274	275	355	908	1,311	1,218	1,413
Plus: Employer payroll taxes on employee stock transactions	121	32	33	95	96	62	92	102
<b>Non-GAAP gross profit</b>	<u>\$ 111,809</u>	<u>\$ 121,526</u>	<u>\$ 137,610</u>	<u>\$ 153,034</u>	<u>\$ 178,284</u>	<u>\$ 209,956</u>	<u>\$ 261,967</u>	<u>\$ 291,736</u>
<b>GAAP gross margin</b>	79 %	78 %	77 %	76 %	76 %	77 %	79 %	79 %
<b>Non-GAAP gross margin</b>	80 %	79 %	78 %	77 %	76 %	78 %	80 %	80 %
<b>Reconciliation of operating expenses</b>								
<b>GAAP research and development</b>	\$ 45,664	\$ 56,440	\$ 67,698	\$ 79,266	\$ 94,779	\$ 112,675	\$ 133,049	\$ 150,608
Less: Stock-based compensation expense	(8,703)	(10,173)	(13,285)	(16,069)	(21,639)	(27,239)	(36,995)	(44,696)
Plus: Non-cash benefit related to tax adjustment	2,729	—	—	—	—	—	—	—
Less: Employer payroll taxes on employee stock transactions	(1,423)	(418)	(959)	(1,771)	(2,101)	(1,523)	(2,748)	(3,297)
<b>Non-GAAP research and development</b>	<u>\$ 38,267</u>	<u>\$ 45,849</u>	<u>\$ 53,454</u>	<u>\$ 61,426</u>	<u>\$ 71,039</u>	<u>\$ 83,913</u>	<u>\$ 93,306</u>	<u>\$ 102,615</u>
<b>GAAP sales and marketing</b>	\$ 51,269	\$ 57,142	\$ 60,034	\$ 64,353	\$ 70,412	\$ 75,827	\$ 88,905	\$ 101,166
Less: Stock-based compensation expense	(4,541)	(6,068)	(6,784)	(7,010)	(6,606)	(9,739)	(11,680)	(14,595)
Less: Amortization of acquired intangibles	—	—	—	—	(163)	(229)	(208)	(203)
Plus: Non-cash benefit related to tax adjustment	449	—	—	—	—	—	—	—
Less: Employer payroll taxes on employee stock transactions	(1,508)	(1,354)	(742)	(1,179)	(2,776)	(1,275)	(1,119)	(1,109)
<b>Non-GAAP sales and marketing</b>	<u>\$ 45,669</u>	<u>\$ 49,720</u>	<u>\$ 52,508</u>	<u>\$ 56,164</u>	<u>\$ 60,867</u>	<u>\$ 64,584</u>	<u>\$ 75,898</u>	<u>\$ 85,259</u>
<b>GAAP general and administrative</b>	\$ 13,547	\$ 16,376	\$ 17,881	\$ 21,094	\$ 21,146	\$ 23,549	\$ 28,640	\$ 26,380
Less: Stock-based compensation expense	(3,183)	(3,946)	(4,068)	(5,081)	(5,441)	(5,590)	(6,083)	(5,940)
Plus: Non-cash benefit related to tax adjustment	2,383	—	—	—	—	—	—	—
Less: Employer payroll taxes on employee stock transactions	(212)	(282)	(287)	(124)	(194)	(520)	(410)	(257)
<b>Non-GAAP general and administrative</b>	<u>\$ 12,535</u>	<u>\$ 12,148</u>	<u>\$ 13,526</u>	<u>\$ 15,889</u>	<u>\$ 15,511</u>	<u>\$ 17,439</u>	<u>\$ 22,147</u>	<u>\$ 20,183</u>
<b>Reconciliation of operating income (loss) and operating margin</b>								
<b>GAAP operating income (loss)</b>	\$ 654	\$ (9,267)	\$ (8,938)	\$ (12,830)	\$ (9,886)	\$ (4,895)	\$ 8,455	\$ 10,414
Plus: Stock-based compensation expense	16,834	20,716	24,764	28,861	34,515	43,995	56,366	66,884
Plus: Amortization of acquired intangibles	147	274	275	355	1,071	1,540	1,426	1,616
Less: Non-cash benefit related to tax adjustment	(5,561)	—	—	—	—	—	—	—
Plus: Employer payroll taxes on employee stock transactions	3,264	2,086	2,021	3,169	5,167	3,380	4,369	4,765
<b>Non-GAAP operating income</b>	<u>\$ 15,338</u>	<u>\$ 13,809</u>	<u>\$ 18,122</u>	<u>\$ 19,555</u>	<u>\$ 30,867</u>	<u>\$ 44,020</u>	<u>\$ 70,616</u>	<u>\$ 83,679</u>
<b>GAAP operating margin</b>	0 %	(6)%	(5)%	(6)%	(4)%	(2)%	3 %	3 %
<b>Non-GAAP operating margin</b>	11 %	9 %	10 %	10 %	13 %	16 %	22 %	23 %

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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Reconciliation of net income (loss)</b>								
<b>GAAP net income (loss)</b>	\$ 284	\$ (15,150)	\$ (16,160)	\$ (13,068)	\$ (9,362)	\$ (5,484)	\$ 7,169	\$ 9,738
Plus: Stock-based compensation expense	16,834	20,716	24,764	28,861	34,515	43,995	56,366	66,884
Plus: Amortization of acquired intangibles	147	274	275	355	1,071	1,540	1,426	1,616
Less: Non-cash benefit related to tax adjustment	(5,561)	—	—	—	—	—	—	—
Plus: Employer payroll taxes on employee stock transactions	3,264	2,086	2,021	3,169	5,167	3,380	4,369	4,765
Plus: Amortization of issuance costs	2,484	8,062	8,181	835	837	838	839	840
<b>Non-GAAP net income</b>	<b>\$ 17,452</b>	<b>\$ 15,988</b>	<b>\$ 19,081</b>	<b>\$ 20,152</b>	<b>\$ 32,228</b>	<b>\$ 44,269</b>	<b>\$ 70,169</b>	<b>\$ 83,843</b>
Non-GAAP net income per share - basic	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.14	\$ 0.23	\$ 0.27
Non-GAAP net income per share - diluted	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.09	\$ 0.13	\$ 0.20	\$ 0.24
<b>Shares used in non-GAAP net income per share calculations:</b>								
Basic	299,267	302,554	304,057	306,034	308,019	310,247	311,817	313,456
Diluted	330,847	333,011	334,459	342,329	342,307	344,453	345,877	345,668

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

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>
Net cash provided by operating activities	\$ 24,738	\$ 36,270	\$ 23,828	\$ 51,650	\$ 51,723	\$ 67,379	\$115,793	\$147,388
Less: Purchases of property and equipment	(1,398)	(1,412)	(1,079)	(998)	(3,229)	(3,324)	(2,405)	(9,514)
Less: Capitalized software development costs	(4,737)	(6,217)	(6,097)	(6,183)	(6,209)	(6,972)	(6,705)	(7,973)
Free cash flow	<u>\$ 18,603</u>	<u>\$ 28,641</u>	<u>\$ 16,652</u>	<u>\$ 44,469</u>	<u>\$ 42,285</u>	<u>\$ 57,083</u>	<u>\$106,683</u>	<u>\$129,901</u>

**Datadog, Inc.**  
**Other Selected Key Metrics**  
(In thousands; unaudited)

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>
Net dollar-based retention rate	> 130%	> 130%	> 130%	> 130%	> 130%	> 130%	> 130%	> 130%
Total customers	12,100	13,100	14,170	15,200	16,400	17,500	18,800	19,800
Customers with equal or greater than \$1 million ARR			101				216	
Customers with equal or greater than \$100,000 ARR	984	1,082	1,228	1,406	1,570	1,800	2,010	2,250
Percentage of ARR comprised by \$100k+ customers	76 %	77 %	78 %	79 %	80 %	82 %	83 %	85 %
Percentage of customers using 2+ products	68 %	71 %	72 %	75 %	75 %	77 %	78 %	81 %
Percentage of customers using 4+ products	15 %	20 %	22 %	25 %	28 %	31 %	33 %	35 %
Percentage of customers using 6+ products			3 %	4 %			10 %	12 %

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