



**Supplemental Financial Information
For the Period Ended September 30, 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.

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-GAAP Financial Measures

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)

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|-------------|-------------|------------|------------|------------|------------|------------|-------------|
| Revenue | \$ 177,531 | \$ 198,549 | \$ 233,549 | \$ 270,488 | \$ 326,198 | \$ 363,030 | \$ 406,138 | \$ 436,533 |
| Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾ | 40,856 | 46,666 | 57,098 | 63,332 | 67,149 | 74,462 | 81,925 | 93,599 |
| Gross profit | 136,675 | 151,883 | 176,451 | 207,156 | 259,049 | 288,568 | 324,213 | 342,934 |
| Operating expenses: | | | | | | | | |
| Research and development ⁽¹⁾⁽³⁾ | 67,698 | 79,266 | 94,779 | 112,675 | 133,049 | 150,608 | 177,699 | 205,388 |
| Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾ | 60,034 | 64,353 | 70,412 | 75,827 | 88,905 | 101,166 | 115,270 | 129,493 |
| General and administrative ⁽¹⁾⁽³⁾ | 17,881 | 21,094 | 21,146 | 23,549 | 28,640 | 26,380 | 34,383 | 39,395 |
| Total operating expenses | 145,613 | 164,713 | 186,337 | 212,051 | 250,594 | 278,154 | 327,352 | 374,276 |
| Operating (loss) income | (8,938) | (12,830) | (9,886) | (4,895) | 8,455 | 10,414 | (3,139) | (31,342) |
| Other (loss) income: | | | | | | | | |
| Interest expense ⁽⁴⁾ | (13,010) | (5,472) | (5,064) | (4,912) | (5,604) | (5,247) | (4,541) | (3,728) |
| Interest income and other income, net | 6,781 | 5,773 | 5,292 | 5,040 | 5,681 | 5,687 | 7,669 | 12,011 |
| Other (loss) income, net | (6,229) | 301 | 228 | 128 | 77 | 440 | 3,128 | 8,283 |
| (Loss) income before (provision for) benefit from income taxes | (15,167) | (12,529) | (9,658) | (4,767) | 8,532 | 10,854 | (11) | (23,059) |
| (Provision for) benefit from income taxes | (993) | (539) | 296 | (717) | (1,363) | (1,116) | (4,868) | (2,926) |
| Net (loss) income | \$ (16,160) | \$ (13,068) | \$ (9,362) | \$ (5,484) | \$ 7,169 | \$ 9,738 | \$ (4,879) | \$ (25,985) |
| Net (loss) income per share - basic | \$ (0.05) | \$ (0.04) | \$ (0.03) | \$ (0.02) | \$ 0.02 | \$ 0.03 | \$ (0.02) | \$ (0.08) |
| Net (loss) income per share - diluted | \$ (0.05) | \$ (0.04) | \$ (0.03) | \$ (0.02) | \$ 0.02 | \$ 0.03 | \$ (0.02) | \$ (0.08) |
| Weighted average shares used in calculating net (loss) income per share: | | | | | | | | |
| Basic | 304,057 | 306,034 | 308,019 | 310,247 | 311,817 | 313,456 | 314,795 | 315,990 |
| Diluted | 304,057 | 306,034 | 308,019 | 310,247 | 345,877 | 345,668 | 314,795 | 315,990 |

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

| | | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Cost of revenue | \$ 627 | \$ 701 | \$ 829 | \$ 1,427 | \$ 1,608 | \$ 1,653 | \$ 2,355 | \$ 3,165 |
| Research and development | 13,285 | 16,069 | 21,639 | 27,239 | 36,995 | 44,696 | 53,309 | 65,321 |
| Sales and marketing | 6,784 | 7,010 | 6,606 | 9,739 | 11,680 | 14,595 | 17,590 | 21,145 |
| General and administrative | 4,068 | 5,081 | 5,441 | 5,590 | 6,083 | 5,940 | 9,145 | 11,731 |
| Total | \$ 24,764 | \$ 28,861 | \$ 34,515 | \$ 43,995 | \$ 56,366 | \$ 66,884 | \$ 82,399 | \$ 101,362 |

(2) Includes amortization of acquired intangibles as follows:

| | | | | | | | | |
|---------------------|--------|--------|----------|----------|----------|----------|----------|----------|
| Cost of revenue | \$ 275 | \$ 355 | \$ 908 | \$ 1,311 | \$ 1,218 | \$ 1,413 | \$ 1,482 | \$ 1,900 |
| Sales and marketing | — | — | 163 | 229 | 208 | 203 | 206 | 208 |
| Total | \$ 275 | \$ 355 | \$ 1,071 | \$ 1,540 | \$ 1,426 | \$ 1,616 | \$ 1,688 | \$ 2,108 |

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

| | | | | | | | | |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Cost of revenue | \$ 33 | \$ 95 | \$ 96 | \$ 62 | \$ 92 | \$ 102 | \$ 70 | \$ 47 |
| Research and development | 959 | 1,771 | 2,101 | 1,523 | 2,748 | 3,297 | 2,829 | 1,799 |
| Sales and marketing | 742 | 1,179 | 2,776 | 1,275 | 1,119 | 1,109 | 605 | 620 |
| General and administrative | 287 | 124 | 194 | 520 | 410 | 257 | 217 | 245 |
| Total | \$ 2,021 | \$ 3,169 | \$ 5,167 | \$ 3,380 | \$ 4,369 | \$ 4,765 | \$ 3,721 | \$ 2,711 |

(4) Includes amortization of issuance costs as follows:

| | | | | | | | | |
|------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| Interest expense | \$ 8,181 | \$ 835 | \$ 837 | \$ 838 | \$ 839 | \$ 840 | \$ 842 | \$ 843 |
| Total | \$ 8,181 | \$ 835 | \$ 837 | \$ 838 | \$ 839 | \$ 840 | \$ 842 | \$ 843 |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 177,531 | 198,549 | 233,549 | 270,488 | 326,198 | 363,030 | 406,138 | 436,533 |
| Cost of revenue | 39,921 | 45,515 | 55,265 | 60,532 | 64,231 | 71,294 | 78,018 | 88,487 |
| Gross profit | 137,610 | 153,034 | 178,284 | 209,956 | 261,967 | 291,736 | 328,120 | 348,046 |
| Operating expenses: | | | | | | | | |
| Research and development | 53,454 | 61,426 | 71,039 | 83,913 | 93,306 | 102,615 | 121,561 | 138,268 |
| Sales and marketing | 52,508 | 56,164 | 60,867 | 64,584 | 75,898 | 85,259 | 96,869 | 107,520 |
| General and administrative | 13,526 | 15,889 | 15,511 | 17,439 | 22,147 | 20,183 | 25,021 | 27,419 |
| Total operating expenses | 119,488 | 133,479 | 147,417 | 165,936 | 191,351 | 208,057 | 243,451 | 273,207 |
| Operating income | 18,122 | 19,555 | 30,867 | 44,020 | 70,616 | 83,679 | 84,669 | 74,839 |
| Other income (loss): | | | | | | | | |
| Interest expense | (4,829) | (4,637) | (4,227) | (4,074) | (4,765) | (4,407) | (3,699) | (2,885) |
| Interest income and other income, net | 6,781 | 5,773 | 5,292 | 5,040 | 5,681 | 5,687 | 7,669 | 12,011 |
| Other income, net | 1,952 | 1,136 | 1,065 | 966 | 916 | 1,280 | 3,970 | 9,126 |
| Income before (provision for) benefit from income taxes | 20,074 | 20,691 | 31,932 | 44,986 | 71,532 | 84,959 | 88,639 | 83,965 |
| (Provision for) benefit from income taxes | (993) | (539) | 296 | (717) | (1,363) | (1,116) | (4,868) | (2,926) |
| Non-GAAP net income | \$ 19,081 | \$ 20,152 | \$ 32,228 | \$ 44,269 | \$ 70,169 | \$ 83,843 | \$ 83,771 | \$ 81,039 |
| Non-GAAP net income per share - basic | \$ 0.06 | \$ 0.07 | \$ 0.10 | \$ 0.14 | \$ 0.23 | \$ 0.27 | \$ 0.27 | \$ 0.26 |
| Non-GAAP net income per share - diluted | \$ 0.06 | \$ 0.06 | \$ 0.09 | \$ 0.13 | \$ 0.20 | \$ 0.24 | \$ 0.24 | \$ 0.23 |
| Weighted average shares used in calculating non-GAAP net income per share: | | | | | | | | |
| Basic | 304,057 | 306,034 | 308,019 | 310,247 | 311,817 | 313,456 | 314,795 | 315,990 |
| Diluted | 334,459 | 342,329 | 342,307 | 344,453 | 345,877 | 345,668 | 344,854 | 345,100 |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| Cash and cash equivalents | \$ 224,927 | \$ 369,706 | \$ 247,442 | \$ 286,966 | \$ 270,973 | \$ 271,686 | \$ 238,859 | \$ 294,815 |
| Marketable securities | 1,292,532 | 1,178,190 | 1,162,717 | 1,180,160 | 1,283,473 | 1,399,323 | 1,464,681 | 1,471,448 |
| Accounts receivable, net | 163,359 | 154,111 | 188,326 | 224,602 | 268,824 | 275,342 | 305,501 | 348,830 |
| Deferred contract costs, current | 13,638 | 15,446 | 17,612 | 19,933 | 23,235 | 24,688 | 27,345 | 29,873 |
| Prepaid expenses and other current assets | 23,624 | 29,404 | 26,289 | 24,675 | 24,443 | 32,632 | 33,202 | 31,603 |
| Total current assets | 1,718,080 | 1,746,857 | 1,642,386 | 1,736,336 | 1,870,948 | 2,003,671 | 2,069,588 | 2,176,569 |
| Property and equipment, net | 47,197 | 52,805 | 60,511 | 68,820 | 75,152 | 90,713 | 97,791 | 110,889 |
| Operating lease assets | 57,829 | 53,117 | 49,233 | 61,972 | 61,355 | 61,921 | 64,016 | 88,930 |
| Goodwill | 17,609 | 48,479 | 258,682 | 255,735 | 292,176 | 292,032 | 334,687 | 332,649 |
| Intangible assets, net | 2,069 | 3,414 | 11,743 | 12,803 | 15,704 | 14,088 | 17,960 | 15,616 |
| Deferred contract costs, non-current | 26,750 | 27,874 | 31,624 | 35,508 | 42,062 | 42,753 | 46,840 | 50,154 |
| Restricted cash | 3,784 | 3,613 | 3,662 | 3,572 | 3,490 | 3,424 | 3,214 | 3,019 |
| Other assets | 16,967 | 15,915 | 18,892 | 19,427 | 19,907 | 20,413 | 20,391 | 19,777 |
| TOTAL ASSETS | <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> | <u>\$ 2,654,487</u> | <u>\$ 2,797,603</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | |
| Accounts payable | \$ 21,342 | \$ 12,065 | \$ 29,257 | \$ 34,654 | \$ 25,270 | \$ 18,629 | \$ 47,650 | \$ 27,625 |
| Accrued expenses and other current liabilities | 55,351 | 68,476 | 70,524 | 85,173 | 111,284 | 108,211 | 111,622 | 146,290 |
| Operating lease liabilities, current | 16,326 | 16,626 | 16,626 | 19,425 | 20,157 | 20,320 | 22,357 | 21,751 |
| Deferred revenue, current | 204,825 | 223,647 | 264,650 | 300,950 | 371,985 | 454,812 | 444,247 | 478,742 |
| Total current liabilities | 297,844 | 320,814 | 381,057 | 440,202 | 528,696 | 601,972 | 625,876 | 674,408 |
| Operating lease liabilities, non-current | 51,433 | 46,620 | 42,448 | 53,189 | 52,106 | 51,817 | 51,771 | 76,934 |
| Convertible senior notes, net | 575,864 | 732,968 | 733,805 | 734,643 | 735,482 | 736,318 | 737,160 | 738,003 |
| Deferred revenue, non-current | 3,450 | 5,628 | 1,277 | 3,266 | 13,896 | 12,798 | 14,526 | 9,455 |
| Other liabilities | 4,262 | 4,714 | 5,267 | 5,461 | 9,411 | 9,253 | 10,034 | 9,364 |
| Total liabilities | 932,853 | 1,110,744 | 1,163,854 | 1,236,761 | 1,339,591 | 1,412,158 | 1,439,367 | 1,508,164 |
| STOCKHOLDERS' EQUITY | | | | | | | | |
| Common stock | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Additional paid-in capital | 1,103,305 | 985,004 | 1,065,835 | 1,116,872 | 1,197,136 | 1,271,777 | 1,380,873 | 1,487,992 |
| Accumulated other comprehensive income (loss) | 2,287 | 752 | 832 | (188) | (3,830) | (12,555) | (18,509) | (25,324) |
| Accumulated deficit | (148,163) | (144,429) | (153,791) | (159,275) | (152,106) | (142,368) | (147,247) | (173,232) |
| Total stockholders' equity | 957,432 | 841,330 | 912,879 | 957,412 | 1,041,203 | 1,116,857 | 1,215,120 | 1,289,439 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <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> | <u>\$ 2,654,487</u> | <u>\$ 2,797,603</u> |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|-------------|-------------|------------|------------|-----------|-----------|------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | |
| Net (loss) income | \$ (16,160) | \$ (13,068) | \$ (9,362) | \$ (5,484) | \$ 7,169 | \$ 9,738 | \$ (4,879) | \$ (25,985) |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | | | | | | |
| Depreciation and amortization | 4,083 | 4,402 | 5,463 | 6,197 | 6,876 | 7,394 | 8,118 | 9,313 |
| Amortization of discounts or premiums on marketable securities | 4,409 | 4,259 | 3,854 | 3,716 | 4,407 | 3,959 | 2,738 | 520 |
| Amortization of issuance costs | 8,181 | 835 | 837 | 838 | 839 | 840 | 842 | 843 |
| Amortization of deferred contract costs | 3,099 | 3,779 | 4,074 | 4,704 | 5,309 | 6,022 | 6,558 | 7,361 |
| Stock-based compensation, net of amounts capitalized | 24,764 | 28,861 | 34,515 | 43,995 | 56,366 | 66,884 | 82,399 | 101,362 |
| Non-cash lease expense | 4,056 | 4,012 | 4,049 | 4,544 | 4,596 | 4,411 | 5,275 | 5,550 |
| Allowance for credit losses on accounts receivable | 627 | 25 | 502 | 699 | 1,085 | 798 | 1,133 | 1,998 |
| Loss on disposal of property and equipment | 6 | 3 | 153 | 102 | 16 | 823 | 326 | 3 |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts receivable, net | (42,995) | 9,223 | (34,131) | (36,972) | (45,232) | (7,319) | (30,781) | (45,638) |
| Deferred contract costs | (9,276) | (6,711) | (9,990) | (10,909) | (15,165) | (8,166) | (13,303) | (13,202) |
| Prepaid expenses and other current assets | 2,418 | (5,998) | 3,461 | 1,596 | 204 | (8,391) | (4,238) | 1,349 |
| Other assets | 1,573 | 572 | (1,504) | (912) | (783) | (805) | (947) | (168) |
| Accounts payable | 133 | (9,226) | 16,598 | 5,060 | (9,354) | (7,624) | 30,803 | (20,696) |
| Accrued expenses and other liabilities | (2,914) | 9,682 | (2,374) | 11,918 | 18,044 | (2,911) | (1,399) | 31,660 |
| Deferred revenue | 41,824 | 21,000 | 35,578 | 38,287 | 81,416 | 81,735 | (9,685) | 29,348 |
| Net cash provided by operating activities | 23,828 | 51,650 | 51,723 | 67,379 | 115,793 | 147,388 | 72,960 | 83,618 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | |
| Purchases of marketable securities | (317,499) | (150,331) | (340,652) | (406,429) | (228,107) | (329,706) | (389,079) | (348,947) |
| Maturities of marketable securities | 238,054 | 253,234 | 316,972 | 365,486 | 110,868 | 199,703 | 317,051 | 340,439 |
| Proceeds from sale of marketable securities | 77,930 | 6,497 | 35,218 | 19,417 | 6,617 | 2,007 | (1) | 84 |
| Purchases of property and equipment | (1,079) | (998) | (3,229) | (3,324) | (2,405) | (9,514) | (5,987) | (9,706) |
| Capitalized software development costs | (6,097) | (6,183) | (6,209) | (6,972) | (6,705) | (7,973) | (6,807) | (6,812) |
| Cash paid for acquisition of businesses, net of cash acquired | — | (11,509) | (188,839) | 146 | (26,303) | (4,871) | (34,695) | (736) |
| Net cash (used in) provided by investing activities | (8,691) | 90,710 | (186,739) | (31,676) | (146,035) | (150,354) | (119,518) | (25,678) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | |
| Proceeds from exercise of stock options | 3,631 | 3,275 | 2,887 | 4,489 | 4,256 | 4,245 | 2,206 | 1,816 |
| Proceeds for issuance of common stock under the employee stock purchase plan | 7,490 | — | 9,794 | — | 10,484 | — | 13,557 | — |
| Employee payroll taxes paid related to net share settlement under the employee stock purchase plan | (63) | (245) | — | — | — | — | — | — |
| Repayments of convertible senior notes | — | — | — | — | — | (3) | — | — |
| Net cash provided by financing activities | 11,058 | 3,030 | 12,681 | 4,489 | 14,740 | 4,242 | 15,763 | 1,816 |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 386 | (782) | 120 | (758) | (573) | (629) | (2,242) | (3,995) |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 26,581 | 144,608 | (122,215) | 39,434 | (16,075) | 647 | (33,037) | 55,761 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period | 202,130 | 228,711 | 373,319 | 251,104 | 290,538 | 274,463 | 275,110 | 242,073 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period | <u>\$ 228,711</u> | <u>\$ 373,319</u> | <u>\$ 251,104</u> | <u>\$ 290,538</u> | <u>\$ 274,463</u> | <u>\$ 275,110</u> | <u>\$ 242,073</u> | <u>\$ 297,834</u> |
| 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 | \$ 224,927 | \$ 369,706 | \$ 247,442 | \$ 286,966 | \$ 270,973 | \$ 271,686 | \$ 238,859 | \$ 294,815 |
| Restricted cash | 3,784 | 3,613 | 3,662 | 3,572 | 3,490 | 3,424 | 3,214 | 3,019 |
| Total cash, cash equivalents and restricted cash | <u>\$ 228,711</u> | <u>\$ 373,319</u> | <u>\$ 251,104</u> | <u>\$ 290,538</u> | <u>\$ 274,463</u> | <u>\$ 275,110</u> | <u>\$ 242,073</u> | <u>\$ 297,834</u> |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Reconciliation of gross profit and gross margin | | | | | | | | |
| GAAP gross profit | \$ 136,675 | \$ 151,883 | \$ 176,451 | \$ 207,156 | \$ 259,049 | \$ 288,568 | \$ 324,213 | \$ 342,934 |
| Plus: Stock-based compensation expense | 627 | 701 | 829 | 1,427 | 1,608 | 1,653 | 2,355 | 3,165 |
| Plus: Amortization of acquired intangibles | 275 | 355 | 908 | 1,311 | 1,218 | 1,413 | 1,482 | 1,900 |
| Plus: Employer payroll taxes on employee stock transactions | 33 | 95 | 96 | 62 | 92 | 102 | 70 | 47 |
| Non-GAAP gross profit | <u>\$ 137,610</u> | <u>\$ 153,034</u> | <u>\$ 178,284</u> | <u>\$ 209,956</u> | <u>\$ 261,967</u> | <u>\$ 291,736</u> | <u>\$ 328,120</u> | <u>\$ 348,046</u> |
| GAAP gross margin | 77 % | 76 % | 76 % | 77 % | 79 % | 79 % | 80 % | 79 % |
| Non-GAAP gross margin | 78 % | 77 % | 76 % | 78 % | 80 % | 80 % | 81 % | 80 % |
| Reconciliation of operating expenses | | | | | | | | |
| GAAP research and development | \$ 67,698 | \$ 79,266 | \$ 94,779 | \$ 112,675 | \$ 133,049 | \$ 150,608 | \$ 177,699 | \$ 205,388 |
| Less: Stock-based compensation expense | (13,285) | (16,069) | (21,639) | (27,239) | (36,995) | (44,696) | (53,309) | (65,321) |
| Less: Employer payroll taxes on employee stock transactions | (959) | (1,771) | (2,101) | (1,523) | (2,748) | (3,297) | (2,829) | (1,799) |
| Non-GAAP research and development | <u>\$ 53,454</u> | <u>\$ 61,426</u> | <u>\$ 71,039</u> | <u>\$ 83,913</u> | <u>\$ 93,306</u> | <u>\$ 102,615</u> | <u>\$ 121,561</u> | <u>\$ 138,268</u> |
| GAAP sales and marketing | \$ 60,034 | \$ 64,353 | \$ 70,412 | \$ 75,827 | \$ 88,905 | \$ 101,166 | \$ 115,270 | \$ 129,493 |
| Less: Stock-based compensation expense | (6,784) | (7,010) | (6,606) | (9,739) | (11,680) | (14,595) | (17,590) | (21,145) |
| Less: Amortization of acquired intangibles | — | — | (163) | (229) | (208) | (203) | (206) | (208) |
| Less: Employer payroll taxes on employee stock transactions | (742) | (1,179) | (2,776) | (1,275) | (1,119) | (1,109) | (605) | (620) |
| Non-GAAP sales and marketing | <u>\$ 52,508</u> | <u>\$ 56,164</u> | <u>\$ 60,867</u> | <u>\$ 64,584</u> | <u>\$ 75,898</u> | <u>\$ 85,259</u> | <u>\$ 96,869</u> | <u>\$ 107,520</u> |
| GAAP general and administrative | \$ 17,881 | \$ 21,094 | \$ 21,146 | \$ 23,549 | \$ 28,640 | \$ 26,380 | \$ 34,383 | \$ 39,395 |
| Less: Stock-based compensation expense | (4,068) | (5,081) | (5,441) | (5,590) | (6,083) | (5,940) | (9,145) | (11,731) |
| Less: Employer payroll taxes on employee stock transactions | (287) | (124) | (194) | (520) | (410) | (257) | (217) | (245) |
| Non-GAAP general and administrative | <u>\$ 13,526</u> | <u>\$ 15,889</u> | <u>\$ 15,511</u> | <u>\$ 17,439</u> | <u>\$ 22,147</u> | <u>\$ 20,183</u> | <u>\$ 25,021</u> | <u>\$ 27,419</u> |
| Reconciliation of operating (loss) income and operating margin | | | | | | | | |
| GAAP operating (loss) income | \$ (8,938) | \$ (12,830) | \$ (9,886) | \$ (4,895) | \$ 8,455 | \$ 10,414 | \$ (3,139) | \$ (31,342) |
| Plus: Stock-based compensation expense | 24,764 | 28,861 | 34,515 | 43,995 | 56,366 | 66,884 | 82,399 | 101,362 |
| Plus: Amortization of acquired intangibles | 275 | 355 | 1,071 | 1,540 | 1,426 | 1,616 | 1,688 | 2,108 |
| Plus: Employer payroll taxes on employee stock transactions | 2,021 | 3,169 | 5,167 | 3,380 | 4,369 | 4,765 | 3,721 | 2,711 |
| Non-GAAP operating income | <u>\$ 18,122</u> | <u>\$ 19,555</u> | <u>\$ 30,867</u> | <u>\$ 44,020</u> | <u>\$ 70,616</u> | <u>\$ 83,679</u> | <u>\$ 84,669</u> | <u>\$ 74,839</u> |
| GAAP operating margin | (5)% | (6)% | (4)% | (2)% | 3 % | 3 % | (1)% | (7)% |
| Non-GAAP operating margin | 10 % | 10 % | 13 % | 16 % | 22 % | 23 % | 21 % | 17 % |
| Reconciliation of net (loss) income | | | | | | | | |
| GAAP net (loss) income | \$ (16,160) | \$ (13,068) | \$ (9,362) | \$ (5,484) | \$ 7,169 | \$ 9,738 | \$ (4,879) | \$ (25,985) |
| Plus: Stock-based compensation expense | 24,764 | 28,861 | 34,515 | 43,995 | 56,366 | 66,884 | 82,399 | 101,362 |
| Plus: Amortization of acquired intangibles | 275 | 355 | 1,071 | 1,540 | 1,426 | 1,616 | 1,688 | 2,108 |

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

| | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Plus: Employer payroll taxes on employee stock transactions | 2,021 | 3,169 | 5,167 | 3,380 | 4,369 | 4,765 | 3,721 | 2,711 |
| Plus: Amortization of issuance costs | 8,181 | 835 | 837 | 838 | 839 | 840 | 842 | 843 |
| Non-GAAP net income | \$ 19,081 | \$ 20,152 | \$ 32,228 | \$ 44,269 | \$ 70,169 | \$ 83,843 | \$ 83,771 | \$ 81,039 |
| Non-GAAP net income per share - basic | \$ 0.06 | \$ 0.07 | \$ 0.10 | \$ 0.14 | \$ 0.23 | \$ 0.27 | \$ 0.27 | \$ 0.26 |
| Non-GAAP net income per share - diluted | \$ 0.06 | \$ 0.06 | \$ 0.09 | \$ 0.13 | \$ 0.20 | \$ 0.24 | \$ 0.24 | \$ 0.23 |
| Shares used in non-GAAP net income per share calculations: | | | | | | | | |
| Basic | 304,057 | 306,034 | 308,019 | 310,247 | 311,817 | 313,456 | 314,795 | 315,990 |
| Diluted | 334,459 | 342,329 | 342,307 | 344,453 | 345,877 | 345,668 | 344,854 | 345,100 |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net cash provided by operating activities | \$23,828 | \$51,650 | \$51,723 | \$67,379 | \$115,793 | \$147,388 | \$72,960 | \$ 83,618 |
| Less: Purchases of property and equipment | (1,079) | (998) | (3,229) | (3,324) | (2,405) | (9,514) | (5,987) | (9,706) |
| Less: Capitalized software development costs | (6,097) | (6,183) | (6,209) | (6,972) | (6,705) | (7,973) | (6,807) | (6,812) |
| Free cash flow | <u>16,652</u> | <u>44,469</u> | <u>42,285</u> | <u>57,083</u> | <u>106,683</u> | <u>129,901</u> | <u>60,166</u> | <u>67,100</u> |
| Free cash flow margin | 9 % | 22 % | 18 % | 21 % | 33 % | 36 % | 15 % | 15 % |

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

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net dollar-based retention rate | > 130% | > 130% | > 130% | > 130% | > 130% | > 130% | > 130% | > 130% |
| Total customers | 14,200 | 15,200 | 16,400 | 17,500 | 18,800 | 19,800 | 21,200 | 22,200 |
| Customers with equal or greater than \$1 million ARR | 101 | | | | 216 | | | |
| Customers with equal or greater than \$100,000 ARR | 1,228 | 1,406 | 1,570 | 1,800 | 2,010 | 2,250 | 2,420 | 2,600 |
| Percentage of ARR comprised by \$100k+ customers | 78 % | 79 % | 80 % | 82 % | 83 % | 85 % | 85 % | 85 % |
| Percentage of customers using 2+ products | 72 % | 75 % | 75 % | 77 % | 78 % | 81 % | 79 % | 80 % |
| Percentage of customers using 4+ products | 22 % | 25 % | 28 % | 31 % | 33 % | 35 % | 37 % | 40 % |
| Percentage of customers using 6+ products | 3 % | 4 % | 6 % | 8 % | 10 % | 12 % | 14 % | 16 % |

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