



Datadog Announces Proposed Private Offering of \$550 Million of Convertible Senior Notes

May 28, 2020 at 7:41 AM EDT

NEW YORK, May 28, 2020 (GLOBE NEWSWIRE) -- Datadog, Inc. (Nasdaq: DDOG), the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age, today announced that it intends to offer, subject to market conditions and other factors, \$550 million aggregate principal amount of convertible senior notes due 2025 (the "notes") in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). Datadog also intends to grant the initial purchasers of the notes an option to purchase up to an additional \$82.5 million aggregate principal amount of notes.

The notes will be senior unsecured obligations of Datadog and will accrue interest payable semiannually in arrears. The notes will be convertible under certain circumstances into cash, shares of Datadog's Class A common stock or a combination of cash and shares of Datadog's Class A common stock, at Datadog's election. The interest rate, initial conversion rate, repurchase or redemption rights and other terms of the notes will be determined at the time of pricing of the offering.

Datadog intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below, and the remainder for working capital and other general corporate purposes, which may include potential acquisitions and strategic transactions.

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

If, however, the market price per share of Datadog's Class A common stock, as measured under the terms of the capped call transactions, exceeds the relevant cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds such cap price. In addition, to the extent any observation period for any converted notes does not correspond to the period during which the market price of Datadog's Class A common stock is measured under the terms of the related capped call transactions, there could also be dilution and/or a reduced offset of any such cash payments as a result of the different measurement periods. If the initial purchasers exercise their option to purchase additional notes, Datadog expects to enter into additional capped call transactions with the option counterparties.

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

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Datadog's Class A common stock and/or purchasing or selling Datadog's Class A common stock or other securities of Datadog in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so on each exercise date for the capped call transactions or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the notes). This activity could also cause or avoid an increase or a decrease in the market price of Datadog's Class A common stock or the notes, and to the extent the activity occurs during any observation period related to a conversion of notes, this could affect the number of shares and value of the consideration that a noteholder will receive upon conversion of its notes.

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

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

About Datadog

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

Forward-Looking Statements

This press release contains "forward-looking" statements, as that term is defined under the federal securities laws, including statements concerning the proposed terms of the notes and capped call transactions, the completion, timing and size of the proposed offering of the notes and capped call transactions, and the anticipated use of proceeds from the offering. 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. These risks include, but are not limited to market risks, trends and conditions. These and other risks are more fully described in Datadog's filings with the Securities and Exchange Commission ("SEC"), including in the section entitled "Risk Factors" in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 and other filings and reports that Datadog may file from time to time with the SEC. Forward-looking statements represent Datadog's beliefs and assumptions only as of the date of this press release. Datadog disclaims any obligation to update forward-looking statements.

Datadog is a registered trademark of Datadog, Inc.

All product and company names herein may be trademarks of their registered owners.

Contact Information:

AJ Ljubich, CFA
Datadog Investor Relations
(866) 329-4466
IR@datadog.com

Martin Bergman
Datadog Communications
(866) 329-4466
Press@datadog.com

Source: Datadog, Inc.