



**Supplemental Financial Information
For the Period Ended June 30, 2025
(Unaudited)**

Non-GAAP Financial Measures

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

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

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release.

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

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

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

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

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

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

Non-GAAP Financial Measures

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

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

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

Operating Metrics

Datadog's number of customers with ARR of \$100,000 or more 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. ARR and MRR should be viewed independently of revenue, and do not represent our revenue under GAAP on a monthly or annualized basis, as they are operating metrics that can be impacted by contract start and end dates and renewal rates. ARR and MRR are not intended to be replacements or forecasts of revenue.

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

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenue	\$ 547,536	\$ 589,649	\$ 611,253	\$ 645,279	\$ 690,016	\$ 737,727	\$ 761,553	\$ 826,760
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	103,319	104,829	110,098	123,499	137,756	144,178	157,628	165,978
Gross profit	444,217	484,820	501,155	521,780	552,260	593,549	603,925	660,782
Operating expenses:								
Research and development ⁽¹⁾⁽³⁾	240,225	253,250	269,988	274,599	291,802	316,314	341,061	387,482
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾	156,870	159,980	173,881	187,005	187,772	207,947	214,291	239,026
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	51,352	43,848	45,290	47,558	52,408	59,896	60,993	69,774
Total operating expenses	448,447	457,078	489,159	509,162	531,982	584,157	616,345	696,282
Operating (loss) income	(4,230)	27,742	11,996	12,618	20,278	9,392	(12,420)	(35,500)
Other income (loss):								
Interest expense ⁽⁵⁾	(1,303)	(1,292)	(1,374)	(1,477)	(1,574)	(2,643)	(2,963)	(3,075)
Interest income and other income, net	29,833	30,817	35,563	36,652	37,432	47,077	47,179	44,663
Other income, net	28,530	29,525	34,189	35,175	35,858	44,434	44,216	41,588
Income before provision for income taxes	24,300	57,267	46,185	47,793	56,136	53,826	31,796	6,088
Provision for income taxes	1,670	3,274	3,554	3,969	4,439	8,232	7,154	3,441
Net income	\$ 22,630	\$ 53,993	\$ 42,631	\$ 43,824	\$ 51,697	\$ 45,594	\$ 24,642	\$ 2,647
Net income per share - basic	\$ 0.07	\$ 0.16	\$ 0.13	\$ 0.13	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.01
Net income per share - diluted	\$ 0.06	\$ 0.15	\$ 0.12	\$ 0.12	\$ 0.14	\$ 0.13	\$ 0.07	\$ 0.01
Weighted average shares used in calculating net income per share:								
Basic	325,557	328,895	331,806	334,941	337,562	340,320	343,097	346,185
Diluted	351,309	352,907	355,979	356,740	357,635	360,940	363,078	358,725

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

Cost of revenue	\$ 4,570	\$ 5,126	\$ 5,527	\$ 6,393	\$ 6,249	\$ 8,052	\$ 6,651	\$ 6,783
Research and development	79,174	83,489	88,413	87,105	90,507	97,276	105,735	112,445
Sales and marketing	26,159	26,880	28,531	29,201	30,749	33,598	34,125	37,442
General and administrative	13,211	12,626	12,562	11,953	14,685	19,535	17,754	23,792
Total	\$ 123,114	\$ 128,121	\$ 135,033	\$ 134,652	\$ 142,190	\$ 158,461	\$ 164,265	\$ 180,462

(2) Includes amortization of acquired intangibles as follows:

Cost of revenue	\$ 1,974	\$ 1,987	\$ 2,027	\$ 1,281	\$ 1,230	\$ 1,104	\$ 894	\$ 1,518
Sales and marketing	208	208	205	205	208	207	203	188
Total	\$ 2,182	\$ 2,195	\$ 2,232	\$ 1,486	\$ 1,438	\$ 1,311	\$ 1,097	\$ 1,706

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

Cost of revenue	\$ 107	\$ 88	\$ 192	\$ 68	\$ 118	\$ 68	\$ 186	\$ 165
Research and development	5,260	6,236	10,819	6,589	6,316	7,410	9,582	11,819
Sales and marketing	2,980	909	2,153	608	1,060	873	1,570	1,359
General and administrative	1,342	1,361	2,057	1,521	1,621	1,653	2,225	2,724
Total	\$ 9,689	\$ 8,594	\$ 15,221	\$ 8,786	\$ 9,115	\$ 10,004	\$ 13,563	\$ 16,067

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

General and administrative	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,373
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,373

M&A transaction costs prior to April 1, 2025 are not shown in the table above, as such costs were not material to our results of operations in such prior periods.

(5) Includes amortization of issuance costs as follows:

Interest expense	\$ 848	\$ 849	\$ 850	\$ 910	\$ 912	\$ 1,089	\$ 1,819	\$ 1,691
Total	\$ 848	\$ 849	\$ 850	\$ 910	\$ 912	\$ 1,089	\$ 1,819	\$ 1,691

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenue	\$ 547,536	\$ 589,649	\$ 611,253	\$ 645,279	\$ 690,016	\$ 737,727	\$ 761,553	\$ 826,760
Cost of revenue	96,668	97,628	102,352	115,757	130,159	134,954	149,897	157,512
Gross profit	450,868	492,021	508,901	529,522	559,857	602,773	611,656	669,248
Operating expenses:								
Research and development	155,791	163,525	170,756	180,905	194,979	211,628	225,744	263,218
Sales and marketing	127,523	131,983	142,992	156,991	155,755	173,269	178,393	200,037
General and administrative	36,799	29,861	30,671	34,084	36,102	38,708	41,014	41,885
Total operating expenses	320,113	325,369	344,419	371,980	386,836	423,605	445,151	505,140
Operating income	130,755	166,652	164,482	157,542	173,021	179,168	166,505	164,108
Other income (loss):								
Interest expense	(455)	(443)	(524)	(567)	(662)	(1,554)	(1,144)	(1,384)
Interest income and other income, net	29,833	30,817	35,563	36,652	37,432	47,077	47,179	44,663
Other income, net	29,378	30,374	35,039	36,085	36,770	45,523	46,035	43,279
Income before provision for income taxes	160,133	197,026	199,521	193,627	209,791	224,691	212,540	207,387
Provision for income taxes	1,670	3,274	3,554	3,969	4,439	8,232	7,154	3,441
Non-GAAP net income before non-GAAP tax adjustments	158,463	193,752	195,967	189,658	205,352	216,459	205,386	203,946
Income tax effects and adjustments ⁽¹⁾	31,958	38,101	38,345	36,693	39,617	38,953	37,479	40,110
Non-GAAP net income after non-GAAP tax adjustments	\$ 126,505	\$ 155,651	\$ 157,622	\$ 152,965	\$ 165,735	\$ 177,506	\$ 167,907	\$ 163,836
Non-GAAP net income per share before non-GAAP tax adjustments - basic	\$ 0.49	\$ 0.59	\$ 0.59	\$ 0.57	\$ 0.61	\$ 0.64	\$ 0.60	\$ 0.59
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	\$ 0.45	\$ 0.55	\$ 0.55	\$ 0.53	\$ 0.57	\$ 0.60	\$ 0.57	\$ 0.57
Non-GAAP net income per share after non-GAAP tax adjustments - basic	\$ 0.39	\$ 0.47	\$ 0.48	\$ 0.46	\$ 0.49	\$ 0.52	\$ 0.49	\$ 0.47
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	\$ 0.36	\$ 0.44	\$ 0.44	\$ 0.43	\$ 0.46	\$ 0.49	\$ 0.46	\$ 0.46
Weighted average shares used in calculating non-GAAP net income per share:								
Basic	325,557	328,895	331,806	334,941	337,562	340,320	343,097	346,185
Diluted	351,309	352,907	355,979	356,740	357,635	360,940	363,078	358,725

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

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

	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>	<u>Q2 2025</u>
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 261,309	\$ 330,339	\$ 282,218	\$ 410,963	\$ 337,418	\$ 1,246,983	\$ 1,079,854	\$ 489,030
Marketable securities	2,080,380	2,252,559	2,499,151	2,549,143	2,861,536	2,942,076	3,369,820	3,421,940
Accounts receivable, net	400,649	509,279	451,057	533,292	487,064	598,919	490,172	604,174
Deferred contract costs, current	39,805	44,938	46,391	49,518	52,225	56,095	58,832	62,090
Prepaid expenses and other current assets	37,341	41,022	54,846	49,174	51,191	67,042	77,660	67,442
Total current assets	2,819,484	3,178,137	3,333,663	3,592,090	3,789,434	4,911,115	5,076,338	4,644,676
Property and equipment, net	157,689	171,872	182,419	198,911	215,810	226,970	249,916	283,084
Operating lease assets	121,913	126,562	173,270	166,941	168,610	172,512	203,074	215,626
Goodwill	348,697	352,694	351,437	350,864	352,870	360,381	361,738	530,982
Intangible assets, net	10,145	9,617	7,312	5,804	4,424	3,711	2,626	17,239
Deferred contract costs, non-current	62,976	73,728	73,067	77,040	79,996	86,573	90,501	95,568
Other assets	22,398	23,462	20,298	20,741	20,327	24,077	26,188	35,240
TOTAL ASSETS	\$ 3,543,302	\$ 3,936,072	\$ 4,141,466	\$ 4,412,391	\$ 4,631,471	\$ 5,785,339	\$ 6,010,381	\$ 5,822,415
LIABILITIES AND STOCKHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Accounts payable	\$ 85,362	\$ 87,712	\$ 64,316	\$ 115,991	\$ 92,005	\$ 107,731	\$ 98,442	\$ 198,767
Accrued expenses and other current liabilities	101,837	127,631	117,412	104,791	120,234	127,136	138,238	148,028
Operating lease liabilities, current	18,777	21,974	23,591	24,565	27,342	31,970	34,228	39,955
Convertible senior notes, net, current	—	—	—	743,970	744,858	634,023	634,780	—
Deferred revenue, current	636,500	765,735	767,474	801,562	795,824	961,853	949,135	966,442
Total current liabilities	842,476	1,003,052	972,793	1,790,879	1,780,263	1,862,713	1,854,823	1,353,192
Operating lease liabilities, non-current	127,800	138,128	190,891	193,835	197,044	196,905	227,974	243,115
Convertible senior notes, net, non-current	741,386	742,235	743,085	—	—	979,282	980,314	981,357
Deferred revenue, non-current	17,505	21,210	26,191	14,049	18,404	22,693	21,560	29,866
Other liabilities	7,659	6,093	6,151	6,320	6,615	9,383	9,036	19,128
Total liabilities	1,736,826	1,910,718	1,939,111	2,005,083	2,002,326	3,070,976	3,093,707	2,626,658
STOCKHOLDERS' EQUITY								
Common stock	3	3	3	3	3	3	3	3
Additional paid-in capital	2,028,053	2,181,267	2,321,119	2,484,264	2,632,085	2,689,013	2,860,643	3,130,130
Accumulated other comprehensive (loss) income	(13,889)	(2,218)	(7,700)	(9,716)	12,603	(4,701)	1,338	8,287
(Accumulated deficit) retained earnings	(207,691)	(153,698)	(111,067)	(67,243)	(15,546)	30,048	54,690	57,337
Total stockholders' equity	1,806,476	2,025,354	2,202,355	2,407,308	2,629,145	2,714,363	2,916,674	3,195,757
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,543,302	\$ 3,936,072	\$ 4,141,466	\$ 4,412,391	\$ 4,631,471	\$ 5,785,339	\$ 6,010,381	\$ 5,822,415

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	\$ 22,630	\$ 53,993	\$ 42,631	\$ 43,824	\$ 51,697	\$ 45,594	\$ 24,642	\$ 2,647
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	11,609	12,031	12,895	12,440	13,892	15,706	11,255	12,822
Accretion of discounts on marketable securities	(12,965)	(15,365)	(14,126)	(12,569)	(12,844)	(12,393)	(10,370)	(10,927)
Amortization of issuance costs	848	849	850	910	912	1,089	1,819	1,691
Net loss on conversion inducement and capped call settlement	—	—	—	—	—	599	—	—
Amortization of deferred contract costs	10,227	10,984	11,844	12,450	13,474	14,279	14,853	15,977
Stock-based compensation, net of amounts capitalized	123,114	128,121	135,033	134,652	142,190	158,461	164,265	180,462
Non-cash lease expense	7,136	7,050	6,810	6,781	6,670	7,002	8,389	9,001
Allowance for credit losses on accounts receivable	2,786	2,836	2,732	3,842	3,800	4,473	4,520	3,895
(Gain) loss on disposal of property and equipment	(2)	287	43	300	9	1,308	(145)	977
Changes in operating assets and liabilities:								
Accounts receivable, net	(70,333)	(111,467)	55,490	(86,076)	42,428	(116,327)	104,227	(115,899)
Deferred contract costs	(14,994)	(26,869)	(12,636)	(19,534)	(19,153)	(24,725)	(21,519)	(24,301)
Prepaid expenses and other current assets	6,509	(3,194)	(14,075)	5,632	(1,630)	(16,581)	(10,263)	11,343
Other assets	(998)	(225)	2,614	(443)	1,465	(4,639)	(1,217)	(1,821)
Accounts payable	32,371	505	(17,122)	48,692	(22,994)	17,034	(10,712)	96,352
Accrued expenses and other liabilities	(24,153)	27,753	(7,433)	(8,423)	10,147	4,083	5,648	(3,250)
Deferred revenue	58,998	132,937	6,720	21,946	(1,382)	170,265	(13,851)	21,086
Net cash provided by operating activities	152,783	220,226	212,270	164,424	228,681	265,228	271,541	200,055
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of marketable securities	(621,523)	(546,156)	(637,351)	(602,950)	(905,632)	(507,309)	(970,302)	(751,477)
Maturities of marketable securities	449,658	396,582	401,666	564,319	624,402	428,445	555,938	697,172
Proceeds from sale of marketable securities	(240)	602	—	8	(40)	233	(76)	13,212
Purchases of property and equipment	(6,113)	(10,395)	(14,158)	(4,415)	(8,385)	(7,761)	(8,748)	(15,152)
Capitalized software development costs	(8,481)	(8,541)	(11,365)	(16,229)	(16,692)	(16,495)	(18,402)	(19,550)
Cash paid for acquisition of businesses, net of cash acquired	(4,344)	(6,129)	—	(444)	(210)	(6,477)	(1,818)	(115,272)
Net cash used in investing activities	(191,043)	(174,037)	(261,208)	(59,711)	(306,557)	(109,364)	(443,408)	(191,067)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from exercise of stock options	9,870	3,505	2,191	1,753	1,257	2,243	1,673	1,685
Proceeds for issuance of common stock under the employee stock purchase plan	—	17,384	—	22,507	—	21,179	—	28,578
Proceeds from issuance of 2029 Convertible Senior Notes, net of issuance costs	—	—	—	—	—	978,881	—	(190)
Proceeds from settlement of capped calls related to 2025 Convertible Senior Notes	—	—	—	—	—	54,725	—	—
Purchase of capped calls related to 2029 Convertible Senior Notes	—	—	—	—	—	(100,900)	—	—
Repayments of 2025 Convertible Senior Notes	—	—	—	(25)	(24)	(196,704)	(20)	(635,527)
Net cash provided by (used in) financing activities	9,870	20,889	2,191	24,235	1,233	759,424	1,653	(605,454)

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

	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>	<u>Q2 2025</u>
Effect of exchange rate changes on cash and cash equivalents	(1,605)	1,952	(1,374)	(203)	3,098	(5,723)	3,085	5,642
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(29,995)	69,030	(48,121)	128,745	(73,545)	909,565	(167,129)	(590,824)
CASH AND CASH EQUIVALENTS —								
Beginning of period	<u>291,304</u>	<u>261,309</u>	<u>330,339</u>	<u>282,218</u>	<u>410,963</u>	<u>337,418</u>	<u>1,246,983</u>	<u>1,079,854</u>
CASH AND CASH EQUIVALENTS — End of period	<u>\$ 261,309</u>	<u>\$ 330,339</u>	<u>\$ 282,218</u>	<u>\$ 410,963</u>	<u>\$ 337,418</u>	<u>\$1,246,983</u>	<u>\$1,079,854</u>	<u>\$ 489,030</u>

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

	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>	<u>Q2 2025</u>
Reconciliation of gross profit and gross margin								
GAAP gross profit	\$ 444,217	\$ 484,820	\$ 501,155	\$ 521,780	\$ 552,260	\$ 593,549	\$ 603,925	\$ 660,782
Plus: Stock-based compensation expense	4,570	5,126	5,527	6,393	6,249	8,052	6,651	6,783
Plus: Amortization of acquired intangibles	1,974	1,987	2,027	1,281	1,230	1,104	894	1,518
Plus: Employer payroll taxes on employee stock transactions	107	88	192	68	118	68	186	165
Non-GAAP gross profit	<u>\$ 450,868</u>	<u>\$ 492,021</u>	<u>\$ 508,901</u>	<u>\$ 529,522</u>	<u>\$ 559,857</u>	<u>\$ 602,773</u>	<u>\$ 611,656</u>	<u>\$ 669,248</u>
GAAP gross margin	81 %	82 %	82 %	81 %	80 %	80 %	79 %	80 %
Non-GAAP gross margin	82 %	83 %	83 %	82 %	81 %	82 %	80 %	81 %
Reconciliation of operating expenses								
GAAP research and development	\$ 240,225	\$ 253,250	\$ 269,988	\$ 274,599	\$ 291,802	\$ 316,314	\$ 341,061	\$ 387,482
Less: Stock-based compensation expense	(79,174)	(83,489)	(88,413)	(87,105)	(90,507)	(97,276)	(105,735)	(112,445)
Less: Employer payroll taxes on employee stock transactions	(5,260)	(6,236)	(10,819)	(6,589)	(6,316)	(7,410)	(9,582)	(11,819)
Non-GAAP research and development	<u>\$ 155,791</u>	<u>\$ 163,525</u>	<u>\$ 170,756</u>	<u>\$ 180,905</u>	<u>\$ 194,979</u>	<u>\$ 211,628</u>	<u>\$ 225,744</u>	<u>\$ 263,218</u>
GAAP sales and marketing	\$ 156,870	\$ 159,980	\$ 173,881	\$ 187,005	\$ 187,772	\$ 207,947	\$ 214,291	\$ 239,026
Less: Stock-based compensation expense	(26,159)	(26,880)	(28,531)	(29,201)	(30,749)	(33,598)	(34,125)	(37,442)
Less: Amortization of acquired intangibles	(208)	(208)	(205)	(205)	(208)	(207)	(203)	(188)
Less: Employer payroll taxes on employee stock transactions	(2,980)	(909)	(2,153)	(608)	(1,060)	(873)	(1,570)	(1,359)
Non-GAAP sales and marketing	<u>\$ 127,523</u>	<u>\$ 131,983</u>	<u>\$ 142,992</u>	<u>\$ 156,991</u>	<u>\$ 155,755</u>	<u>\$ 173,269</u>	<u>\$ 178,393</u>	<u>\$ 200,037</u>
GAAP general and administrative	\$ 51,352	\$ 43,848	\$ 45,290	\$ 47,558	\$ 52,408	\$ 59,896	\$ 60,993	\$ 69,774
Less: Stock-based compensation expense	(13,211)	(12,626)	(12,562)	(11,953)	(14,685)	(19,535)	(17,754)	(23,792)
Less: Employer payroll taxes on employee stock transactions	(1,342)	(1,361)	(2,057)	(1,521)	(1,621)	(1,653)	(2,225)	(2,724)
Less: M&A transaction costs ⁽¹⁾	—	—	—	—	—	—	—	(1,373)
Non-GAAP general and administrative	<u>\$ 36,799</u>	<u>\$ 29,861</u>	<u>\$ 30,671</u>	<u>\$ 34,084</u>	<u>\$ 36,102</u>	<u>\$ 38,708</u>	<u>\$ 41,014</u>	<u>\$ 41,885</u>
Reconciliation of operating (loss) income and operating margin								
GAAP operating (loss) income	\$ (4,230)	\$ 27,742	\$ 11,996	\$ 12,618	\$ 20,278	\$ 9,392	\$ (12,420)	\$ (35,500)
Plus: Stock-based compensation expense	123,114	128,121	135,033	134,652	142,190	158,461	164,265	180,462
Plus: Amortization of acquired intangibles	2,182	2,195	2,232	1,486	1,438	1,311	1,097	1,706
Plus: Employer payroll taxes on employee stock transactions	9,689	8,594	15,221	8,786	9,115	10,004	13,563	16,067
Plus: M&A transaction costs ⁽¹⁾	—	—	—	—	—	—	—	1,373
Non-GAAP operating income	<u>\$ 130,755</u>	<u>\$ 166,652</u>	<u>\$ 164,482</u>	<u>\$ 157,542</u>	<u>\$ 173,021</u>	<u>\$ 179,168</u>	<u>\$ 166,505</u>	<u>\$ 164,108</u>
GAAP operating margin	(1)%	5 %	2 %	2 %	3 %	1 %	(2)%	(4)%
Non-GAAP operating margin	24 %	28 %	27 %	24 %	25 %	24 %	22 %	20 %

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

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Reconciliation of net income								
GAAP net income	\$ 22,630	\$ 53,993	\$ 42,631	\$ 43,824	\$ 51,697	\$ 45,594	\$ 24,642	\$ 2,647
Plus: Stock-based compensation expense	123,114	128,121	135,033	134,652	142,190	158,461	164,265	180,462
Plus: Amortization of acquired intangibles	2,182	2,195	2,232	1,486	1,438	1,311	1,097	1,706
Plus: Employer payroll taxes on employee stock transactions	9,689	8,594	15,221	8,786	9,115	10,004	13,563	16,067
Plus: M&A transaction costs ⁽¹⁾	—	—	—	—	—	—	—	1,373
Plus: Amortization of issuance costs	848	849	850	910	912	1,089	1,819	1,691
Non-GAAP net income before non-GAAP tax adjustments	158,463	193,752	195,967	189,658	205,352	216,459	205,386	203,946
Income tax effects and adjustments ⁽²⁾	31,958	38,101	38,345	36,693	39,617	38,953	37,479	40,110
Non-GAAP net income after non-GAAP tax adjustments	\$ 126,505	\$ 155,651	\$ 157,622	\$ 152,965	\$ 165,735	\$ 177,506	\$ 167,907	\$ 163,836
Non-GAAP net income per share before non-GAAP tax adjustments - basic	\$ 0.49	\$ 0.59	\$ 0.59	\$ 0.57	\$ 0.61	\$ 0.64	\$ 0.60	\$ 0.59
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	\$ 0.45	\$ 0.55	\$ 0.55	\$ 0.53	\$ 0.57	\$ 0.60	\$ 0.57	\$ 0.57
Non-GAAP net income per share after non-GAAP tax adjustments - basic	\$ 0.39	\$ 0.47	\$ 0.48	\$ 0.46	\$ 0.49	\$ 0.52	\$ 0.49	\$ 0.47
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	\$ 0.36	\$ 0.44	\$ 0.44	\$ 0.43	\$ 0.46	\$ 0.49	\$ 0.46	\$ 0.46
Shares used in non-GAAP net income per share calculations:								
Basic	325,557	328,895	331,806	334,941	337,562	340,320	343,097	346,185
Diluted	351,309	352,907	355,979	356,740	357,635	360,940	363,078	358,725

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

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

	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>	<u>Q2 2025</u>
Net cash provided by operating activities	\$152,783	\$220,226	\$212,270	\$164,424	\$228,681	\$265,228	\$271,541	\$200,055
Less: Purchases of property and equipment	(6,113)	(10,395)	(14,158)	(4,415)	(8,385)	(7,761)	(8,748)	(15,152)
Less: Capitalized software development costs	(8,481)	(8,541)	(11,365)	(16,229)	(16,692)	(16,495)	(18,402)	(19,550)
Free cash flow	<u>138,189</u>	<u>201,290</u>	<u>186,747</u>	<u>143,780</u>	<u>203,604</u>	<u>240,972</u>	<u>244,391</u>	<u>165,353</u>
Free cash flow margin	25 %	34 %	31 %	22 %	30 %	33 %	32 %	20 %

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Net dollar-based retention rate	< 120%	mid-110%'s	mid-110%'s	mid-110%'s	mid-110%'s	high-110%'s	high-110%'s	about 120%
Total customers	26,800	27,300	28,000	28,700	29,200	30,000	30,500	31,400
Customers with equal or greater than \$1 million ARR		396				462		
Customers with equal or greater than \$100,000 ARR	3,130	3,190	3,340	3,390	3,490	3,610	3,770	3,850
Percentage of ARR comprised by \$100k+ customers	86 %	86 %	87 %	87 %	88 %	88 %	88 %	89 %
Percentage of customers using 2+ products	82 %	83 %	82 %	83 %	83 %	83 %	83 %	83 %
Percentage of customers using 4+ products	46 %	47 %	47 %	49 %	49 %	50 %	51 %	52 %
Percentage of customers using 6+ products	21 %	22 %	23 %	25 %	26 %	26 %	28 %	29 %
Percentage of customers using 8+ products	8 %	9 %	10 %	11 %	12 %	12 %	13 %	14 %

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