



**Supplemental Financial Information
For the Period Ended March 31, 2024
(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) amortization of issuance costs; and (5) an assumed provision for income taxes based on our long-term projected tax rate. 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.

Amortization of issuance costs. In June 2020, Datadog issued \$747.5 million 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

Non-GAAP Financial Measures

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)

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenue	\$ 406,138	\$ 436,533	\$ 469,399	\$ 481,714	\$ 509,460	\$ 547,536	\$ 589,649	\$ 611,253
Cost of revenue ⁽¹⁾⁽²⁾⁽³⁾	81,925	93,599	96,757	99,914	101,846	103,319	104,829	110,098
Gross profit	324,213	342,934	372,642	381,800	407,614	444,217	484,820	501,155
Operating expenses:								
Research and development ⁽¹⁾⁽³⁾	177,699	205,388	218,656	229,478	239,494	240,225	253,250	269,988
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾	115,270	129,493	149,359	144,971	147,455	156,870	159,980	173,881
General and administrative ⁽¹⁾⁽³⁾	34,383	39,395	39,255	42,321	42,671	51,352	43,848	45,290
Total operating expenses	327,352	374,276	407,270	416,770	429,620	448,447	457,078	489,159
Operating (loss) income	(3,139)	(31,342)	(34,628)	(34,970)	(22,006)	(4,230)	27,742	11,996
Other income (loss):								
Interest expense ⁽⁴⁾	(4,541)	(3,728)	(3,019)	(2,181)	(1,526)	(1,303)	(1,292)	(1,374)
Interest income and other income, net	7,669	12,011	11,793	16,727	22,624	29,833	30,817	35,563
Other income, net	3,128	8,283	8,774	14,546	21,098	28,530	29,525	34,189
(Loss) income before provision for income taxes	(11)	(23,059)	(25,854)	(20,424)	(908)	24,300	57,267	46,185
Provision for income taxes	4,868	2,926	3,180	3,662	3,061	1,670	3,274	3,554
Net (loss) income	\$ (4,879)	\$ (25,985)	\$ (29,034)	\$ (24,086)	\$ (3,969)	\$ 22,630	\$ 53,993	\$ 42,631
Net (loss) income per share - basic	\$ (0.02)	\$ (0.08)	\$ (0.09)	\$ (0.08)	\$ (0.01)	\$ 0.07	\$ 0.16	\$ 0.13
Net (loss) income per share - diluted	\$ (0.02)	\$ (0.08)	\$ (0.09)	\$ (0.08)	\$ (0.01)	\$ 0.06	\$ 0.15	\$ 0.12
Weighted average shares used in calculating net (loss) income per share:								
Basic	314,795	315,990	317,348	319,286	322,215	325,557	328,895	331,806
Diluted	314,795	315,990	317,348	319,286	322,215	351,309	352,907	355,979

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

Cost of revenue	\$ 2,355	\$ 3,165	\$ 3,654	\$ 3,725	\$ 4,157	\$ 4,570	\$ 5,126	\$ 5,527
Research and development	53,309	65,321	73,794	74,703	75,730	79,174	83,489	88,413
Sales and marketing	17,590	21,145	23,405	23,014	25,884	26,159	26,880	28,531
General and administrative	9,145	11,731	11,656	11,286	12,566	13,211	12,626	12,562
Total	\$ 82,399	\$ 101,362	\$ 112,509	\$ 112,728	\$ 118,337	\$ 123,114	\$ 128,121	\$ 135,033

(2) Includes amortization of acquired intangibles as follows:

Cost of revenue	\$ 1,482	\$ 1,900	\$ 1,955	\$ 2,016	\$ 2,064	\$ 1,974	\$ 1,987	\$ 2,027
Sales and marketing	206	208	208	203	206	208	208	205
Total	\$ 1,688	\$ 2,108	\$ 2,163	\$ 2,219	\$ 2,270	\$ 2,182	\$ 2,195	\$ 2,232

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

Cost of revenue	\$ 70	\$ 47	\$ 47	\$ 60	\$ 109	\$ 107	\$ 88	\$ 192
Research and development	2,829	1,799	2,459	4,593	5,360	5,260	6,236	10,819
Sales and marketing	605	620	432	775	1,253	2,980	909	2,153
General and administrative	217	245	111	965	1,143	1,342	1,361	2,057
Total	\$ 3,721	\$ 2,711	\$ 3,049	\$ 6,393	\$ 7,865	\$ 9,689	\$ 8,594	\$ 15,221

(4) Includes amortization of issuance costs as follows:

Interest expense	\$ 842	\$ 843	\$ 844	\$ 845	\$ 846	\$ 848	\$ 849	\$ 850
Total	\$ 842	\$ 843	\$ 844	\$ 845	\$ 846	\$ 848	\$ 849	\$ 850

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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenue	\$ 406,138	\$ 436,533	\$ 469,399	\$ 481,714	\$ 509,460	\$ 547,536	\$ 589,649	\$ 611,253
Cost of revenue	78,018	88,487	91,101	94,113	95,516	96,668	97,628	102,352
Gross profit	328,120	348,046	378,298	387,601	413,944	450,868	492,021	508,901
Operating expenses:								
Research and development	121,561	138,268	142,403	150,182	158,404	155,791	163,525	170,756
Sales and marketing	96,869	107,520	125,314	120,979	120,112	127,523	131,983	142,992
General and administrative	25,021	27,419	27,488	30,070	28,962	36,799	29,861	30,671
Total operating expenses	243,451	273,207	295,205	301,231	307,478	320,113	325,369	344,419
Operating income	84,669	74,839	83,093	86,370	106,466	130,755	166,652	164,482
Other income (loss):								
Interest expense	(3,699)	(2,885)	(2,175)	(1,336)	(680)	(455)	(443)	(524)
Interest income and other income, net	7,669	12,011	11,793	16,727	22,624	29,833	30,817	35,563
Other income, net	3,970	9,126	9,618	15,391	21,944	29,378	30,374	35,039
Income before provision for income taxes	88,639	83,965	92,711	101,761	128,410	160,133	197,026	199,521
Provision for income taxes	4,868	2,926	3,180	3,662	3,061	1,670	3,274	3,554
Non-GAAP net income before non-GAAP tax adjustments	83,771	81,039	89,531	98,099	125,349	158,463	193,752	195,967
Income tax effects and adjustments ⁽¹⁾	13,746	14,707	16,289	17,708	23,905	31,958	38,101	38,345
Non-GAAP net income after non-GAAP tax adjustments	\$ 70,025	\$ 66,332	\$ 73,242	\$ 80,391	\$ 101,444	\$ 126,505	\$ 155,651	\$ 157,622
Non-GAAP net income per share before non-GAAP tax adjustments - basic	\$ 0.27	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.39	\$ 0.49	\$ 0.59	\$ 0.59
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	\$ 0.24	\$ 0.23	\$ 0.26	\$ 0.28	\$ 0.36	\$ 0.45	\$ 0.55	\$ 0.55
Non-GAAP net income per share after non-GAAP tax adjustments - basic	\$ 0.22	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.31	\$ 0.39	\$ 0.47	\$ 0.48
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	\$ 0.20	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.29	\$ 0.36	\$ 0.44	\$ 0.44
Weighted average shares used in calculating non-GAAP net income per share:								
Basic	314,795	315,990	317,348	319,286	322,215	325,557	328,895	331,806
Diluted	344,854	345,100	345,009	345,934	348,551	351,309	352,907	355,979

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)

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 238,859	\$ 294,815	\$ 338,985	\$ 222,548	\$ 291,304	\$ 261,309	\$ 330,339	\$ 282,218
Marketable securities	1,464,681	1,471,448	1,545,341	1,795,342	1,894,058	2,080,380	2,252,559	2,499,151
Accounts receivable, net	305,501	348,830	399,551	367,046	333,102	400,649	509,279	451,057
Deferred contract costs, current	27,345	29,873	33,054	34,858	37,502	39,805	44,938	46,391
Prepaid expenses and other current assets	33,202	31,603	27,303	43,198	44,104	37,341	41,022	54,846
Total current assets	2,069,588	2,176,569	2,344,234	2,462,992	2,600,070	2,819,484	3,178,137	3,333,663
Property and equipment, net	97,791	110,889	125,346	138,400	145,100	157,689	171,872	182,419
Operating lease assets	64,016	88,930	87,629	94,723	122,198	121,913	126,562	173,270
Goodwill	334,687	332,649	348,277	348,536	350,029	348,697	352,694	351,437
Intangible assets, net	17,960	15,616	16,365	14,152	12,409	10,145	9,617	7,312
Deferred contract costs, non-current	46,840	50,154	55,338	56,636	60,511	62,976	73,728	73,067
Restricted cash	3,214	3,019	3,303	—	—	—	—	—
Other assets	20,391	19,777	24,360	24,305	21,856	22,398	23,462	20,298
TOTAL ASSETS	\$ 2,654,487	\$ 2,797,603	\$ 3,004,852	\$ 3,139,744	\$ 3,312,173	\$ 3,543,302	\$ 3,936,072	\$ 4,141,466
LIABILITIES AND STOCKHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Accounts payable	\$ 47,650	\$ 27,625	\$ 23,474	\$ 41,598	\$ 48,031	\$ 85,362	\$ 87,712	\$ 64,316
Accrued expenses and other current liabilities	111,622	146,290	171,158	148,530	127,009	101,837	127,631	117,412
Operating lease liabilities, current	22,357	21,751	22,092	20,397	18,852	18,777	21,974	23,591
Deferred revenue, current	444,247	478,742	543,024	562,429	567,470	636,500	765,735	767,474
Total current liabilities	625,876	674,408	759,748	772,954	761,362	842,476	1,003,052	972,793
Operating lease liabilities, non-current	51,771	76,934	76,582	86,242	125,694	127,800	138,128	190,891
Convertible senior notes, net	737,160	738,003	738,847	739,692	740,538	741,386	742,235	743,085
Deferred revenue, non-current	14,526	9,455	12,944	22,506	27,534	17,505	21,210	26,191
Other liabilities	10,034	9,364	6,226	6,251	7,686	7,659	6,093	6,151
Total liabilities	1,439,367	1,508,164	1,594,347	1,627,645	1,662,814	1,736,826	1,910,718	1,939,111
STOCKHOLDERS' EQUITY								
Common stock	3	3	3	3	3	3	3	3
Additional paid-in capital	1,380,873	1,487,992	1,625,190	1,744,221	1,891,995	2,028,053	2,181,267	2,321,119
Accumulated other comprehensive loss	(18,509)	(25,324)	(12,422)	(5,773)	(12,318)	(13,889)	(2,218)	(7,700)
Accumulated deficit	(147,247)	(173,232)	(202,266)	(226,352)	(230,321)	(207,691)	(153,698)	(111,067)
Total stockholders' equity	1,215,120	1,289,439	1,410,505	1,512,099	1,649,359	1,806,476	2,025,354	2,202,355
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,654,487	\$ 2,797,603	\$ 3,004,852	\$ 3,139,744	\$ 3,312,173	\$ 3,543,302	\$ 3,936,072	\$ 4,141,466

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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net (loss) income	\$ (4,879)	\$ (25,985)	\$ (29,034)	\$ (24,086)	\$ (3,969)	\$ 22,630	\$ 53,993	\$ 42,631
Adjustments to reconcile net (loss) income to net cash provided by operating activities:								
Depreciation and amortization	8,118	9,313	9,804	10,275	10,550	11,609	12,031	12,895
Amortization (accretion) of premiums (discounts) on marketable securities	2,738	520	(2,491)	(5,195)	(8,096)	(12,965)	(15,365)	(14,126)
Amortization of issuance costs	842	843	844	845	846	848	849	850
Amortization of deferred contract costs	6,558	7,361	8,062	8,648	9,348	10,227	10,984	11,844
Stock-based compensation, net of amounts capitalized	82,399	101,362	112,509	112,728	118,337	123,114	128,121	135,033
Non-cash lease expense	5,275	5,550	6,180	5,944	6,252	7,136	7,050	6,810
Allowance for credit losses on accounts receivable	1,133	1,998	1,286	3,732	2,579	2,786	2,836	2,732
Loss on disposal of property and equipment	326	3	510	88	333	(2)	287	43
Changes in operating assets and liabilities:								
Accounts receivable, net	(30,781)	(45,638)	(51,963)	28,773	31,366	(70,333)	(111,467)	55,490
Deferred contract costs	(13,303)	(13,202)	(16,427)	(11,750)	(15,868)	(14,994)	(26,869)	(12,636)
Prepaid expenses and other current assets	(4,238)	1,349	4,715	(15,810)	(1,013)	6,509	(3,194)	(14,075)
Other assets	(947)	(168)	(3,259)	164	2,077	(998)	(225)	2,614
Accounts payable	30,803	(20,696)	(3,769)	18,545	6,352	32,371	505	(17,122)
Accrued expenses and other liabilities	(1,399)	31,660	10,228	(28,080)	(16,009)	(24,153)	27,753	(7,433)
Deferred revenue	(9,685)	29,348	67,246	28,966	10,073	58,998	132,937	6,720
Net cash provided by operating activities	72,960	83,618	114,441	133,787	153,158	152,783	220,226	212,270
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of marketable securities	(389,079)	(348,947)	(345,985)	(757,787)	(632,547)	(621,523)	(546,156)	(637,351)
Maturities of marketable securities	317,051	340,439	280,531	497,648	520,669	449,658	396,582	401,666
Proceeds from sale of marketable securities	(1)	84	—	21,341	15,292	(240)	602	—
Purchases of property and equipment	(5,987)	(9,706)	(10,054)	(8,739)	(2,339)	(6,113)	(10,395)	(14,158)
Capitalized software development costs	(6,807)	(6,812)	(8,036)	(8,711)	(9,087)	(8,481)	(8,541)	(11,365)
Cash paid for acquisition of businesses, net of cash acquired	(34,695)	(736)	(5,576)	—	(2,025)	(4,344)	(6,129)	—
Net cash used in investing activities	(119,518)	(25,678)	(89,120)	(256,248)	(110,037)	(191,043)	(174,037)	(261,208)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from exercise of stock options	2,206	1,816	1,734	2,098	5,436	9,870	3,505	2,191
Proceeds for issuance of common stock under the employee stock purchase plan	13,557	—	12,468	—	19,986	—	17,384	—
Net cash provided by financing activities	15,763	1,816	14,202	2,098	25,422	9,870	20,889	2,191
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,242)	(3,995)	4,931	623	213	(1,605)	1,952	(1,374)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(33,037)	55,761	44,454	(119,740)	68,756	(29,995)	69,030	(48,121)

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

	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	275,110	242,073	297,834	342,288	222,548	291,304	261,309	330,339
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	<u>\$ 242,073</u>	<u>\$ 297,834</u>	<u>\$ 342,288</u>	<u>\$ 222,548</u>	<u>\$ 291,304</u>	<u>\$ 261,309</u>	<u>\$ 330,339</u>	<u>\$ 282,218</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	\$ 238,859	\$ 294,815	\$ 338,985	\$ 222,548	\$ 291,304	\$ 261,309	\$ 330,339	\$ 282,218
Restricted cash	3,214	3,019	3,303	—	—	—	—	—
Total cash, cash equivalents and restricted cash	<u>\$ 242,073</u>	<u>\$ 297,834</u>	<u>\$ 342,288</u>	<u>\$ 222,548</u>	<u>\$ 291,304</u>	<u>\$ 261,309</u>	<u>\$ 330,339</u>	<u>\$ 282,218</u>

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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Reconciliation of gross profit and gross margin								
GAAP gross profit	\$ 324,213	\$ 342,934	\$ 372,642	\$ 381,800	\$ 407,614	\$ 444,217	\$ 484,820	\$ 501,155
Plus: Stock-based compensation expense	2,355	3,165	3,654	3,725	4,157	4,570	5,126	5,527
Plus: Amortization of acquired intangibles	1,482	1,900	1,955	2,016	2,064	1,974	1,987	2,027
Plus: Employer payroll taxes on employee stock transactions	70	47	47	60	109	107	88	192
Non-GAAP gross profit	<u>\$ 328,120</u>	<u>\$ 348,046</u>	<u>\$ 378,298</u>	<u>\$ 387,601</u>	<u>\$ 413,944</u>	<u>\$ 450,868</u>	<u>\$ 492,021</u>	<u>\$ 508,901</u>
GAAP gross margin	80 %	79 %	79 %	79 %	80 %	81 %	82 %	82 %
Non-GAAP gross margin	81 %	80 %	81 %	80 %	81 %	82 %	83 %	83 %
Reconciliation of operating expenses								
GAAP research and development	\$ 177,699	\$ 205,388	\$ 218,656	\$ 229,478	\$ 239,494	\$ 240,225	\$ 253,250	\$ 269,988
Less: Stock-based compensation expense	(53,309)	(65,321)	(73,794)	(74,703)	(75,730)	(79,174)	(83,489)	(88,413)
Less: Employer payroll taxes on employee stock transactions	(2,829)	(1,799)	(2,459)	(4,593)	(5,360)	(5,260)	(6,236)	(10,819)
Non-GAAP research and development	<u>\$ 121,561</u>	<u>\$ 138,268</u>	<u>\$ 142,403</u>	<u>\$ 150,182</u>	<u>\$ 158,404</u>	<u>\$ 155,791</u>	<u>\$ 163,525</u>	<u>\$ 170,756</u>
GAAP sales and marketing	\$ 115,270	\$ 129,493	\$ 149,359	\$ 144,971	\$ 147,455	\$ 156,870	\$ 159,980	\$ 173,881
Less: Stock-based compensation expense	(17,590)	(21,145)	(23,405)	(23,014)	(25,884)	(26,159)	(26,880)	(28,531)
Less: Amortization of acquired intangibles	(206)	(208)	(208)	(203)	(206)	(208)	(208)	(205)
Less: Employer payroll taxes on employee stock transactions	(605)	(620)	(432)	(775)	(1,253)	(2,980)	(909)	(2,153)
Non-GAAP sales and marketing	<u>\$ 96,869</u>	<u>\$ 107,520</u>	<u>\$ 125,314</u>	<u>\$ 120,979</u>	<u>\$ 120,112</u>	<u>\$ 127,523</u>	<u>\$ 131,983</u>	<u>\$ 142,992</u>
GAAP general and administrative	\$ 34,383	\$ 39,395	\$ 39,255	\$ 42,321	\$ 42,671	\$ 51,352	\$ 43,848	\$ 45,290
Less: Stock-based compensation expense	(9,145)	(11,731)	(11,656)	(11,286)	(12,566)	(13,211)	(12,626)	(12,562)
Less: Employer payroll taxes on employee stock transactions	(217)	(245)	(111)	(965)	(1,143)	(1,342)	(1,361)	(2,057)
Non-GAAP general and administrative	<u>\$ 25,021</u>	<u>\$ 27,419</u>	<u>\$ 27,488</u>	<u>\$ 30,070</u>	<u>\$ 28,962</u>	<u>\$ 36,799</u>	<u>\$ 29,861</u>	<u>\$ 30,671</u>
Reconciliation of operating (loss) income and operating margin								
GAAP operating (loss) income	\$ (3,139)	\$ (31,342)	\$ (34,628)	\$ (34,970)	\$ (22,006)	\$ (4,230)	\$ 27,742	\$ 11,996
Plus: Stock-based compensation expense	82,399	101,362	112,509	112,728	118,337	123,114	128,121	135,033
Plus: Amortization of acquired intangibles	1,688	2,108	2,163	2,219	2,270	2,182	2,195	2,232
Plus: Employer payroll taxes on employee stock transactions	3,721	2,711	3,049	6,393	7,865	9,689	8,594	15,221
Non-GAAP operating income	<u>\$ 84,669</u>	<u>\$ 74,839</u>	<u>\$ 83,093</u>	<u>\$ 86,370</u>	<u>\$ 106,466</u>	<u>\$ 130,755</u>	<u>\$ 166,652</u>	<u>\$ 164,482</u>
GAAP operating margin	(1)%	(7)%	(7)%	(7)%	(4)%	(1)%	5 %	2 %
Non-GAAP operating margin	21 %	17 %	18 %	18 %	21 %	24 %	28 %	27 %
Reconciliation of net (loss) income								
GAAP net (loss) income	\$ (4,879)	\$ (25,985)	\$ (29,034)	\$ (24,086)	\$ (3,969)	\$ 22,630	\$ 53,993	\$ 42,631
Plus: Stock-based compensation expense	82,399	101,362	112,509	112,728	118,337	123,114	128,121	135,033
Plus: Amortization of acquired intangibles	1,688	2,108	2,163	2,219	2,270	2,182	2,195	2,232

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

Plus: Employer payroll taxes on employee stock transactions	3,721	2,711	3,049	6,393	7,865	9,689	8,594	15,221
Plus: Amortization of issuance costs	842	843	844	845	846	848	849	850
Non-GAAP net income before non-GAAP tax adjustments	83,771	81,039	89,531	98,099	125,349	158,463	193,752	195,967
Income tax effects and adjustments ⁽¹⁾	13,746	14,707	16,289	17,708	23,905	31,958	38,101	38,345
Non-GAAP net income after non-GAAP tax adjustments	\$ 70,025	\$ 66,332	\$ 73,242	\$ 80,391	\$ 101,444	\$ 126,505	\$ 155,651	\$ 157,622
Non-GAAP net income per share before non-GAAP tax adjustments - basic	\$ 0.27	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.39	\$ 0.49	\$ 0.59	\$ 0.59
Non-GAAP net income per share before non-GAAP tax adjustments - diluted	\$ 0.24	\$ 0.23	\$ 0.26	\$ 0.28	\$ 0.36	\$ 0.45	\$ 0.55	\$ 0.55
Non-GAAP net income per share after non-GAAP tax adjustments - basic	\$ 0.22	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.31	\$ 0.39	\$ 0.47	\$ 0.48
Non-GAAP net income per share after non-GAAP tax adjustments - diluted	\$ 0.20	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.29	\$ 0.36	\$ 0.44	\$ 0.44
Shares used in non-GAAP net income per share calculations:								
Basic	314,795	315,990	317,348	319,286	322,215	325,557	328,895	331,806
Diluted	344,854	345,100	345,009	345,934	348,551	351,309	352,907	355,979

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

	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>
Net cash provided by operating activities	\$72,960	\$83,618	\$114,441	\$133,787	\$153,158	\$152,783	\$220,226	\$212,270
Less: Purchases of property and equipment	(5,987)	(9,706)	(10,054)	(8,739)	(2,339)	(6,113)	(10,395)	(14,158)
Less: Capitalized software development costs	(6,807)	(6,812)	(8,036)	(8,711)	(9,087)	(8,481)	(8,541)	(11,365)
Free cash flow	<u>60,166</u>	<u>67,100</u>	<u>96,351</u>	<u>116,337</u>	<u>141,732</u>	<u>138,189</u>	<u>201,290</u>	<u>186,747</u>
Free cash flow margin	15 %	15 %	21 %	24 %	28 %	25 %	34 %	31 %

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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Net dollar-based retention rate	> 130%	> 130%	> 130%	> 130%	> 120%	< 120%	mid-110%'s	mid-110%'s
Total customers	21,200	22,200	23,200	25,500	26,100	26,800	27,300	28,000
Customers with equal or greater than \$1 million ARR			317				396	
Customers with equal or greater than \$100,000 ARR	2,420	2,600	2,780	2,910	2,990	3,130	3,190	3,340
Percentage of ARR comprised by \$100k+ customers	85 %	85 %	85 %	85 %	85 %	86 %	86 %	87 %
Percentage of customers using 2+ products	79 %	80 %	81 %	81 %	82 %	82 %	83 %	82 %
Percentage of customers using 4+ products	37 %	40 %	42 %	43 %	45 %	46 %	47 %	47 %
Percentage of customers using 6+ products	14 %	16 %	18 %	19 %	21 %	21 %	22 %	23 %
Percentage of customers using 8+ products	4 %	5 %	6 %	7 %	7 %	8 %	9 %	10 %

Contact Information

Yuka Broderick
Datadog Investor Relations
IR@datadog.com

Dan Haggerty
Datadog Public Relations
Press@datadog.com

Datadog is a registered trademark of Datadog, Inc.

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