

DATADOG, INC.

Equity Research • Interim Update | NASDAQ: DDOG | Observability & Security Software | 19 September 2026

RECOMMENDATION WATCHLIST Unchanged rating, changed reasoning	INVESTMENT SCORE 77 / 100 Was 75 on the same weighting	WEIGHTED FAIR VALUE \$245 (+6.4%) Was +3.2% three weeks ago
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Price (18 Sep close)	\$229.92	Market cap	\$82.56 B	Since 30 Aug report	-3.0%
Enterprise value	\$78.81 B	Net cash	\$3.75 B	52-week range	\$98.01 to \$292.72
EV / FY26E sales	17.7x	EV / FY26E FCF	-67x	Forward P/E (non-GAAP)	-91x
FY26E revenue (guide)	\$4.45-4.47 B	FY26E growth	~30%	Next results	5 November 2026
Accumulation zone	\$195-220	Price vs zone top	+4.5% above	Below 52-week high	-21.5%

Purpose of This Update

This is a levels check rather than a new analysis. The 30 August report reaffirmed a Watchlist rating at \$236.98, held the accumulation zone at \$195-220, and observed that waiting for that band had become more expensive because it then sat 7.7% below the market. Within four sessions the band was reached. Datadog closed inside it on four consecutive days, traded as low as \$203.24 intraday on 8 September, and has since recovered to \$229.92. The question for this update is therefore sharper than the last one: the published levels were tested rather than merely watched, and what they produced needs recording.

Two things have genuinely changed, neither of them a company disclosure. Datadog insiders sold roughly \$240 million of stock over three months, with the chief executive selling into the September low rather than out of strength. And the Federal Open Market Committee raised the federal funds target range on 16 September, the first increase in three years, with more signalled. For a business trading near ninety times forward earnings, the second of those is not background colour. There has been no filing, no guidance revision and no further comment on the largest customer; third-quarter results are due on 5 November.

1. Where the Published Levels Now Stand

Published level or trigger (30 Aug)	What happened	Verdict
Accumulation zone \$195-220	Reached. Closes of \$209.23, \$214.76, \$212.93 and \$210.23 on 2, 3, 4 and 8 September sat inside the band, with an intraday low of \$203.24. Price closed back above the band on 9 September and has not returned.	Triggered, then vacated
First-tranche technical reset: hold \$225, or reclaim \$243 with RSI through 45 and a MACD re-cross	Price did not hold \$225, closing as low as \$209.23. It has not reclaimed \$243. RSI is 48.9 and the MACD line has re-crossed above its signal for the first time since the August breakdown, with the histogram at +2.24.	Two of three met; not triggered as published
Bull re-rate: weekly close above the 50-day	The 50-day has fallen to \$243.63 from \$249.45 and price sits 5.6% below it. Not achieved.	Not triggered

Published level or trigger (30 Aug)	What happened	Verdict
Bear confirmation: daily close below the 100-day on above-average volume	Met on the letter. On 2 September price closed \$209.23 against a 100-day of \$220.08 on 6.17m shares versus a 4.62m average, and again on 8 September. But the 100-day rose \$14 in thirteen sessions as April's sub-\$130 bars rolled out of the window, so the level moved toward the price rather than the price toward the level.	Fired mechanically; re-anchored below
Upgrade to Buy: Q3 above the \$1.145 B guidance top with non-AI cohort growth in the high-20s%	Third-quarter results are due on 5 November. Nothing to test.	Pending
Second upgrade trigger: disclosure quantifying the largest customer's new run-rate	No such disclosure has been made. The discount for uncertainty remains fully in place.	Pending
Move to Avoid: non-AI cohort below 22%, gross margin below 78.5%, or a second AI account declining	No company data since 6 August. Nothing to test.	Pending

Moving averages recomputed from a 300-session daily series ending 18 September 2026, which for the first time in this coverage is long enough to carry a 200-day average. The 100-day trigger is retired below and replaced with a dated level, because a rolling average that climbs \$1 a session on the roll-off of an old base cannot carry a meaning assigned to it three weeks earlier.

2. What Has Actually Changed

Item	28 August 2026	18 September 2026	Read
Price	\$236.98	\$229.92	−3.0%, via a 14% round trip through the zone
Enterprise value	\$80.85 B	\$78.81 B	On price, plus a slightly larger share count
EV / FY26E sales	18.1x	17.7x	Cheaper, but on the denominator of an unchanged guide
EV / FY26E free cash flow	~69x	~67x	Unchanged in substance
Forward P/E (non-GAAP)	~94x	~91x	Still a maximum-duration multiple
Weighted fair value gap	+3.2%	+6.4%	Cushion restored on price alone
RSI (14)	46.9	48.9	Neutral, still below the midline
MACD (12,26,9)	−5.49 / signal −4.28	−3.39 / signal −5.63	Re-crossed; histogram positive at +2.24
ATR (14)	6.1% of price	5.2% of price	Volatility still settling from the August shock
Fed funds target	3.50–3.75%	3.75–4.00%	Raised 16 September; more signalled
10-year Treasury	—	4.94%	A 52-week high of 5.01% printed on 16 September
Insider activity	Not material	~\$240 m sold in three months	New, and concentrated in September
Company disclosure	None since 6 Aug	None since 6 Aug	The next data point is 5 November

3. The Insider Selling

The most substantial new information in the window did not come from the company. It came from its officers. Datadog insiders disposed of roughly \$240 million of stock over three months, and the September concentration is what makes it worth a section rather than a line. Chief executive Olivier Pomel sold 89,497 shares at an average of \$207.86 on 8 September, retaining 586,416. Chief operating officer Adam Blitzler sold 12,032 shares at \$214.38 on 3 September, retaining 237,927. Single-officer disposals of \$18.6 million, \$14.6 million and \$12.2 million were filed on 10, 16 and 3

September respectively, alongside further sales by Kerry Acocella, David Obstler, Sean Walters and Yanbing Li and a run of Rule 144 notices covering proposed sales of \$3.77 million, \$4.96 million and \$6.00 million.

The right weight to put on this is less than the headlines and more than nothing. Most of it will run through pre-arranged plans, executives at a company whose shares rose from \$98 to \$292 inside a year have obvious portfolio reasons to sell, and insider sales are a notoriously poor timing signal. What is harder to wave away is the price at which it happened. The chief executive's 8 September sale cleared at \$207.86, within \$5 of the lowest close since May and five weeks after he had personally told the market that the largest customer's usage would step down. Selling into that print rather than waiting for the recovery is not the behaviour of someone who regards the shares as conspicuously cheap at \$208. It does not change a forecast. It does argue against paying up in front of the November print, and it is the reason the management score moves a point.

4. Does the Thesis Still Hold?

It does, and the operating case is unchanged because nothing has been disclosed that could change it. Datadog's second quarter remains the strongest in its history as a public company: revenue of \$1.121 billion grew 36% year on year and 11.4% sequentially, a record \$115 million sequential addition, beating consensus by 3.7% and clearing the top of management's own guidance. Free cash flow of \$279 million held a 25% margin, billings rose 38%, and remaining performance obligations rose 43% to \$3.47 billion. Full-year guidance was raised to \$4.45–\$4.47 billion, the third consecutive raise. The 19% single-session decline on 6 August followed third-quarter guidance of \$1.135–\$1.145 billion, barely 1.7% above the June quarter, on the expectation that the largest customer's usage steps down. Chief executive Olivier Pomel stated that this customer was not additive to second-quarter growth at all, which means the 36% was produced by the rest of the base, and that base has now accelerated for five consecutive quarters with the non-artificial-intelligence cohort in the high-20% range.

What has changed is the discount rate applied to all of it. On 16 September the Federal Open Market Committee raised its target range by 25 basis points to 3.75–4.00%, a unanimous vote and the first increase in three years, with the Summary of Economic Projections carrying at least one more before year-end. The 10-year Treasury printed a 52-week high of 5.01% that day and closed the week at 4.94%. A company earning roughly \$2.50 of non-GAAP profit against a \$230 share price is, arithmetically, a bet on cash flows a decade out, and those are exactly the cash flows a rising policy path marks down hardest. The 3% decline in the shares since 28 August looks mild against that, and the +6.4% gap to the weighted fair value should be read as a mechanical consequence of a lower price rather than as an improvement in the opportunity: the scenario set below has not been revised, and if anything a higher risk-free rate argues the whole distribution belongs lower.

The sell side has not moved with the tape. Across 45 firms the consensus twelve-month target stands at \$276.66 against a Moderate Buy consensus, with 40 buy-or-better ratings, four holds and one sell. Wedbush assumed coverage at Outperform with a \$275 target on 10 September and Truist reiterated a Buy on 16 September, while Bernstein has sat at Market Perform since 6 July on a thesis that the non-artificial-intelligence base, some 85% of revenue, peaks in the third quarter before harder fourth-quarter comparisons; its target was \$226 at the downgrade and is carried at \$237 in mid-September broker feeds. That spread, from a \$237 neutral to a street high above \$300, is the same disagreement this coverage has flagged since July, and it will be settled by one number on 5 November.

5. Technical Position

Indicator	Reading	Signal
Close (18 Sep 2026)	\$229.92	—
SMA 20 / 50 / 100	\$226.26 / \$243.63 / \$230.98	Above the 20, below the 50, level with the 100
EMA 20 / 50 / 100	\$229.66 / \$233.61 / \$221.38	Straddling the 20; below the 50, above the 100

Indicator	Reading	Signal
SMA 200 / EMA 200	\$179.23 / \$199.01	Computed for the first time; price 28.3% above the SMA
RSI (14)	48.9	Neutral; recovered from the September washout
MACD (12,26,9)	-3.39, signal -5.63, histogram +2.24	Re-crossed above signal; first positive histogram since the breakdown
ATR (14)	\$11.95 (5.2% of price)	Down from 6.1%; still wide for a large-cap
Volume, 20d vs 50d	3.7 m vs 4.4 m	-16.1%; participation fading into the recovery
September range	\$203.24 – \$239.04	The base the rally is standing on
Below the 5 Aug all-time high	-21.5% from \$292.72	The gap has widened slightly

Computed from 300 daily bars (11 July 2025 to 18 September 2026), Wilder smoothing for RSI and ATR, EMA seeded on SMA. All distances are measured against the \$229.92 price of record.

The chart has improved more than the price has. A stock that fell to \$203.24 and closed four days inside a published buy band has now put fourteen sessions between itself and that low, reclaimed the 20-day, and produced the momentum re-cross that was absent three weeks ago. That is what a base looks like while it is forming. Two things argue against reading it as a resolved one. Volume on the advance is running 16% below the fifty-day, which is thin participation for a recovery; and the 50-day at \$243.63 is still declining, so the first serious rally attempt runs into supply that is moving down to meet it. The honest description is an unresolved base with better internals and worse breadth than the last time it was measured. Entry timing only; none of this outranks the November print.

6. Scorecard

Factor	Score	Weight	Assessment versus the 30 August report
Business quality	9/10	15%	Platform attach improved on every cohort; Gartner leader for a sixth year. Unchanged.
Financial strength	9/10	12%	\$5.0 B cash, ~\$3.75 B net cash, 25% free cash flow margin, no funding risk. Unchanged.
Competitive advantage	8/10	13%	Customers on ten or more products nearly doubled to 13%; hyperscaler native tooling still the ceiling. Unchanged.
Management	8/10	10%	Execution and disclosure remain first-rate, but roughly \$240 m of insider sales in three months, including the chief executive at \$207.86 into the September low, is a mark against. Was 9.
Growth potential	9/10	20%	Core accelerating five quarters running against a real and disclosed headwind. Unchanged.
Valuation	5/10	20%	17.7x forward sales from 18.1x and the fair-value gap restored to 6.4%, offset by a policy rate that has started rising. Was 4.
Risk (10 = lowest risk)	6/10	7%	Concentration disclosed and guided rather than latent, and the account is still unquantified. Unchanged.
Technical setup	6/10	3%	Momentum re-cross achieved, 20-day reclaimed, volatility down to 5.2% ATR, but volume is fading. Was 5.

Scored 1–10, where 10 is always best, including Risk. Weights are unchanged from the 30 August report so the totals are directly comparable, and that report used the same direction convention for the risk factor, so no restatement was required. Weighted total 77 / 100, up from 75. Three factors moved: valuation and the technical setup improved on price and momentum, management fell on the insider record.

7. Scenario Analysis

Scenario	Prob.	Revenue path and profitability	FY2028E fair value
Bull	25%	The step-down is a one-account reset. FY27 \$5.65 B (+27%), FY28 \$7.06 B; free cash flow margin expands as the artificial-intelligence-native cohort scales	\$349
Base	52%	Orderly transition. FY27 \$5.40 B (+21%), FY28 \$6.42 B; free cash flow margin holds near 30%	\$242
Bear	23%	Artificial-intelligence digestion broadens beyond one account. FY27 \$5.10 B (+14%), FY28 \$5.71 B; free cash flow margin compresses	\$137

Probabilities sum to 100% and are carried forward from the 30 August report, because no company disclosure bearing on them has been made. The probability-weighted fair value is \$244.60, some 6.4% above the 18 September close of \$229.92, against 3.2% above the \$236.98 close on which the previous report was written. Fair values are the analyst's own calculations derived from stated inputs and are not price predictions.

Leaving the distribution alone is again the disciplined answer on the company, but it should be read with one qualification that did not apply three weeks ago. Every fair value in the table is a discounted stream, and the rate used to discount it rose on 16 September with more signalled. A revision that moved the probabilities would be manufacturing a view; a revision that moved the discount rate would be defensible, and the direction it would move these numbers is down. The gap of 6.4% is therefore the widest reasonable reading of the cushion rather than a conservative one.

8. Recommendation — WATCHLIST (unchanged)

The rating does not move, but the grounds for it have shifted enough to be worth stating plainly. Three weeks ago Watchlist meant waiting for a band 7.7% below the market that the shares might never reach. The band was reached on 2 September. An investor following the published plan had four closing opportunities between \$209 and \$215 and an intraday print at \$203.24, and the correct conclusion is that the level worked rather than that the rating was too cautious. What has happened since is that the shares recovered 13% off that low, so the same discipline now points the same way for a different reason: at \$229.92 the stock sits 4.5% above the top of its own accumulation zone, with a probability-weighted fair value of \$245 offering 6.4% against a bear path to \$137 and a 5.2% average true range.

The accumulation zone is reaffirmed at **\$195–220**, which on the current 359.1 million share count and \$3.75 billion of net cash is 12.2 to 14.0 times fiscal 2027 estimated sales, and which now has demonstrated demand behind it rather than only a chart shelf. Should the shares return there, a stop below **\$185** and a 24-month objective of **\$300–340** would frame roughly 2.2 to 2.7 times reward-to-risk on a 2–3% portfolio position. No entry, stop-loss or profit-target framework is provided at the prevailing price, because the recommendation is not a buy there.

One published trigger is retired. The bear-confirmation level was a close below the 100-day average, and that average has risen from \$216.69 to \$230.98 in thirteen sessions because the sub-\$130 bars of late April are rolling out of its window, not because the trend has strengthened. A level that moves \$14 for arithmetic reasons cannot carry a meaning assigned to it three weeks ago, and it will keep rising through the price for several more weeks. It is replaced below with a dated level that does not drift.

What would change the view	Why it matters
Q3 revenue above the \$1.145 B guidance top on 5 November, with non-artificial-intelligence cohort growth still in the high-20s%	The single test of whether the guidance embedded a worst case. This is the upgrade trigger and it is unchanged.
Disclosure quantifying the largest customer's new run-rate	Removes the discount for uncertainty that is currently doing most of the work in the valuation score.
A close below \$203.24 , the 8 September low, on above-average volume	Replaces the 100-day trigger. A dated level with demonstrated demand behind it, which does not drift as old bars roll out of a window.
Non-artificial-intelligence cohort below 22%, gross margin below 78.5%, or a second artificial-intelligence account declining	The move-to-Avoid conditions. Unchanged, and untestable before November.

What would change the view	Why it matters
A further leg higher in the policy path alongside a 10-year yield sustained above its September high	A ninety-times forward multiple is a duration asset. A rising discount rate compresses it independently of anything the company does.
Continued heavy insider disposals through the November print	One quarter of scheduled selling is noise. A second, into a recovery this time, would be a different signal.

Datadog remains an excellent business at a price that is close to fair rather than cheap, and the case for owning it is a case for owning it lower. An investor already holding should continue to hold: the business improved in the second quarter, the disclosure removed an overhang, and nothing since has touched either. An investor with no position has just watched the published entry band arrive and leave, which is a reminder that these levels are reached more often than they feel like they will be, and should wait rather than chase a 13% bounce into a November print that the company itself has guided cautiously. The single number that matters on 5 November is non-artificial-intelligence cohort growth.

Disclaimer. This report is for informational and educational purposes only and does not constitute investment, legal or tax advice, or a recommendation to buy or sell any security. It is not personalised to any individual's circumstances. The share price referenced throughout is \$229.92, the close of 18 September 2026, and markets were closed on the date of publication. This is an interim levels update: second-quarter operating figures, the fiscal 2026 guidance range, net cash and the scenario set are carried forward from the 7 August and 30 August 2026 editions, because no company disclosure has revised them, and the valuation multiples in this report therefore move on price and share count alone. Market capitalisation and enterprise value are derived from a 359.08 million share count and \$5.00 billion of cash less \$1.25 billion of debt; both are calculated figures rather than company-reported, as are the implied free cash flow and non-GAAP earnings used to derive the EV/FCF and forward P/E multiples, which are held on the same basis as prior editions for comparability. No earnings release or earnings call has occurred since the previous report, so no new call transcript was applicable to this update; the most recent call, covering the second quarter of 2026, was reviewed in full in the 7 August edition, and third-quarter results are expected on 5 November 2026. The identity of the largest customer has not been confirmed by the company. Insider transaction details are as reported in Securities and Exchange Commission Forms 4 and 144 and third-party compilations of them. Analyst ratings and price targets are as published by third-party sources and have not been independently verified; the Bernstein target is shown as \$226 at the 6 July downgrade and as \$237 in mid-September broker feeds, and the discrepancy has not been resolved against a primary source. Technical indicators were computed from a 300-session daily series. Investing involves risk, including loss of principal. Readers should conduct their own due diligence and consult a licensed financial adviser before acting.