

**Sumo Logic, Inc.**  
**Supplementary Financial Information**

**Non-GAAP Financial Measures**

In addition to our financial information presented in accordance with GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance. We use the following non-GAAP financial measures, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. We believe that non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, may be helpful to investors because they provide consistency and comparability with past financial performance and meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. The non-GAAP financial measures are presented for supplemental informational purposes only, have limitations as analytical tools, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP and may be different from similarly-titled non-GAAP financial measures used by other companies. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business, which it includes in press releases announcing quarterly financial results.

***Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP loss from operations, non-GAAP operating margin, non-GAAP net loss, and non-GAAP net loss per share:*** We define these non-GAAP financial measures as their respective GAAP measures, excluding stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets, acquisition-related expenses, and expenses related to a cooperation agreement. We use these non-GAAP financial measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance.

***Free cash flows:*** We define free cash flow as cash used in operating activities less purchases of property and equipment and capitalized internal-use software costs. We believe free cash flow is a useful indicator of liquidity that provides our management, board of directors, and investors with information about our future ability to generate or use cash to enhance the strength of our balance sheet and further invest in our business and pursue potential strategic initiatives.

Please see the reconciliation tables below for the reconciliation of GAAP and non-GAAP results.

**Sumo Logic, Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
(unaudited)

	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
Revenue .....	\$ 54,219	\$ 58,841	\$ 62,016	\$ 67,049	\$ 67,855	\$ 74,108
Cost of revenue .....	15,395	19,778	20,384	22,751	24,145	25,963
Gross profit .....	<u>38,824</u>	<u>39,063</u>	<u>41,632</u>	<u>44,298</u>	<u>43,710</u>	<u>48,145</u>
Operating expenses:						
Research and development .....	20,443	23,861	25,464	24,884	26,253	27,636
Sales and marketing .....	30,278	31,457	33,565	36,011	35,290	39,536
General and administrative .....	14,573	16,670	14,015	13,871	16,996	17,552
Total operating expenses .....	<u>65,294</u>	<u>71,988</u>	<u>73,044</u>	<u>74,766</u>	<u>78,539</u>	<u>84,724</u>
Loss from operations .....	(26,470)	(32,925)	(31,412)	(30,468)	(34,829)	(36,579)
Interest and other income (expense), net .....	(16)	69	(19)	(24)	631	1,149
Interest expense .....	(86)	(3)	(44)	(41)	(29)	(6)
Loss before provision (benefit) for income taxes .....	(26,572)	(32,859)	(31,475)	(30,533)	(34,227)	(35,436)
Provision (benefit) for income taxes .....	342	(810)	(639)	3,033	523	444
Net loss .....	<u>\$ (26,914)</u>	<u>\$ (32,049)</u>	<u>\$ (30,836)</u>	<u>\$ (33,566)</u>	<u>\$ (34,750)</u>	<u>\$ (35,880)</u>
Net loss per share, basic and diluted .....	<u>\$ (0.26)</u>	<u>\$ (0.30)</u>	<u>\$ (0.28)</u>	<u>\$ (0.30)</u>	<u>\$ (0.30)</u>	<u>\$ (0.31)</u>
Weighted-average shares used to compute net loss per share, basic and diluted .....	<u>104,033</u>	<u>107,884</u>	<u>110,409</u>	<u>112,303</u>	<u>114,324</u>	<u>116,610</u>

These schedules have been derived from, and should be read in conjunction with our financial statements in our reports on Forms 10-Q and 10-K, which are filed with the SEC. Our Forms 10-Q and 10-K can be found on our website at: <https://investor.sumologic.com/financial-information/sec-filings>

**Sumo Logic, Inc.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(in thousands, except per share data and percentages)  
(unaudited)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
<b>Reconciliation of gross profit and gross margin</b>						
<b>GAAP gross profit</b>	\$ 38,824	\$ 39,063	\$ 41,632	\$ 44,298	\$ 43,710	\$ 48,145
Add: Stock-based compensation and related employer payroll taxes	173	193	192	296	316	370
Add: Amortization of acquired intangible assets	1,537	3,006	3,614	3,596	3,559	3,501
Add: Acquisition-related expenses	—	54	97	79	81	71
<b>Non-GAAP gross profit</b>	<u>\$ 40,534</u>	<u>\$ 42,316</u>	<u>\$ 45,535</u>	<u>\$ 48,269</u>	<u>\$ 47,666</u>	<u>\$ 52,087</u>
<b>GAAP gross margin</b>	72%	66%	67%	66%	64%	65%
<b>Non-GAAP gross margin</b>	75%	72%	73%	72%	70%	70%
<b>Reconciliation of operating expenses</b>						
<b>GAAP research and development</b>	\$ 20,443	\$ 23,861	\$ 25,464	\$ 24,884	\$ 26,253	\$ 27,636
Less: Stock-based compensation and related employer payroll taxes	(4,858)	(6,103)	(6,538)	(6,864)	(6,554)	(7,752)
Less: Acquisition-related expenses	—	(238)	(297)	(242)	(292)	(257)
<b>Non-GAAP research and development</b>	<u>\$ 15,585</u>	<u>\$ 17,520</u>	<u>\$ 18,629</u>	<u>\$ 17,778</u>	<u>\$ 19,407</u>	<u>\$ 19,627</u>
<b>GAAP sales and marketing</b>	\$ 30,278	\$ 31,457	\$ 33,565	\$ 36,011	\$ 35,290	\$ 39,536
Less: Stock-based compensation and related employer payroll taxes	(3,722)	(4,291)	(3,794)	(4,590)	(2,917)	(5,890)
Less: Amortization of acquired intangible assets	—	(83)	(150)	(150)	(150)	(150)
Less: Acquisition-related expenses	—	(86)	(95)	(97)	(101)	(85)
<b>Non-GAAP sales and marketing</b>	<u>\$ 26,556</u>	<u>\$ 26,997</u>	<u>\$ 29,526</u>	<u>\$ 31,174</u>	<u>\$ 32,122</u>	<u>\$ 33,411</u>
<b>GAAP general and administrative</b>	\$ 14,573	\$ 16,670	\$ 14,015	\$ 13,871	\$ 16,996	\$ 17,552
Less: Stock-based compensation and related employer payroll taxes	(4,188)	(3,906)	(2,727)	(3,458)	(3,759)	(5,176)
Less: Acquisition-related expenses	(1,216)	(2,540)	—	—	—	—
Less: Expenses related to a cooperation agreement	—	—	—	—	(1,720)	(634)
<b>Non-GAAP general and administrative</b>	<u>\$ 9,169</u>	<u>\$ 10,224</u>	<u>\$ 11,288</u>	<u>\$ 10,413</u>	<u>\$ 11,517</u>	<u>\$ 11,742</u>
<b>Reconciliation of operating loss and operating margin</b>						
<b>GAAP loss from operation</b>	\$ (26,470)	\$ (32,925)	\$ (31,412)	\$ (30,468)	\$ (34,829)	\$ (36,579)
Add: Stock-based compensation and related employer payroll taxes	12,941	14,493	13,251	15,208	13,546	19,188
Add: Amortization of acquired intangible assets	1,537	3,089	3,764	3,746	3,709	3,651
Add: Acquisition-related expenses	1,216	2,918	489	418	474	413
Add: Expenses related to a cooperation agreement	—	—	—	—	1,720	634
<b>Non-GAAP operating loss</b>	<u>\$ (10,776)</u>	<u>\$ (12,425)</u>	<u>\$ (13,908)</u>	<u>\$ (11,096)</u>	<u>\$ (15,380)</u>	<u>\$ (12,693)</u>
<b>GAAP operating margin</b>	(49)%	(56)%	(51)%	(45)%	(51)%	(49)%
<b>Non-GAAP operating margin</b>	(20)%	(21)%	(22)%	(17)%	(23)%	(17)%
<b>Reconciliation of net loss</b>						
<b>GAAP net loss</b>	\$ (26,914)	\$ (32,049)	\$ (30,836)	\$ (33,566)	\$ (34,750)	\$ (35,880)
Add: Stock-based compensation and related employer payroll taxes	12,941	14,493	13,251	15,208	13,546	19,188
Add: Amortization of acquired intangible assets	1,537	3,089	3,764	3,746	3,709	3,651
Add: Acquisition-related expenses	1,216	2,918	489	418	474	413
Add: Expenses related to a cooperation agreement	—	—	—	—	1,720	634
<b>Non-GAAP net loss</b>	<u>\$ (11,220)</u>	<u>\$ (11,549)</u>	<u>\$ (13,332)</u>	<u>\$ (14,194)</u>	<u>\$ (15,301)</u>	<u>\$ (11,994)</u>
GAAP net loss per share	\$ (0.26)	\$ (0.30)	\$ (0.28)	\$ (0.30)	\$ (0.30)	\$ (0.31)
Non-GAAP net loss per share	\$ (0.11)	\$ (0.11)	\$ (0.12)	\$ (0.13)	\$ (0.13)	\$ (0.10)
Weighted average shares outstanding, basic and diluted	104,033	107,884	110,409	112,303	114,324	116,610

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**Sumo Logic, Inc.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures (Continued)**  
(in thousands)  
(unaudited)

	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<b>Reconciliation of cash used in operating activities to free cash flow</b>						
<b>GAAP cash used in operating activities</b> .....	\$ (2,719)	\$ (4,538)	\$ (12,689)	\$ (10,545)	\$ (1,432)	\$ (12,007)
Less: Purchases of property and equipment .....	(247)	(1,054)	(498)	(459)	(371)	(15)
Less: Capitalized internal-use software costs .....	—	—	—	(182)	(187)	(418)
<b>Free cash flow</b> .....	<u>\$ (2,966)</u>	<u>\$ (5,592)</u>	<u>\$ (13,187)</u>	<u>\$ (11,186)</u>	<u>\$ (1,990)</u>	<u>\$ (12,440)</u>

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**Sumo Logic, Inc.**  
**Key Metrics**  
(unaudited)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Annualized Recurring Revenue (in millions) <sup>(1)</sup> .....	\$215.6	\$229.8	\$244.3	\$258.8	\$273.3	\$286.2
Customers with Annualized Recurring Revenue over \$100,000 .....	376	410	438	456	469	489
Dollar-Based Net Retention Rate <sup>(2)</sup> .....	104%	104%	106%	112%	115%	115%

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- (1) We define the Annualized Recurring Revenue ('ARR') run-rate from all customers that are under contract with us at the end of the period or with which we are negotiating a renewal contract. If we are in active discussions for a renewal with customers, we continue to include these customers with expired contracts in our ARR until the customer either renews its contract or negotiations terminate without renewal. For certain customers whose revenue may fluctuate from month to month based upon their specific contractual arrangements, we calculate ARR using the annualized monthly recurring revenue, or MRR, run-rate (MRR multiplied by 12). This enables us to calculate our anticipated recurring revenue for all customers based on our packaging and licensing models, which we believe provides a more accurate view of our anticipated recurring revenue.
- (2) Our Dollar-Based Net Retention Rate is calculated as of a period end by starting with the ARR from all subscription customers as of 12 months prior to such period end, or Prior Period ARR. We then calculate the ARR from these same subscription customers as of the current period end, or Current Period ARR. Current Period ARR includes any expansion and is net of contraction or churn over the trailing 12 months but excludes ARR from new subscription customers in the current period. We then divide the Current Period ARR by the Prior Period ARR to arrive at our dollar-based net retention rate.

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