

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

**Transaction with Francisco Partners**

In the press release issued on February 9, 2023, Sumo Logic announced that it has entered into a definitive agreement (the Merger) to be acquired by entities affiliated with Francisco Partners Management, L.P. The additional details and information about the terms and conditions of the Merger are available in the Current Report on Form 8-K filed by Sumo Logic with the Securities and Exchange Commission on February 9, 2023.

**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, expenses related to a cooperation agreement, expenses related to a U.S. Department of Justice antitrust interlock inquiry, and transaction costs related to the Merger. 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>	<u>Q3 2023</u>	<u>Q4 2023</u>
Revenue .....	\$ 54,219	\$ 58,841	\$ 62,016	\$ 67,049	\$ 67,855	\$ 74,108	\$ 78,952	\$ 79,753
Cost of revenue .....	15,395	19,778	20,384	22,751	24,145	25,963	25,114	22,329
Gross profit .....	38,824	39,063	41,632	44,298	43,710	48,145	53,838	57,424
Operating expenses:								
Research and development .....	20,443	23,861	25,464	24,884	26,253	27,636	26,462	24,598
Sales and marketing .....	30,278	31,457	33,565	36,011	35,290	39,536	38,787	39,770
General and administrative .....	14,573	16,670	14,015	13,871	16,996	17,552	15,906	21,195
Total operating expenses .....	65,294	71,988	73,044	74,766	78,539	84,724	81,155	85,563
Loss from operations .....	(26,470)	(32,925)	(31,412)	(30,468)	(34,829)	(36,579)	(27,317)	(28,139)
Interest and other income (expense), net .....	(16)	69	(19)	(24)	631	1,149	1,635	1,616
Interest expense .....	(86)	(3)	(44)	(41)	(29)	(6)	(79)	(59)
Loss before provision for income taxes .....	(26,572)	(32,859)	(31,475)	(30,533)	(34,227)	(35,436)	(25,761)	(26,582)
Provision (benefit) for income taxes .....	342	(810)	(639)	3,033	523	444	528	1,314
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>	<u>\$ (26,289)</u>	<u>\$ (27,896)</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>	<u>\$ (0.22)</u>	<u>\$ (0.23)</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>	<u>119,124</u>	<u>121,172</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 percentages)  
(unaudited)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 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	\$ 53,838	\$ 57,424
Add: Stock-based compensation and related employer payroll taxes .....	173	193	192	296	316	370	419	350
Add: Amortization of acquired intangible assets .....	1,537	3,006	3,614	3,596	3,559	3,501	3,335	1,985
Add: Acquisition-related expenses .....	—	54	97	79	81	71	76	97
<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>	<u>\$ 57,668</u>	<u>\$ 59,856</u>
<b>GAAP gross margin</b> .....	72%	66%	67%	66%	64%	65%	68%	72%
<b>Non-GAAP gross margin</b> .....	75%	72%	73%	72%	70%	70%	73%	75%
<b>Reconciliation of operating expenses</b>								
<b>GAAP research and development</b> .....	\$ 20,443	\$ 23,861	\$ 25,464	\$ 24,884	\$ 26,253	\$ 27,636	\$ 26,462	\$ 24,598
Less: Stock-based compensation and related employer payroll taxes .....	(4,858)	(6,103)	(6,538)	(6,864)	(6,554)	(7,752)	(7,583)	(6,811)
Less: Acquisition-related expenses .....	—	(238)	(297)	(242)	(292)	(257)	(48)	(124)
<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>	<u>\$ 18,831</u>	<u>\$ 17,663</u>
<b>GAAP sales and marketing</b> .....	\$ 30,278	\$ 31,457	\$ 33,565	\$ 36,011	\$ 35,290	\$ 39,536	\$ 38,787	\$ 39,770
Less: Stock-based compensation and related employer payroll taxes .....	(3,722)	(4,291)	(3,794)	(4,590)	(2,917)	(5,890)	(5,304)	(4,119)
Less: Amortization of acquired intangible assets .....	—	(83)	(150)	(150)	(150)	(150)	(150)	(150)
Less: Acquisition-related expenses .....	—	(86)	(95)	(97)	(101)	(85)	(95)	(97)
<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>	<u>\$ 33,238</u>	<u>\$ 35,404</u>
<b>GAAP general and administrative</b> .....	\$ 14,573	\$ 16,670	\$ 14,015	\$ 13,871	\$ 16,996	\$ 17,552	\$ 15,906	\$ 21,195
Less: Stock-based compensation and related employer payroll taxes .....	(4,188)	(3,906)	(2,727)	(3,458)	(3,759)	(5,176)	(4,595)	(2,508)
Less: Acquisition-related expenses .....	(1,216)	(2,540)	—	—	—	—	—	—
Less: Expenses related to a cooperation agreement .....	—	—	—	—	(1,720)	(634)	(250)	(23)
Less: Expenses related to a U.S. Department of Justice antitrust interlock inquiry .....	—	—	—	—	—	—	—	(350)
Less: Transaction costs related to the Merger .....	—	—	—	—	—	—	—	(7,500)
<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>	<u>\$ 11,061</u>	<u>\$ 10,814</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)	\$(27,317)	\$(28,139)
Add: Stock-based compensation expense and related employer payroll taxes .....	12,941	14,493	13,251	15,208	13,546	19,188	17,901	13,788
Add: Amortization of acquired intangible assets .....	1,537	3,089	3,764	3,746	3,709	3,651	3,485	2,135
Add: Acquisition-related expenses .....	1,216	2,918	489	418	474	413	219	318
Add: Expenses related to a cooperation agreement .....	—	—	—	—	1,720	634	250	23
Add: Expenses related to a U.S. Department of Justice antitrust interlock inquiry .....	—	—	—	—	—	—	—	350
Add: Transaction costs related to the Merger .....	—	—	—	—	—	—	—	7,500
<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>	<u>\$( 5,462)</u>	<u>\$( 4,025)</u>
<b>GAAP operating margin</b> .....	(49)%	(56)%	(51)%	(45)%	(51)%	(49)%	(35)%	(35)%
<b>Non-GAAP operating margin</b> .....	(20)%	(21)%	(22)%	(17)%	(23)%	(17)%	(7)%	(5)%

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

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Reconciliation of net loss</b>								
<b>GAAP net loss</b> .....	\$ (26,914)	\$ (32,049)	\$ (30,836)	\$ (33,566)	\$ (34,750)	\$ (35,880)	\$ (26,289)	\$ (27,896)
Add: Stock-based compensation expense and related employer payroll taxes .....	12,941	14,493	13,251	15,208	13,546	19,188	17,901	13,788
Add: Amortization of acquired intangible assets .....	1,537	3,089	3,764	3,746	3,709	3,651	3,485	2,135
Add: Acquisition-related expenses .....	1,216	2,918	489	418	474	413	219	318
Add: Expenses related to a cooperation agreement .....	—	—	—	—	1,720	634	250	23
Add: Expenses related to a U.S. Department of Justice antitrust interlock inquiry .....	—	—	—	—	—	—	—	350
Add: Transaction costs related to the Merger .....	—	—	—	—	—	—	—	7,500
<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>	<u>\$ (4,434)</u>	<u>\$ (3,782)</u>
GAAP net loss per share .....	\$ (0.26)	\$ (0.30)	\$ (0.28)	\$ (0.30)	\$ (0.30)	\$ (0.31)	\$ (0.22)	\$ (0.23)
Non-GAAP net loss per share .....	\$ (0.11)	\$ (0.11)	\$ (0.12)	\$ (0.13)	\$ (0.13)	\$ (0.10)	\$ (0.04)	\$ (0.03)
Weighted average shares outstanding, basic and diluted .....	104,033	107,884	110,409	112,303	114,324	116,610	119,124	121,172
<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)	\$ (8,726)	\$ (5,193)
Less: Purchases of property and equipment .....	(247)	(1,054)	(498)	(459)	(371)	(15)	—	—
Less: Capitalized internal-use software costs .....	—	—	—	(182)	(187)	(418)	(381)	(644)
<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>	<u>\$ (9,107)</u>	<u>\$ (5,837)</u>

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

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Annualized Recurring Revenue (in millions) <sup>(1)</sup>	\$215.6	\$229.8	\$244.3	\$258.8	\$273.3	\$286.2	\$298.9	\$301.6
Customers with Annualized Recurring Revenue over \$100,000	376	410	438	456	469	489	501	505
Dollar-Based Net Retention Rate <sup>(2)</sup>	104%	104%	106%	112%	115%	115%	115%	109%

- (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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