



Q4 and Fiscal Year 2022 Supplemental Financial Information

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Non-GAAP Financial Measures

This supplemental financial information contains financial statements that have not been prepared in accordance with generally accepted accounting principles in the United States (GAAP). We use these non-GAAP financial measures and other key metrics internally to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. We believe these non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. However, non-GAAP financial measures have limitations as an analytical tool and are presented for supplemental informational purposes only. They should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

A reconciliation of our non-GAAP financial measures to the most directly comparable GAAP measures has been provided in the financial statement tables included in this supplemental financial information, and investors are encouraged to review these reconciliations.

Confluent, Inc.
Condensed Consolidated Statements of Operations - Fiscal Years
(in thousands, except percentages, share and per share data)
(unaudited)

	Year Ended December 31,		
	2020	2021	2022
Revenue:			
Subscription	\$ 208,633	\$ 347,099	\$ 535,009
Services	27,944	40,765	50,935
Total revenue	<u>236,577</u>	<u>387,864</u>	<u>585,944</u>
Cost of revenue:			
Subscription	49,283	94,860	146,324
Services	26,193	42,432	56,091
Total cost of revenue	<u>75,476</u>	<u>137,292</u>	<u>202,415</u>
Gross profit	<u>161,101</u>	<u>250,572</u>	<u>383,529</u>
<i>Subscription</i>	<i>76.4%</i>	<i>72.7%</i>	<i>72.7%</i>
<i>Services</i>	<i>6.3%</i>	<i>(4.1%)</i>	<i>(10.1%)</i>
<i>Total gross margin</i>	<i>68.1%</i>	<i>64.6%</i>	<i>65.5%</i>
Operating expenses:			
Research and development	105,399	161,925	264,041
Sales and marketing	166,361	319,331	456,452
General and administrative	122,516	108,936	125,710
Total operating expenses	<u>394,276</u>	<u>590,192</u>	<u>846,203</u>
Operating loss	(233,175)	(339,620)	(462,674)
Other income (expense), net	3,140	(7)	16,416
Loss before income taxes	(230,035)	(339,627)	(446,258)
Provision for (benefit from) income taxes	(207)	3,174	6,293
Net loss	<u>\$ (229,828)</u>	<u>\$ (342,801)</u>	<u>\$ (452,551)</u>
Net loss per share, basic and diluted	<u>\$ (2.21)</u>	<u>\$ (1.82)</u>	<u>\$ (1.62)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>104,218,082</u>	<u>188,627,720</u>	<u>280,080,357</u>

Confluent, Inc.
Condensed Consolidated Statements of Operations - Fiscal Quarters
(in thousands, except percentages, share and per share data)
(unaudited)

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Revenue:								
Subscription	\$ 67,992	\$ 78,516	\$ 92,400	\$ 108,191	\$ 113,920	\$ 127,018	\$ 138,730	\$ 155,341
Services	9,036	9,822	10,170	11,737	12,219	12,389	13,002	13,325
Total revenue	<u>77,028</u>	<u>88,338</u>	<u>102,570</u>	<u>119,928</u>	<u>126,139</u>	<u>139,407</u>	<u>151,732</u>	<u>168,666</u>
Cost of revenue:								
Subscription	15,757	20,292	25,489	33,322	33,603	35,608	38,417	38,696
Services	8,081	9,717	11,810	12,824	12,174	13,901	14,763	15,253
Total cost of revenue	<u>23,838</u>	<u>30,009</u>	<u>37,299</u>	<u>46,146</u>	<u>45,777</u>	<u>49,509</u>	<u>53,180</u>	<u>53,949</u>
Gross profit	<u>53,190</u>	<u>58,329</u>	<u>65,271</u>	<u>73,782</u>	<u>80,362</u>	<u>89,898</u>	<u>98,552</u>	<u>114,717</u>
Subscription	76.8%	74.2%	72.4%	69.2%	70.5%	72.0%	72.3%	75.1%
Services	10.6%	1.1%	(16.1%)	(9.3%)	0.4%	(12.2%)	(13.5%)	(14.5%)
Total gross margin	69.1%	66.0%	63.6%	61.5%	63.7%	64.5%	65.0%	68.0%
Operating expenses:								
Research and development	24,313	33,225	47,701	56,686	57,661	64,472	70,099	71,809
Sales and marketing	58,509	73,206	86,991	100,625	106,702	112,754	114,312	122,684
General and administrative	15,512	37,943	25,330	30,151	27,481	29,979	33,041	35,209
Total operating expenses	<u>98,334</u>	<u>144,374</u>	<u>160,022</u>	<u>187,462</u>	<u>191,844</u>	<u>207,205</u>	<u>217,452</u>	<u>229,702</u>
Operating loss	(45,144)	(86,045)	(94,751)	(113,680)	(111,482)	(117,307)	(118,900)	(114,985)
Other income (expense), net	508	45	(231)	(329)	(816)	1,186	4,719	11,327
Loss before income taxes	(44,636)	(86,000)	(94,982)	(114,009)	(112,298)	(116,121)	(114,181)	(103,658)
Provision for (benefit from) income taxes	(110)	2,170	684	430	689	1,510	1,868	2,226
Net loss	<u>\$ (44,526)</u>	<u>\$ (88,170)</u>	<u>\$ (95,666)</u>	<u>\$ (114,439)</u>	<u>\$ (112,987)</u>	<u>\$ (117,631)</u>	<u>\$ (116,049)</u>	<u>\$ (105,884)</u>
Net loss per share, basic and diluted	<u>\$ (0.41)</u>	<u>\$ (0.74)</u>	<u>\$ (0.37)</u>	<u>\$ (0.43)</u>	<u>\$ (0.41)</u>	<u>\$ (0.42)</u>	<u>\$ (0.41)</u>	<u>\$ (0.37)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>108,731,605</u>	<u>118,648,655</u>	<u>259,152,303</u>	<u>265,480,761</u>	<u>272,890,829</u>	<u>278,268,980</u>	<u>282,267,230</u>	<u>286,732,756</u>

Confluent, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 435,781	\$ 1,375,932
Marketable securities	1,491,044	640,085
Accounts receivable, net	178,188	137,491
Deferred contract acquisition costs	35,883	27,646
Prepaid expenses and other current assets	57,229	44,919
Total current assets	2,198,125	2,226,073
Property and equipment, net	29,089	14,428
Operating lease right-of-use assets	29,478	37,281
Deferred contract acquisition costs, non-current	68,401	51,178
Other assets, non-current	19,756	13,769
Total assets	<u>\$ 2,344,849</u>	<u>\$ 2,342,729</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 21,439	\$ 7,591
Accrued expenses and other liabilities	102,755	98,974
Operating lease liabilities	7,375	9,236
Deferred revenue	290,185	220,920
Liability for early exercise of unvested stock options	2,576	11,467
Total current liabilities	424,330	348,188
Operating lease liabilities, non-current	25,136	31,645
Deferred revenue, non-current	32,644	25,557
Convertible senior notes, net	1,084,500	1,080,701
Other liabilities, non-current	8,762	6,357
Total liabilities	1,575,372	1,492,448
Stockholders' equity:		
Preferred stock	-	-
Class A common stock	2	1
Class B common stock	1	2
Additional paid-in capital	1,980,335	1,599,962
Accumulated other comprehensive loss	(9,456)	(830)
Accumulated deficit	(1,201,405)	(748,854)
Total stockholders' equity	769,477	850,281
Total liabilities and stockholders' equity	<u>\$ 2,344,849</u>	<u>\$ 2,342,729</u>

Confluent, Inc.
Condensed Consolidated Statements of Cash Flows - Fiscal Years
(in thousands)
(unaudited)

	Year Ended December 31,		
	2020	2021	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (229,828)	\$ (342,801)	\$ (452,551)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation and amortization	1,567	3,632	7,620
Net amortization (accretion) of premiums (discounts) on marketable securities	1,294	2,270	(8,891)
Amortization of debt issuance costs	-	187	3,799
Amortization of deferred contract acquisition costs	16,029	26,697	37,339
Non-cash operating lease costs	11,911	10,990	8,608
Common stock charitable donation expense	-	13,290	-
Stock-based compensation, net of amounts capitalized	143,341	155,624	277,656
Deferred income taxes	(1,335)	1,335	(237)
Other	710	1,828	1,384
Changes in operating assets and liabilities:			
Accounts receivable	(41,612)	(32,516)	(42,080)
Deferred contract acquisition costs	(38,129)	(57,924)	(62,801)
Prepaid expenses and other assets	(14,368)	(31,366)	(17,850)
Accounts payable	(327)	6,143	13,580
Accrued expenses and other liabilities	15,837	61,132	9,948
Operating lease liabilities	(11,224)	(10,866)	(9,209)
Deferred revenue	64,077	87,285	76,352
Net cash used in operating activities	<u>(82,057)</u>	<u>(105,060)</u>	<u>(157,333)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalization of internal-use software costs	(3,610)	(5,342)	(10,334)
Purchases of marketable securities	(329,616)	(663,595)	(2,051,908)
Sales of marketable securities	4,988	-	-
Maturities of marketable securities	152,419	271,942	1,200,558
Purchases of property and equipment	(1,040)	(3,600)	(4,121)
Other	-	12	-
Net cash used in investing activities	<u>(176,859)</u>	<u>(400,583)</u>	<u>(865,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from initial public offering, net of underwriting discounts and commissions	-	786,600	-
Proceeds from issuance of common stock upon exercise of vested options	12,376	51,737	42,461
Proceeds from issuance of common stock upon early exercise of unvested options	4,765	19,454	416
Repurchases of unvested options	(87)	(482)	(789)
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	259,815	-	-
Payments of deferred offering costs	(111)	(3,125)	-
Proceeds from convertible senior notes, net of issuance costs	-	1,081,300	(786)
Payment for purchase of capped calls	-	(90,970)	-
Proceeds from issuance of common stock under employee stock purchase plan	-	-	40,939
Net cash provided by financing activities	<u>276,758</u>	<u>1,844,514</u>	<u>82,241</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(7)	5	(4)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>17,835</u>	<u>1,338,876</u>	<u>(940,901)</u>
Cash, cash equivalents, and restricted cash at beginning of period	<u>19,971</u>	<u>37,806</u>	<u>1,376,682</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 37,806</u>	<u>\$ 1,376,682</u>	<u>\$ 435,781</u>
Reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets to the amounts shown above:			
Cash and cash equivalents	\$ 36,789	\$ 1,375,932	\$ 435,781
Restricted cash included in other assets, current and non-current	1,017	750	-
Total cash, cash equivalents, and restricted cash	<u>\$ 37,806</u>	<u>\$ 1,376,682</u>	<u>\$ 435,781</u>

Confluent, Inc.
Condensed Consolidated Statements of Cash Flows - Fiscal Quarters
(in thousands)
(unaudited)

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
CASH FLOWS FROM OPERATING ACTIVITIES								
Net loss	\$ (44,526)	\$ (88,170)	\$ (95,666)	\$ (114,439)	\$ (112,987)	\$ (117,631)	\$ (116,049)	\$ (105,884)
Adjustments to reconcile net loss to cash used in operating activities:								
Depreciation and amortization	787	756	897	1,192	1,250	1,810	2,075	2,485
Net amortization (accretion) of premiums (discounts) on marketable securities	505	459	536	770	705	(469)	(3,105)	(6,022)
Amortization of debt issuance costs	-	-	-	187	936	947	958	959
Amortization of deferred contract acquisition costs	5,535	6,048	6,739	8,375	8,470	8,925	9,658	10,286
Non-cash operating lease costs	2,856	2,748	2,962	2,424	2,275	2,200	2,142	1,991
Common stock charitable donation expense	-	13,290	-	-	-	-	-	-
Stock-based compensation, net of amounts capitalized	13,353	34,516	49,683	58,072	57,369	68,866	75,393	76,028
Deferred income taxes	(567)	2,297	(1)	(394)	(4)	30	20	(283)
Other	439	209	1,023	157	204	355	321	504
Changes in operating assets and liabilities:								
Accounts receivable	5,734	(17,587)	979	(21,642)	12,782	(25,244)	6,047	(35,665)
Deferred contract acquisition costs	(10,866)	(15,482)	(11,244)	(20,332)	(12,080)	(10,643)	(19,354)	(20,724)
Prepaid expenses and other assets	(2,355)	(12,368)	(2,616)	(14,027)	(7,985)	(12,136)	(977)	3,248
Accounts payable	839	(468)	1,366	4,406	177	7,275	(1,004)	7,132
Accrued expenses and other liabilities	1,433	11,460	18,597	29,642	(22,853)	24,609	(35)	8,226
Operating lease liabilities	(2,721)	(2,661)	(2,834)	(2,650)	(2,497)	(2,413)	(2,029)	(2,270)
Deferred revenue	9,565	21,787	11,550	44,383	19,207	20,047	4,187	32,911
Net cash used in operating activities	(19,989)	(43,166)	(18,029)	(23,876)	(55,031)	(33,472)	(41,752)	(27,078)
CASH FLOWS FROM INVESTING ACTIVITIES								
Capitalization of internal-use software costs	(596)	(1,215)	(2,052)	(1,479)	(2,509)	(2,256)	(2,788)	(2,781)
Purchases of marketable securities	(41,688)	(14,283)	(322,941)	(284,683)	(403,883)	(763,479)	(355,886)	(528,660)
Maturities of marketable securities	56,763	66,211	57,693	91,275	95,545	275,114	347,000	482,899
Purchases of property and equipment	(643)	(1,030)	(563)	(1,364)	(887)	(1,184)	(1,044)	(1,006)
Other	9	-	3	-	-	-	-	-
Net cash provided by (used in) investing activities	13,845	49,683	(267,860)	(196,251)	(311,734)	(491,805)	(12,718)	(49,548)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from initial public offering, net of underwriting discounts and commissions	-	786,600	-	-	-	-	-	-
Proceeds from issuance of common stock upon exercise of vested options	6,215	12,490	10,421	22,611	16,436	7,947	9,749	8,329
Proceeds from issuance of common stock upon early exercise of unvested options	7,447	11,309	186	512	345	71	-	-
Repurchases of unvested options	(49)	(164)	(162)	(107)	(12)	(683)	(14)	(80)
Payments of deferred offering costs	(153)	(767)	(2,205)	-	-	-	-	-
Proceeds from convertible senior notes, net of issuance costs	-	-	-	1,081,300	(786)	-	-	-
Payment for purchase of capped calls	-	-	-	(90,970)	-	-	-	-
Proceeds from issuance of common stock under employee stock purchase plan	-	-	-	-	22,485	-	18,454	-
Net cash provided by financing activities	13,460	809,468	8,240	1,013,346	38,468	7,335	28,189	8,249
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(8)	(2)	(1)	16	(46)	20	20	2
Net increase (decrease) in cash, cash equivalents, and restricted cash	7,308	815,983	(277,650)	793,235	(328,343)	(517,922)	(26,261)	(68,375)
Cash, cash equivalents, and restricted cash at beginning of period	37,806	45,114	861,097	583,447	1,376,682	1,048,339	530,417	504,156
Cash, cash equivalents, and restricted cash at end of period	\$ 45,114	\$ 861,097	\$ 583,447	\$ 1,376,682	\$ 1,048,339	\$ 530,417	\$ 504,156	\$ 435,781
Reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets to the amounts shown above:								
Cash and cash equivalents	\$ 44,097	\$ 860,347	\$ 582,697	\$ 1,375,932	\$ 1,047,589	\$ 529,667	\$ 503,406	\$ 435,781
Restricted cash included in other assets, current and non-current	1,017	750	750	750	750	750	750	-
Total cash, cash equivalents, and restricted cash	\$ 45,114	\$ 861,097	\$ 583,447	\$ 1,376,682	\$ 1,048,339	\$ 530,417	\$ 504,156	\$ 435,781

Confluent, Inc.
Reconciliation of GAAP to Non-GAAP Measures - Fiscal Years
(in thousands, except percentages, share and per share data)
(unaudited)

	Year Ended December 31,		
	2020	2021	2022
Reconciliation of GAAP total gross profit to non-GAAP total gross profit:			
Total gross profit on a GAAP basis	\$ 161,101	\$ 250,572	\$ 383,529
<i>Total gross margin on a GAAP basis</i>	<i>68.1%</i>	<i>64.6%</i>	<i>65.5%</i>
Add: Stock-based compensation expense	4,317	17,989	32,389
Add: Employer taxes on employee stock transactions	25	1,013	1,173
Non-GAAP total gross profit	<u>\$ 165,443</u>	<u>\$ 269,574</u>	<u>\$ 417,091</u>
<i>Non-GAAP total gross margin</i>	<i>69.9%</i>	<i>69.5%</i>	<i>71.2%</i>
Reconciliation of GAAP subscription gross profit to non-GAAP subscription gross profit:			
Subscription gross profit on a GAAP basis	\$ 159,350	\$ 252,239	\$ 388,685
<i>Subscription gross margin on a GAAP basis</i>	<i>76.4%</i>	<i>72.7%</i>	<i>72.7%</i>
Add: Stock-based compensation expense	2,572	12,571	23,136
Add: Employer taxes on employee stock transactions	9	636	569
Non-GAAP subscription gross profit	<u>\$ 161,931</u>	<u>\$ 265,446</u>	<u>\$ 412,390</u>
<i>Non-GAAP subscription gross margin</i>	<i>77.6%</i>	<i>76.5%</i>	<i>77.1%</i>
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:			
Research and development operating expense on a GAAP basis			
	\$ 105,399	\$ 161,925	\$ 264,041
Less: Stock-based compensation expense	33,755	49,051	101,499
Less: Employer taxes on employee stock transactions	81	2,278	2,632
Non-GAAP research and development operating expense	<u>\$ 71,563</u>	<u>\$ 110,596</u>	<u>\$ 159,910</u>
<i>Non-GAAP research and development operating expense as a percentage of total revenue</i>	<i>30.2%</i>	<i>28.5%</i>	<i>27.3%</i>
Sales and marketing operating expense on a GAAP basis			
	\$ 166,361	\$ 319,331	\$ 456,452
Less: Stock-based compensation expense	14,734	55,506	99,366
Less: Employer taxes on employee stock transactions	271	4,266	2,485
Non-GAAP sales and marketing operating expense	<u>\$ 151,356</u>	<u>\$ 259,559</u>	<u>\$ 354,601</u>
<i>Non-GAAP sales and marketing operating expense as a percentage of total revenue</i>	<i>64.0%</i>	<i>66.9%</i>	<i>60.5%</i>
General and administrative operating expense on a GAAP basis			
	\$ 122,516	\$ 108,936	\$ 125,710
Less: Stock-based compensation expense	90,535	33,078	44,402
Less: Employer taxes on employee stock transactions	143	2,532	720
Less: Common stock charitable donation expense	-	13,290	-
Less: Acquisition-related expenses	-	-	1,104
Non-GAAP general and administrative operating expense	<u>\$ 31,838</u>	<u>\$ 60,036</u>	<u>\$ 79,484</u>
<i>Non-GAAP general and administrative operating expense as a percentage of total revenue</i>	<i>13.5%</i>	<i>15.5%</i>	<i>13.6%</i>

	Year Ended December 31,		
	2020	2021	2022
Reconciliation of GAAP operating loss to non-GAAP operating loss:			
Operating loss on a GAAP basis	\$ (233,175)	\$ (339,620)	\$ (462,674)
Add: Stock-based compensation expense	143,341	155,624	277,656
Add: Employer taxes on employee stock transactions	520	10,089	7,010
Add: Common stock charitable donation expense	-	13,290	-
Add: Acquisition-related expenses	-	-	1,104
Non-GAAP operating loss	<u>\$ (89,314)</u>	<u>\$ (160,617)</u>	<u>\$ (176,904)</u>
<i>Non-GAAP operating margin</i>	<i>(37.8%)</i>	<i>(41.4%)</i>	<i>(30.2%)</i>

Reconciliation of GAAP net loss to non-GAAP net loss:			
Net loss on a GAAP basis	\$ (229,828)	\$ (342,801)	\$ (452,551)
Add: Stock-based compensation expense	143,341	155,624	277,656
Add: Employer taxes on employee stock transactions	520	10,089	7,010
Add: Common stock charitable donation expense	-	13,290	-
Add: Acquisition-related expenses	-	-	1,104
Add: Amortization of debt issuance costs	-	187	3,799
Add: Income tax effects and adjustments	(1,620)	844	1,631
Non-GAAP net loss	<u>\$ (87,587)</u>	<u>\$ (162,767)</u>	<u>\$ (161,351)</u>
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.84)</u>	<u>\$ (0.86)</u>	<u>\$ (0.58)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>104,218,082</u>	<u>188,627,720</u>	<u>280,080,357</u>

In connection with a tender offer and secondary sales of Confluent common stock and convertible founder stock, stock-based compensation for the year ended December 31, 2020 included \$0.6 million, \$23.9 million, \$3.5 million, and \$83.9 million of expense within cost of revenue, research and development expense, sales and marketing expense, and general and administrative expense, respectively, for an aggregate of \$111.9 million of expense related to the amount paid in excess of the estimated fair value of common stock as of the date of the transactions.

	Year Ended December 31,		
	2020	2021	2022
Net cash used in operating activities	\$ (82,057)	\$ (105,060)	\$ (157,333)
Capitalized internal-use software costs	(3,610)	(5,342)	(10,334)
Capital expenditures	(1,040)	(3,600)	(4,121)
Free cash flow	<u>\$ (86,707)</u>	<u>\$ (114,002)</u>	<u>\$ (171,788)</u>
<i>Free cash flow margin</i>	<i>(36.7%)</i>	<i>(29.4%)</i>	<i>(29.3%)</i>
Net cash used in investing activities	\$ (176,859)	\$ (400,583)	\$ (865,805)
Net cash provided by financing activities	\$ 276,758	\$ 1,844,514	\$ 82,241

Confluent, Inc.
Reconciliation of GAAP to Non-GAAP Measures - Fiscal Quarters
(in thousands, except percentages, share and per share data)
(unaudited)

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Reconciliation of GAAP total gross profit to non-GAAP total gross profit:								
Total gross profit on a GAAP basis	\$ 53,190	\$ 58,329	\$ 65,271	\$ 73,782	\$ 80,362	\$ 89,898	\$ 98,552	\$ 114,717
<i>Total gross margin on a GAAP basis</i>	69.1%	66.0%	63.6%	61.5%	63.7%	64.5%	65.0%	68.0%
Add: Stock-based compensation expense	1,519	3,227	5,735	7,508	7,175	8,346	8,997	7,871
Add: Employer taxes on employee stock transactions	-	326	166	521	410	150	144	469
Non-GAAP total gross profit	<u>\$ 54,709</u>	<u>\$ 61,882</u>	<u>\$ 71,172</u>	<u>\$ 81,811</u>	<u>\$ 87,947</u>	<u>\$ 98,394</u>	<u>\$ 107,693</u>	<u>\$ 123,057</u>
<i>Non-GAAP total gross margin</i>	71.0%	70.1%	69.4%	68.2%	69.7%	70.6%	71.0%	73.0%
Reconciliation of GAAP subscription gross profit to non-GAAP subscription gross profit:								
Subscription gross profit on a GAAP basis	\$ 52,235	\$ 58,224	\$ 66,911	\$ 74,869	\$ 80,317	\$ 91,410	\$ 100,313	\$ 116,645
<i>Subscription gross margin on a GAAP basis</i>	76.8%	74.2%	72.4%	69.2%	70.5%	72.0%	72.3%	75.1%
Add: Stock-based compensation expense	975	2,172	3,945	5,479	5,313	6,018	6,313	5,492
Add: Employer taxes on employee stock transactions	-	38	117	481	333	70	82	84
Non-GAAP subscription gross profit	<u>\$ 53,210</u>	<u>\$ 60,434</u>	<u>\$ 70,973</u>	<u>\$ 80,829</u>	<u>\$ 85,963</u>	<u>\$ 97,498</u>	<u>\$ 106,708</u>	<u>\$ 122,221</u>
<i>Non-GAAP subscription gross margin</i>	78.3%	77.0%	76.8%	74.7%	75.5%	76.8%	76.9%	78.7%

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:								
Research and development operating expense on a GAAP basis	\$ 24,313	\$ 33,225	\$ 47,701	\$ 56,686	\$ 57,661	\$ 64,472	\$ 70,099	\$ 71,809
Less: Stock-based compensation expense	3,511	8,932	16,310	20,298	20,085	25,337	27,692	28,385
Less: Employer taxes on employee stock transactions	121	277	601	1,279	1,039	342	496	755
Non-GAAP research and development operating expense	<u>\$ 20,681</u>	<u>\$ 24,016</u>	<u>\$ 30,790</u>	<u>\$ 35,109</u>	<u>\$ 36,537</u>	<u>\$ 38,793</u>	<u>\$ 41,911</u>	<u>\$ 42,669</u>
<i>Non-GAAP research and development operating expense as a percentage of total revenue</i>	26.8%	27.2%	30.0%	29.3%	29.0%	27.8%	27.6%	25.3%
Sales and marketing operating expense on a GAAP basis	\$ 58,509	\$ 73,206	\$ 86,991	\$ 100,625	\$ 106,702	\$ 112,754	\$ 114,312	\$ 122,684
Less: Stock-based compensation expense	4,976	11,155	18,516	20,859	21,062	24,746	26,712	26,846
Less: Employer taxes on employee stock transactions	103	610	1,236	2,317	680	1,048	580	177
Non-GAAP sales and marketing operating expense	<u>\$ 53,430</u>	<u>\$ 61,441</u>	<u>\$ 67,239</u>	<u>\$ 77,449</u>	<u>\$ 84,960</u>	<u>\$ 86,960</u>	<u>\$ 87,020</u>	<u>\$ 95,661</u>
<i>Non-GAAP sales and marketing operating expense as a percentage of total revenue</i>	69.4%	69.6%	65.6%	64.6%	67.4%	62.4%	57.4%	56.7%
General and administrative operating expense on a GAAP basis	\$ 15,512	\$ 37,943	\$ 25,330	\$ 30,151	\$ 27,481	\$ 29,979	\$ 33,041	\$ 35,209
Less: Stock-based compensation expense	3,347	11,202	9,122	9,407	9,047	10,437	11,992	12,926
Less: Employer taxes on employee stock transactions	39	222	436	1,835	310	130	149	131
Less: Common stock charitable donation expense	-	13,290	-	-	-	-	-	-
Less: Acquisition-related expenses	-	-	-	-	-	-	-	1,104
Non-GAAP general and administrative operating expense	<u>\$ 12,126</u>	<u>\$ 13,229</u>	<u>\$ 15,772</u>	<u>\$ 18,909</u>	<u>\$ 18,124</u>	<u>\$ 19,412</u>	<u>\$ 20,900</u>	<u>\$ 21,048</u>
<i>Non-GAAP general and administrative operating expense as a percentage of total revenue</i>	15.7%	15.0%	15.4%	15.8%	14.4%	13.9%	13.8%	12.5%

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Reconciliation of GAAP operating loss to non-GAAP operating loss:								
Operating loss on a GAAP basis	\$ (45,144)	\$ (86,045)	\$ (94,751)	\$ (113,680)	\$ (111,482)	\$ (117,307)	\$ (118,900)	\$ (114,985)
Add: Stock-based compensation expense	13,353	34,516	49,683	58,072	57,369	68,866	75,393	76,028
Add: Employer taxes on employee stock transactions	263	1,435	2,439	5,952	2,439	1,670	1,369	1,532
Add: Common stock charitable donation expense	-	13,290	-	-	-	-	-	-
Add: Acquisition-related expenses	-	-	-	-	-	-	-	1,104
Non-GAAP operating loss	\$ (31,528)	\$ (36,804)	\$ (42,629)	\$ (49,656)	\$ (51,674)	\$ (46,771)	\$ (42,138)	\$ (36,321)
<i>Non-GAAP operating margin</i>	<i>(40.9%)</i>	<i>(41.7%)</i>	<i>(41.6%)</i>	<i>(41.4%)</i>	<i>(41.0%)</i>	<i>(33.5%)</i>	<i>(27.8%)</i>	<i>(21.5%)</i>
Reconciliation of GAAP net loss to non-GAAP net loss:								
Net loss on a GAAP basis	\$ (44,526)	\$ (88,170)	\$ (95,666)	\$ (114,439)	\$ (112,987)	\$ (117,631)	\$ (116,049)	\$ (105,884)
Add: Stock-based compensation expense	13,353	34,516	49,683	58,072	57,369	68,866	75,393	76,028
Add: Employer taxes on employee stock transactions	263	1,435	2,439	5,952	2,439	1,670	1,369	1,532
Add: Common stock charitable donation expense	-	13,290	-	-	-	-	-	-
Add: Acquisition-related expenses	-	-	-	-	-	-	-	1,104
Add: Amortization of debt issuance costs	-	-	-	187	936	946	958	959
Add: Income tax effects and adjustments	(671)	1,716	(20)	(181)	13	669	293	656
Non-GAAP net loss	\$ (31,581)	\$ (37,213)	\$ (43,564)	\$ (50,409)	\$ (52,230)	\$ (45,480)	\$ (38,036)	\$ (25,605)
Non-GAAP net loss per share, basic and diluted	\$ (0.29)	\$ (0.31)	\$ (0.17)	\$ (0.19)	\$ (0.19)	\$ (0.16)	\$ (0.13)	\$ (0.09)
Weighted-average shares used to compute net loss per share, basic and diluted	108,731,605	118,648,655	259,152,303	265,480,761	272,890,829	278,268,980	282,267,230	286,732,756

	Three Months Ended							
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Net cash used in operating activities	\$ (19,989)	\$ (43,166)	\$ (18,029)	\$ (23,876)	\$ (55,031)	\$ (33,472)	\$ (41,752)	\$ (27,078)
Capitalized internal-use software costs	(596)	(1,215)	(2,052)	(1,479)	(2,509)	(2,256)	(2,788)	(2,781)
Capital expenditures	(643)	(1,030)	(563)	(1,364)	(887)	(1,184)	(1,044)	(1,006)
Free cash flow	\$ (21,228)	\$ (45,411)	\$ (20,644)	\$ (26,719)	\$ (58,427)	\$ (36,912)	\$ (45,584)	\$ (30,865)
<i>Free cash flow margin</i>	<i>(27.6%)</i>	<i>(51.4%)</i>	<i>(20.1%)</i>	<i>(22.3%)</i>	<i>(46.3%)</i>	<i>(26.5%)</i>	<i>(30.0%)</i>	<i>(18.3%)</i>
Net cash provided by (used in) investing activities	\$ 13,845	\$ 49,683	\$ (267,860)	\$ (196,251)	\$ (311,734)	\$ (491,805)	\$ (12,718)	\$ (49,548)
Net cash provided by financing activities	\$ 13,460	\$ 809,468	\$ 8,240	\$ 1,013,346	\$ 38,468	\$ 7,335	\$ 28,189	\$ 8,249