



# Investor Presentation

October 30, 2024



# Disclaimer

This presentation includes express and implied forward-looking statements. All statements contained in this presentation other than statements of historical facts, including expectations of Confluent, Inc. (“we,” “us,” “our,” or “Confluent”) regarding our revenue, revenue mix, revenue growth, expenses and other results of operations; total customers; net dilution; operating margins and margin improvements, targeted or anticipated margin levels; future financial performance, business strategy and plans; potential market and growth opportunities; competitive position; technological or market trends; addressable market opportunity; ability for Confluent Cloud to provide lower total cost of ownership; the timing, anticipated benefits, and overall effectiveness of our transition to a consumption-oriented sales model; consumption growth rate and efficient growth; and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “seek,” “plan,” “project,” “target,” “looking ahead,” “look to,” “move into,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to risks, uncertainties, and assumptions. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Risks include, but are not limited to: (i) our limited operating history, including in uncertain macroeconomic environments, (ii) our ability to sustain and manage our rapid growth, (iii) our ability to increase consumption of our offering, including by existing customers and through the acquisition of new customers, including by addressing customer consumption preferences, successfully adding new features and functionality to our offering, and partnering with our customers to help them realize increased value in Confluent in an efficient and sustainable manner, (iv) our ability to successfully execute our go-to-market strategy and initiatives, including following the reorientation of our go-to-market strategy and model around customer consumption, (v) our ability to attract new customers and successfully ramp their consumption of our offering, as well as retain and sell additional features and services to our existing customers, (vi) uncertain macroeconomic conditions, including high inflation, high interest rates, bank failures, supply chain challenges, geopolitical events, recessionary risks, and exchange rate fluctuations, which have resulted and may continue to result in reduced consumption of Confluent Cloud, volatility in consumption, including due to customer focus on cloud cost controls and increased efficiency, customer pullback in information technology spending, lengthening of sales cycles, reduced contract sizes, generally increased scrutiny on IT spending from existing and potential customers, or customer preference for open source alternatives, as well as the potential need for cost efficiency measures, (vii) our ability to achieve profitability and improve margins annually, by our expected timelines or at all, (viii) the estimated addressable market opportunity for our offering, including our Flink offering and stream processing, and our ability to capture our share of that market opportunity, (ix) our ability to compete effectively in an increasingly competitive market, (x) our ability to attract, ramp, and retain highly qualified personnel, including following the reorientation of our go-to-market strategy and model around customer consumption, and the impacts of sales personnel attrition and levels of ramped capacity in our sales organization, (xi) breaches in our security measures, intentional or accidental cybersecurity incidents or unauthorized access to our platform, our data, or our customers’ or other users’ personal data, (xii) our reliance on third-party cloud-based infrastructure to host Confluent Cloud, (xiii) public sector budgetary cycles and funding reductions or delays, (xiv) our ability to accurately forecast our future performance, business and growth, and (xv) general market, political, economic, and business conditions. These risks are not exhaustive. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. You should not rely upon the forward-looking statements as predictions of future events. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. 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# Confluent's Mission: Set Data in Motion

Founded in 2014 by the Original Creators of **Apache Kafka**

~\$60B Total Addressable Market<sup>1</sup>

## \$1B+ Total Revenue Run Rate<sup>2</sup>

		Q3'24
	Subscription Revenue	\$240M / +27% YoY
	Confluent Cloud Revenue	\$130M / +42% YoY
	Non-GAAP Operating Margin (OM)	6.3% / +12pts YoY
	Dollar-Based Net Retention Rate	117%
	Customers with ≥ \$100K in ARR	1,346 / +14% YoY

1. TAM calculations performed by Confluent; source: Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2020-2026, 2Q22 Update, June 2022; source: Gartner, Forecast: Enterprise Application Software, Worldwide, August 2022.  
2. Calculated by extrapolating total revenue of \$250.2 million for the quarter ended September 30, 2024.

Note: Financials and metrics other than TAM data are as of or for stated period ended September 30, 2024. Refer to the slides in the section titled "Definitions & GAAP to Non-GAAP Reconciliations" at the end of this presentation for a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures. See Appendix for definitions for "Dollar-Based Net Retention Rate" and "Customers with \$100,000 or greater in ARR."

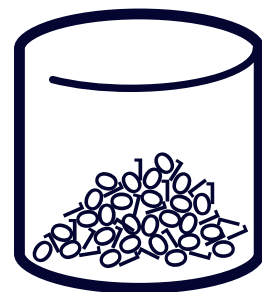


# The Problems with Data at Rest and Legacy Movement Tools

## Data at Rest

### Databases

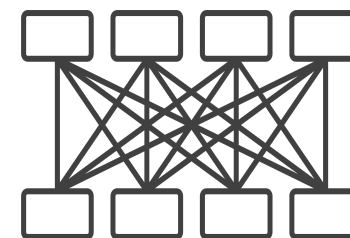
- Slow, daily batch processing
- Simple, static real-time queries



## Legacy Data Movement Tools

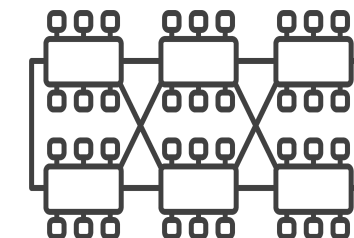
### ETL/Data Integration

- Batch
- Expensive
- Time Consuming



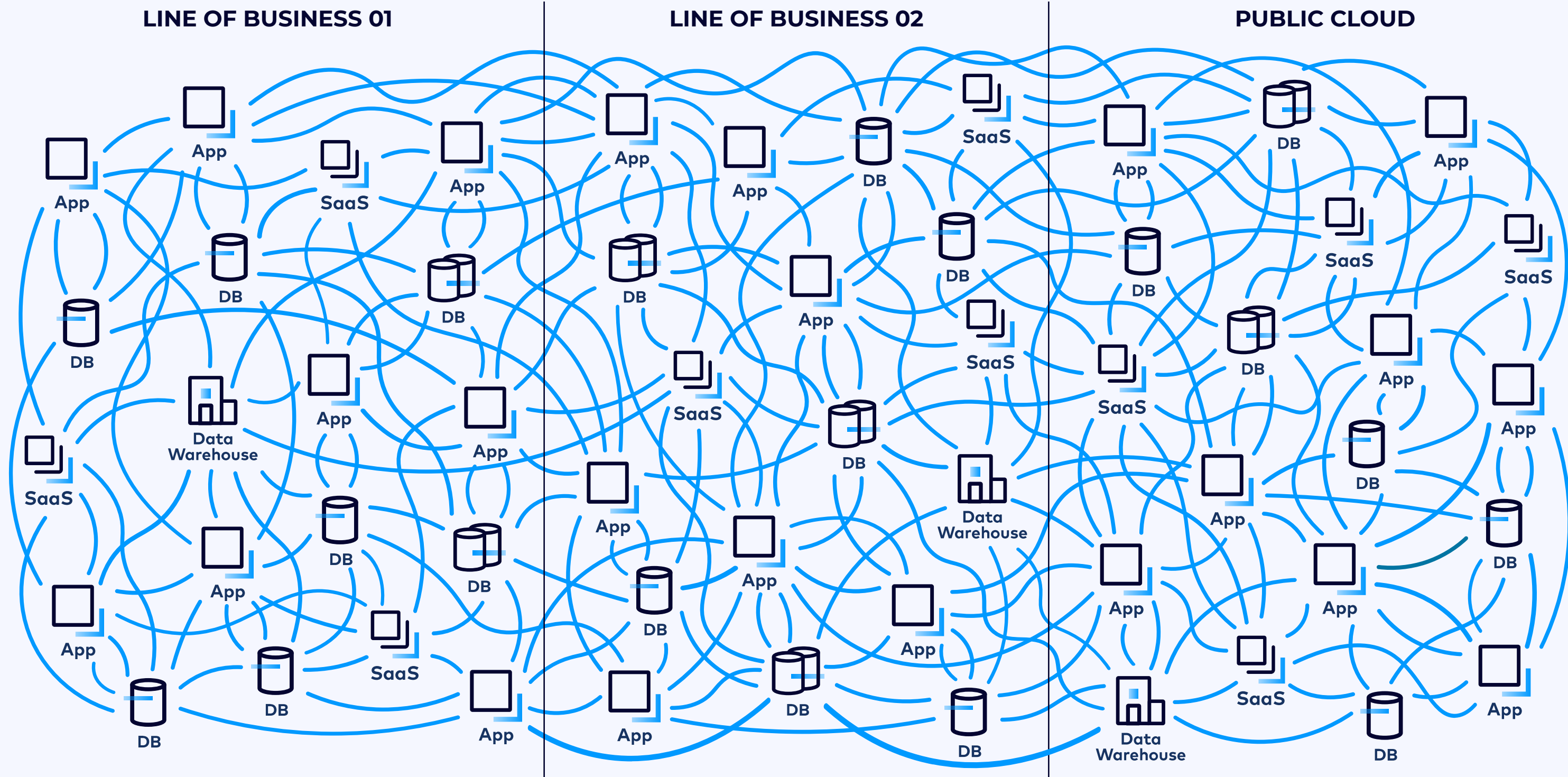
### Messaging

- Difficult to Scale
- No Persistence
- Data Loss
- No Replay





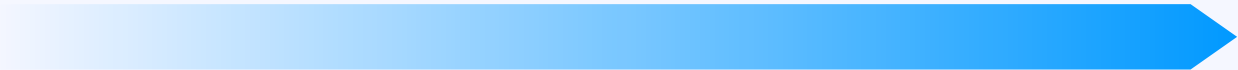
# Databases Bring Point-in-Time Queries to Stored Data; This Leads to a **Giant Mess** in Data Architecture



# A New Paradigm for Data in Motion: **Data Streaming**



From Data Mess



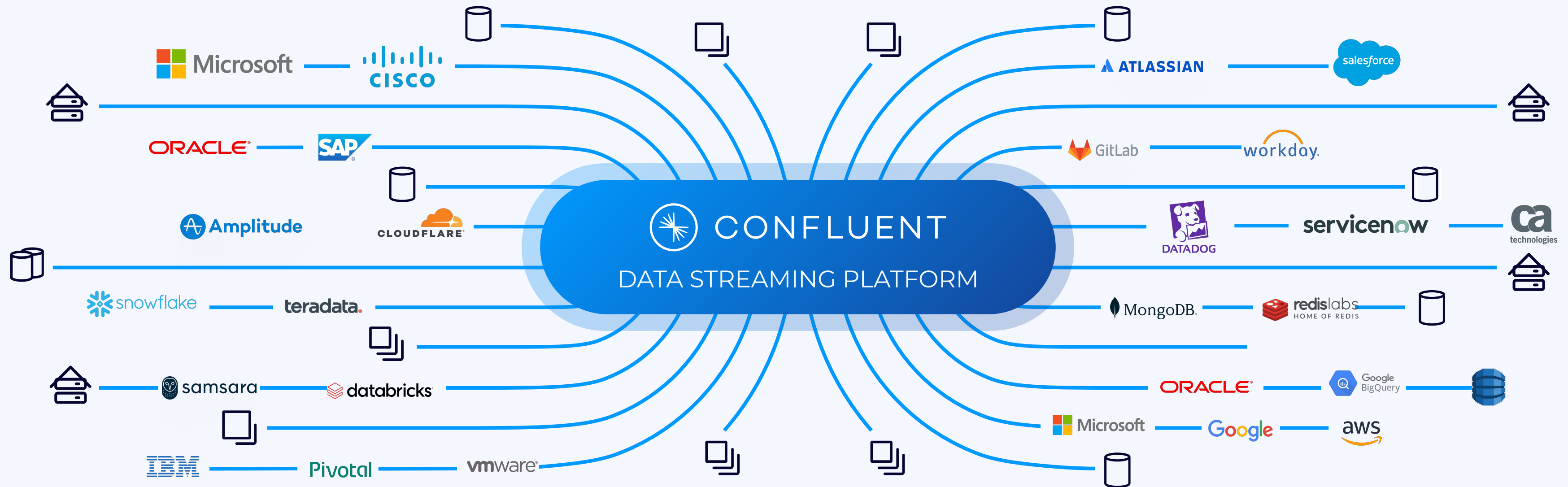
To Data Products



To Instant Value Everywhere



# From Giant Mess to Central Nervous System



# Proven Success Across Industries



### Financial Services

Citi, ING, SGX, JPMORGAN CHASE & CO., KeyBank, Nationwide Building Society, AFFIN HWANG CAPITAL Asset Management, Morgan Stanley, Goldman Sachs, RBC, Citizens Bank, btpn, PNC

### Technology

Square, BIGCOMMERCE, 10x, Q2, PLAID, new relic, SAS, ARMIS, Care.com, SAP, Storyblocks, WIX, instacart, Viewpoint, homepoint, snagajob, SecurityScorecard, Robinhood

### Communications & Media

Telefónica, sky, ticketmaster®, NETFLIX, 8x8, brightspeed, TiVo, Ziff Davis, ETC, MPL MOBILE PREMIER LEAGUE, GLOBE GROUP, dish wireless

### Manufacturing

SUNPOWER®, BOSCH, ENGEL, GEP, Amway, Whirlpool, PENSKE, RODAN+FIELDS

### Consumer & Retail

Walmart, nuuly, TOOLSTATION, MIGROS, Sainsbury's, Boden, apna, ifood, BEST SECRET, s.Oliver, meesho, DICK'S SPORTING GOODS, PIC NIC, Domino's

### Automotive & Transportation

Advance Auto Parts, POLARIS, DKV, Lufthansa, arcese, BMW GROUP, DriveTime, DB, Fraport, DriveCentric, GTU

### Healthcare

alight, BHG, RECURSION, redox, ROOSEVELT REHABILITATION & HEALTHCARE CENTER, EXACT SCIENCES, surescripts, Quantum HEALTH

### Insurance

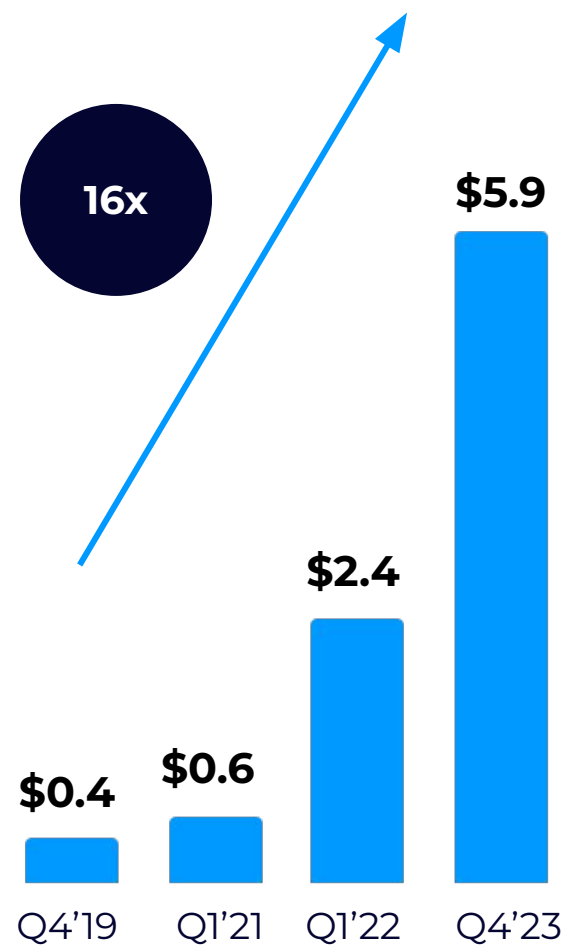
GENERALI, Ladder, beazley, Humana, Vitality, CENTENE Corporation, 保誠人壽

# Customer Expansion Journey Case Studies

ARR \$ in millions

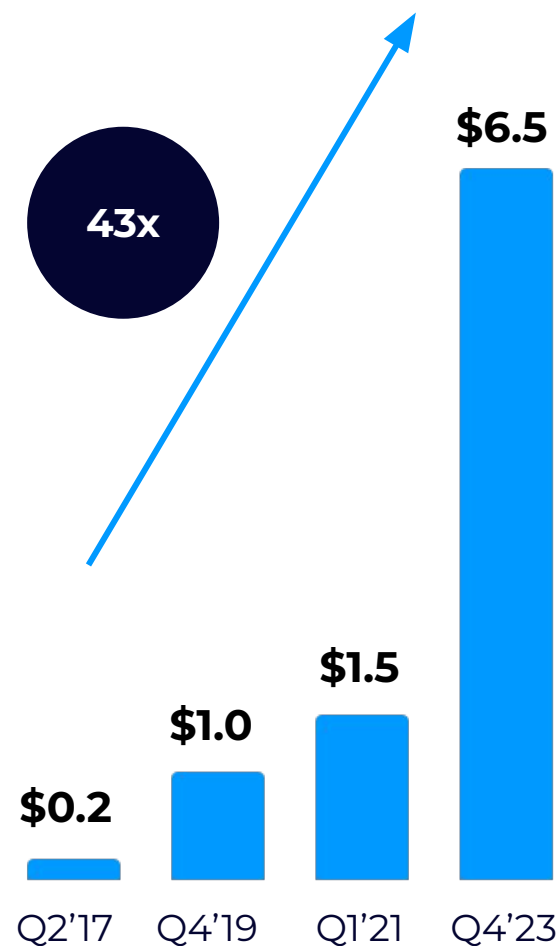


## Global Telco Leader



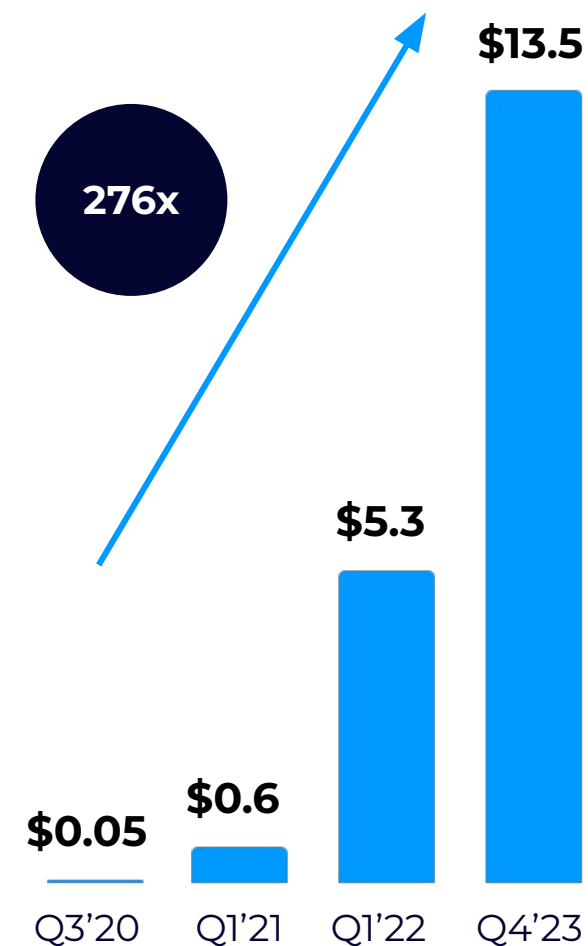
Built out an event portal to support 5G network monetization, billing, sales, security events, and more

## Payment Card Provider



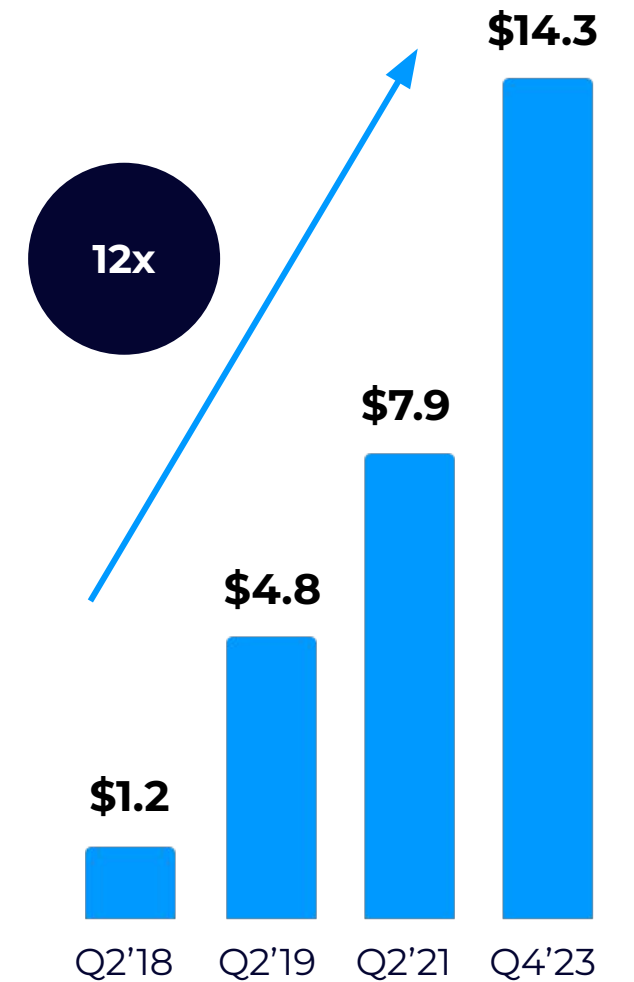
Secured the ability to continue doing business throughout the globe unlocked by Confluent with use cases including GDPR and mandate processing

## Global Online Job Site



Created a unified, real-time data layer across the organization, enabling employer campaigns, sponsored jobs, and targeted searches

## Fortune 50 Bank



Improved banking relationship management, accelerated client onboarding, and enabled customized marketing programs for customers

Note: The expansion multiple is calculated based on the land ARR and the Q4'23 ending ARR, using actual unrounded numbers. The customer examples shown on this slide are illustrative only and may not be representative of growth of other customers within the same vertical(s).



# Use Cases Across All Industries



	<b>Retail</b>	Inventory Management	Personalized Promotions	Product Development & Introduction	Sentiment Analysis	Streaming Enterprise Messaging	Systems of Scale for High Traffic Periods
	<b>Healthcare</b>	Connected Health Records	Data Confidentiality & Accessibility	Dynamic Staff Allocation Optimization	Integrated Treatment	Proactive Patient Care	Real-Time Monitoring
	<b>Finance &amp; Banking</b>	Early-On Fraud Detection	Capital Management	Market Risk Recognition & Investigation	Preventive Regulatory Scanning	Real-Time What-If Analysis	Trade Flow Monitoring
	<b>Transportation</b>	Advanced Navigation	Environmental Factor Processing	Fleet Management	Predictive Maintenance	Threat Detection & Real-Time Response	Traffic Distribution Optimization
	<b>Teleco</b>	5G Networks	Data Security	Product Development & Introduction	Sentiment Analysis	IOT Integration	Systems of Scale for High Traffic Periods
	<b>Common in all Industries</b>	Data Pipelines	Hybrid Cloud Integration	Microservices	Security and Fraud	Customer 360	Streaming ETL



# Why Confluent Wins

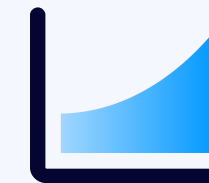


## Product Differentiation

**Cloud-native:** Re-imagined Kafka for the Cloud

**Complete:** Enable developers to reliably & securely build next-gen apps faster

**Everywhere:** Be everywhere customers want to be



## Customer Growth Go-To-Market Model

**Product Led:** Getting customers' hands on product early to qualify and deliver faster time-to value

**Consumption Oriented:** Customer health and actual usage are primary indicators for customer success

**Purpose Built for Data in Motion Journey:** Targeted features and expertise from early stage to Central Nervous System



# The Confluent Data Streaming Platform

## Stream + Connect + Process + Govern

- Data Pipelines
- Real-time Analytics
- Data Analytics
- Cyber-Security
- IoT & Telematics
- ML & AI
- Geofencing
- Streaming ETL
- Dynamic Pricing
- Shipment Tracking / Alerting
- Customer 360
- and more...

### DATA STREAMING APPLICATIONS

 **CONNECT**

 **PROCESS**

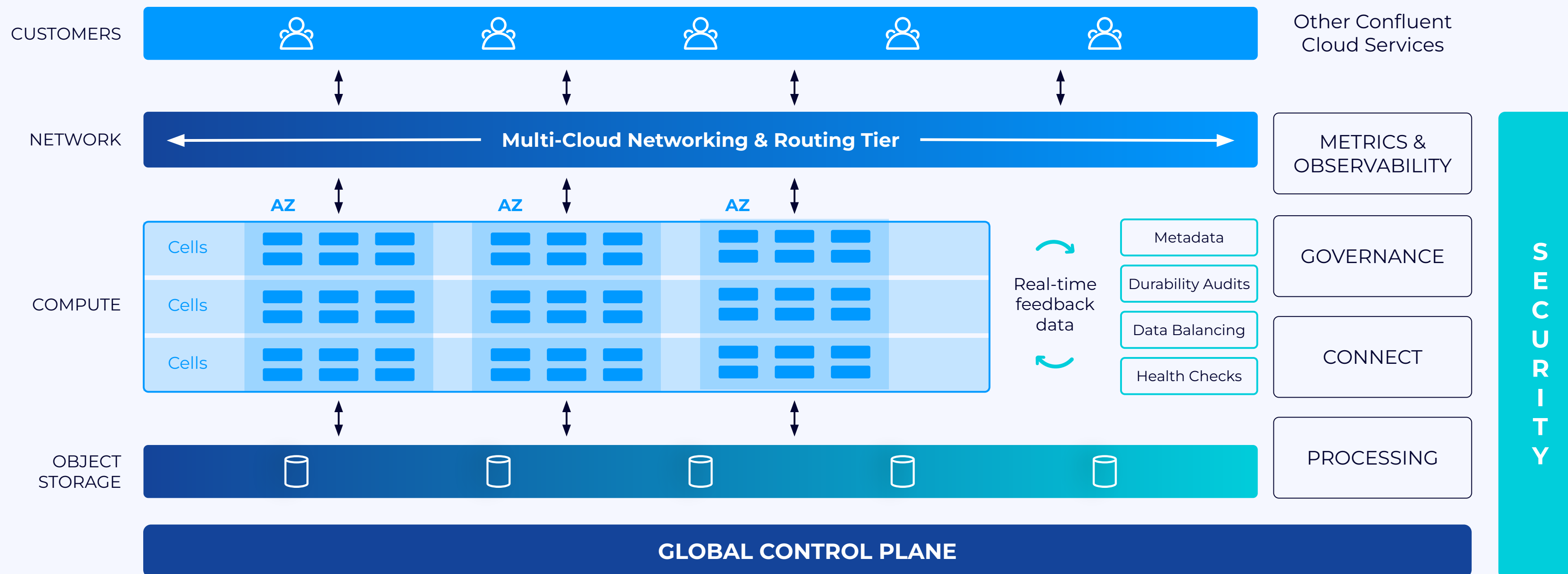
 **GOVERN**

 **STREAM**

**KORA: THE APACHE KAFKA ENGINE, BUILT FOR THE CLOUD**



# Confluent's Cloud Advantage: Kora Architecture



## 30X ELASTICITY

Scale to handle GBps+ workloads and peak customer demands 30x faster without operational burden

## 10X RESILIENCY

Ensure high availability and offload Kafka ops with 99.99% uptime SLA, multi-AZ clusters, and no-touch Kafka patches

## ∞X STORAGE

Never worry about Kafka storage again with Intelligent Tiered Storage and Infinite Retention



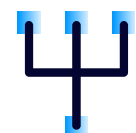
# Stronger Capabilities, With Up to 60% Lower TCO

## HEADCOUNT SAVINGS WITH CONFLUENT



Development & Operations Personnel

## INFRASTRUCTURE SAVINGS WITH CONFLUENT



Multi-tenancy



Elastic



Data Balancing



Networking & Replication

## DEVELOPMENT & OPERATIONS SAVINGS WITH CONFLUENT



Higher Utilization of Infrastructure



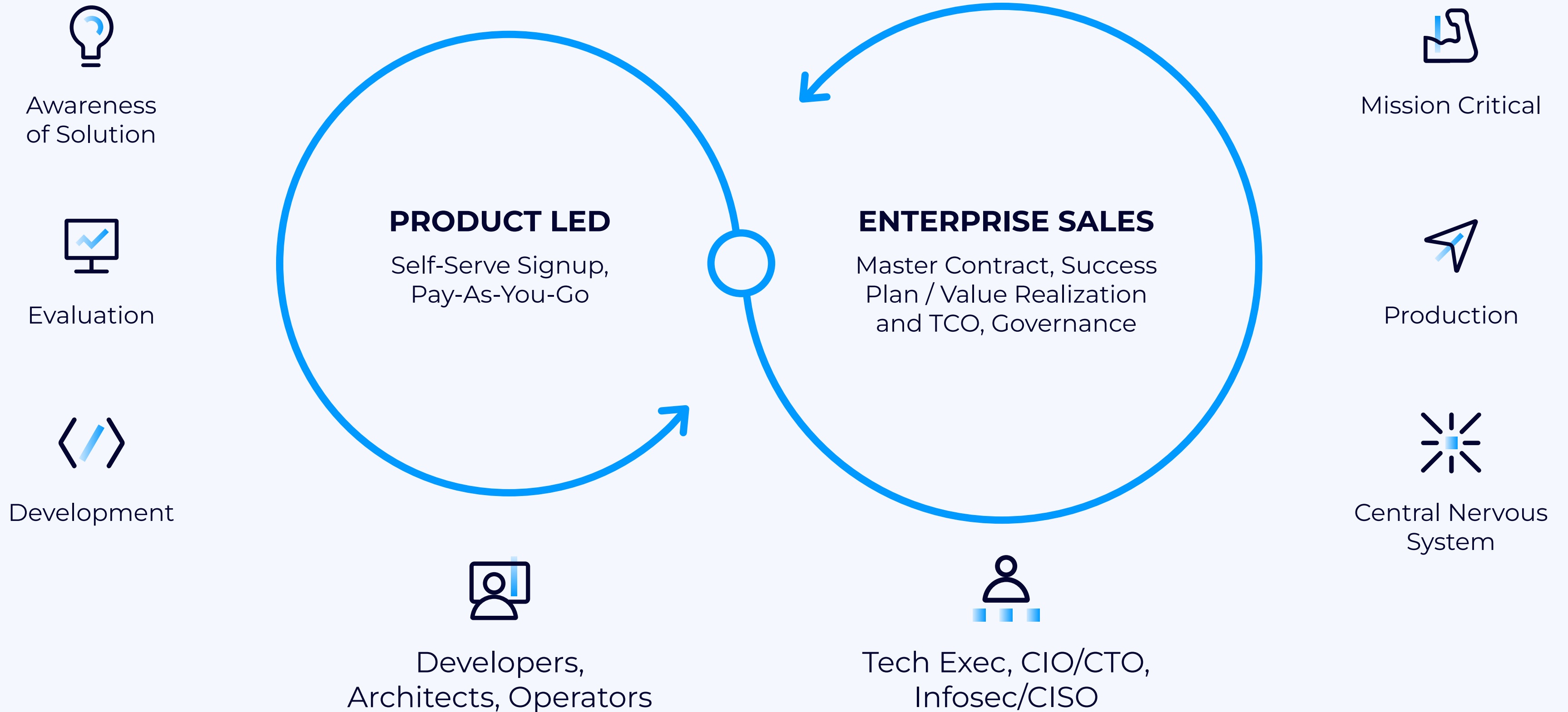
Software-driven Operations



Real-time Monitoring & Validation



# Product Led Complements Enterprise Sales GTM Motion





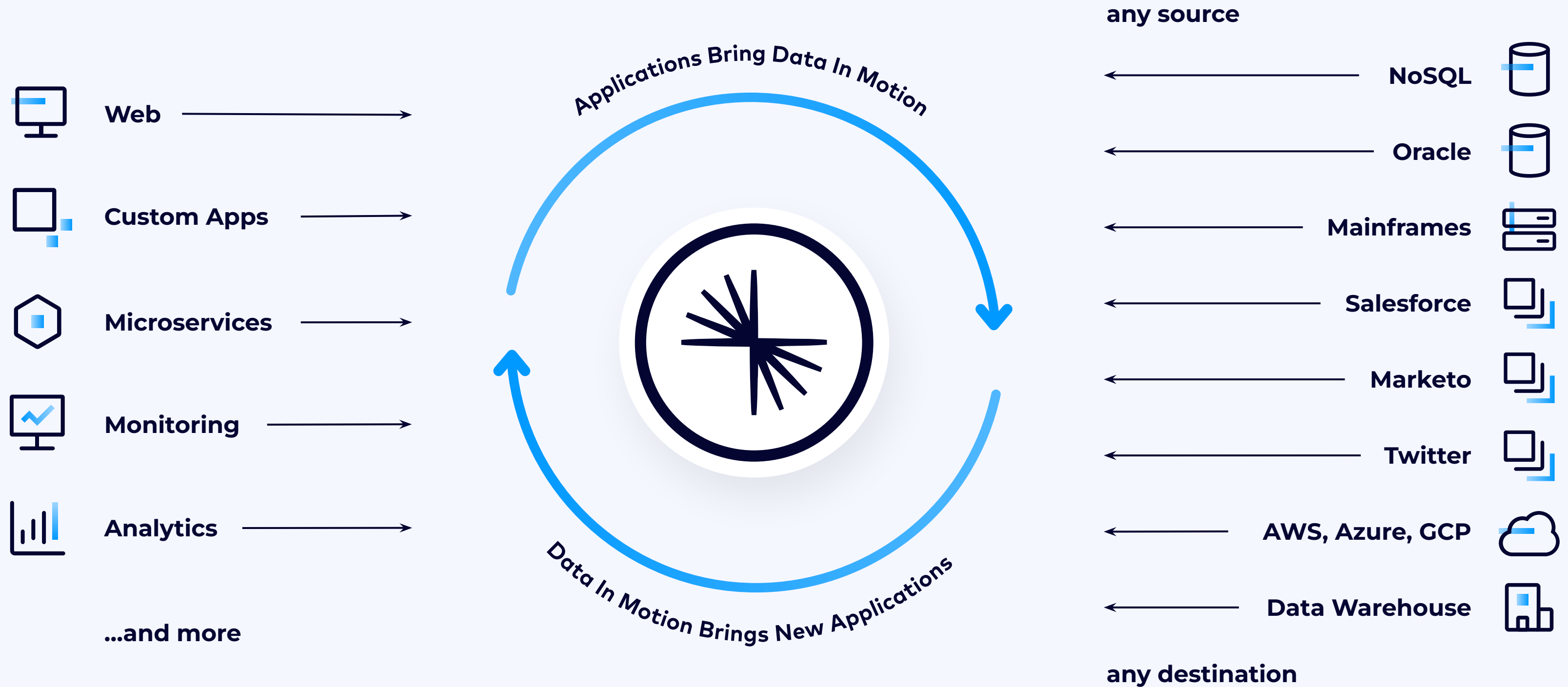
# Data in Motion Journey







# Network Effects Drive Further Expansion

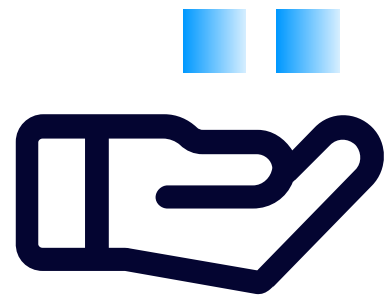




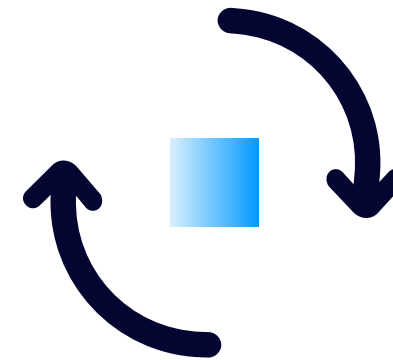
# Our Powerful and Differentiated Cloud Consumption Model



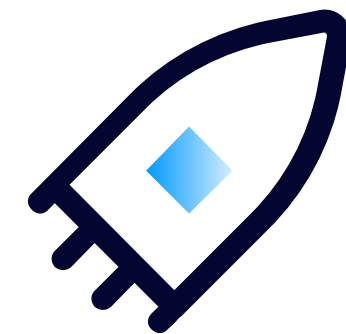
**Serve mission-critical**  
workloads in  
**data infrastructure**



**Power revenue** (*frontend*)  
and **operational** (*backend*)  
use cases



**Expand seamlessly in**  
**the cloud** with **strong**  
**network effects**

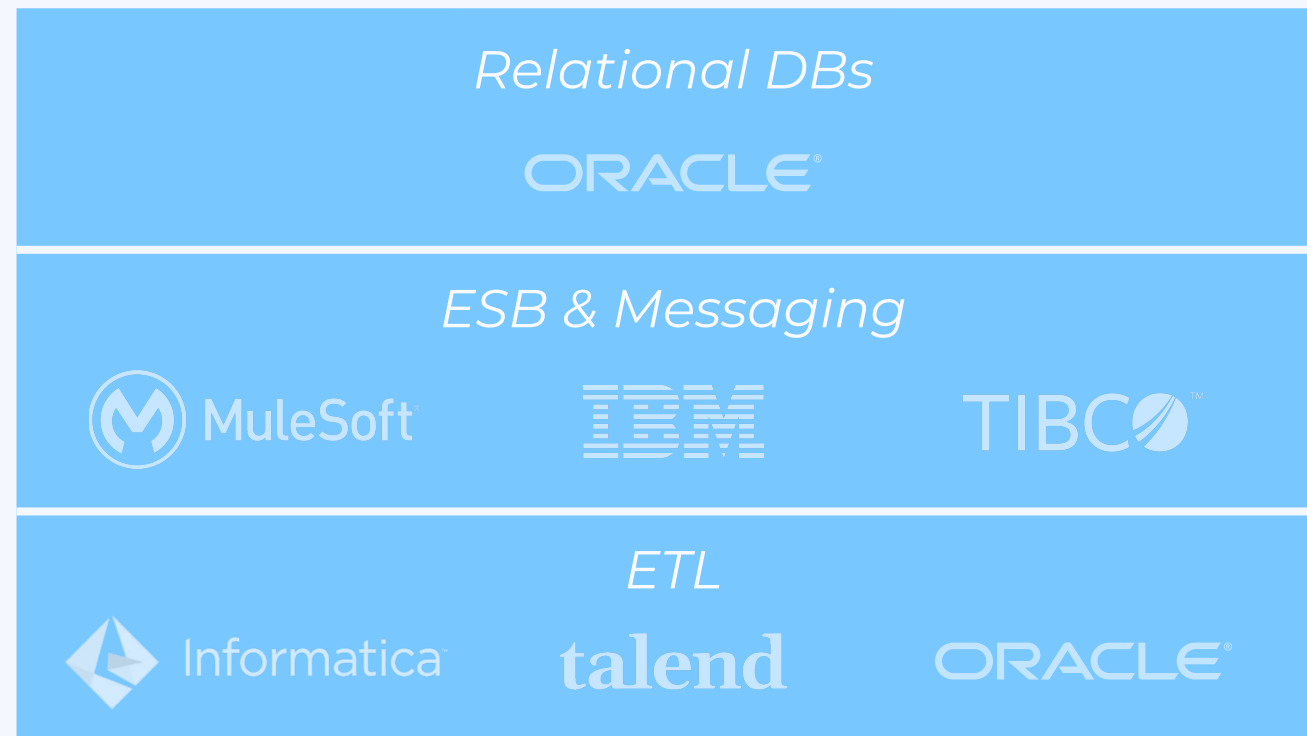


**Moving up the stack with**  
**Flink** and capitalizing  
on **Cloud and Gen AI**  
**opportunities**

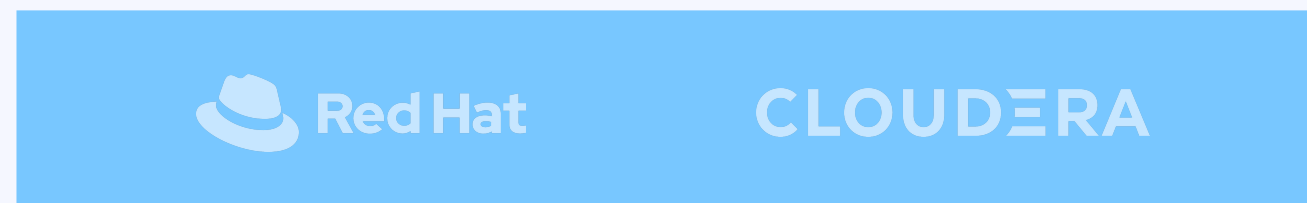


# Competitive Landscape

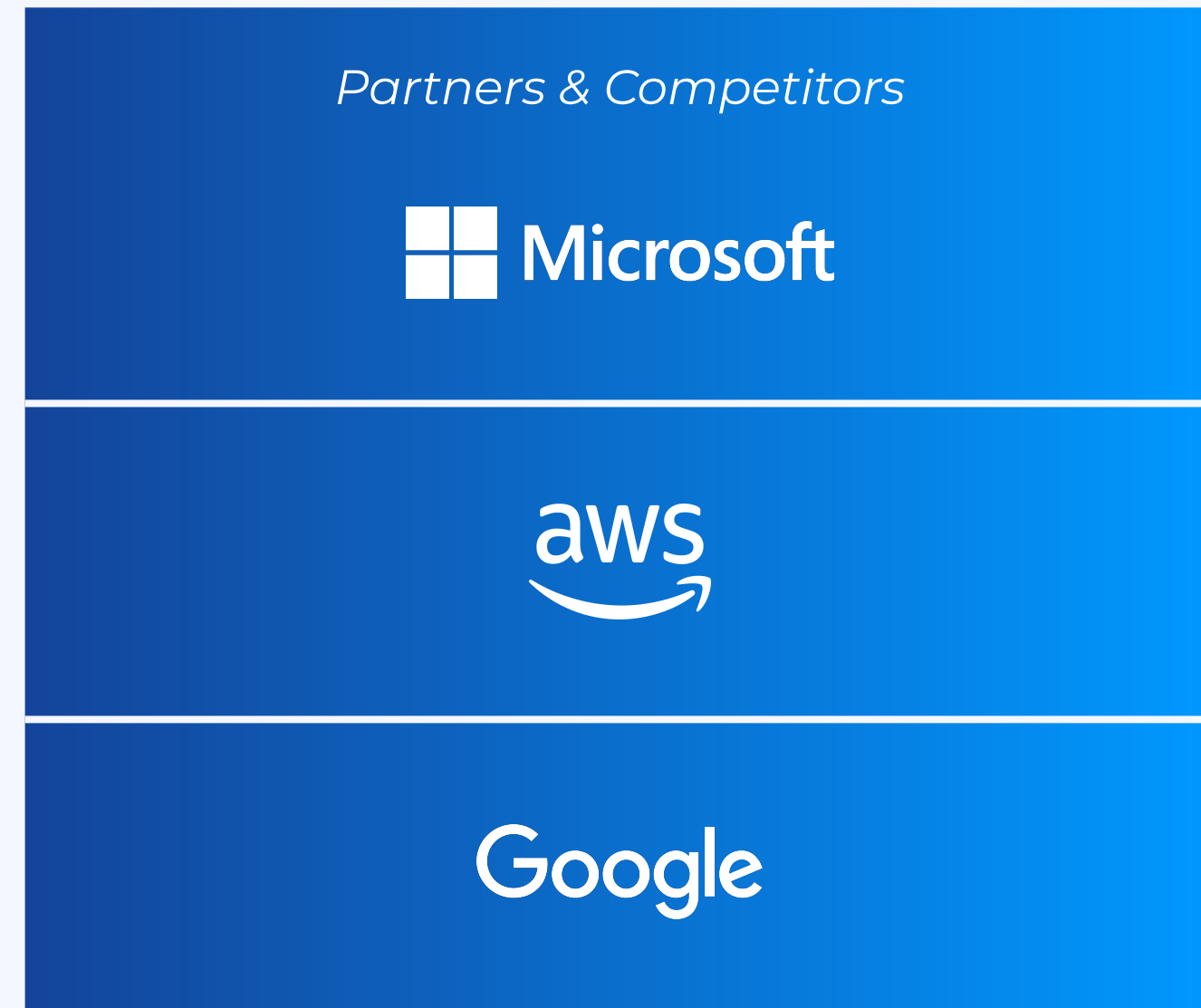
## Legacy Data Infrastructure



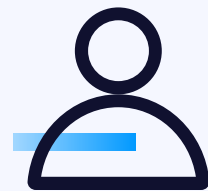
## On-Premises Streaming



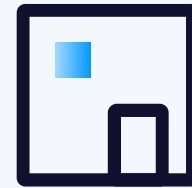
## Cloud Providers



# Multiple Levers of Growth in a Large and Growing TAM



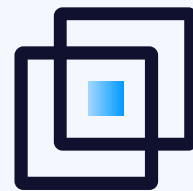
Easy and Frictionless **Land**  
with **Cloud Pay-As-You-Go**



Expand in  
**Underpenetrated Segments**  
(e.g. Commercial, Tech)



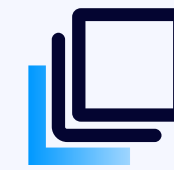
Enterprise-Wide Expansion  
via **Solutions Selling**



Grow and Harness  
our **Partner Ecosystem**



Continued  
**International Expansion**



Productize Use Cases  
**Up-The-Stack**



# One Team, One Mission: Set Data in Motion



**Jay Kreps**  
Co-Founder & CEO



**Jun Rao**  
Co-Founder



**Erica Schultz**  
President, Field Operations



**Stephanie Buscemi**  
Chief Marketing Officer



**Rohan Sivaram**  
Chief Financial Officer



**Melanie Vinson**  
Chief Legal Officer



**Chad Verbowski**  
Chief Technology Officer



**Rey Perez**  
Chief Customer Officer



**Shaun Clowes**  
Chief Product Officer



**Colleen McCreary**  
Chief People Officer



## Board of Directors

**Jay Kreps**  
Co-Founder & CEO of Confluent

**Neha Narkhede**  
Co-Founder of Confluent

**Matt Miller**  
Sequoia Capital

**Mike Volpi**  
Index Ventures

**Eric Vishria**  
Benchmark Capital

**Jonathan Chadwick**  
Former EVP, CFO/COO  
at VMware

**Greg Schott**  
Former CEO and Chairman  
at Mulesoft

**Lara Caimi**  
President, Worldwide Field  
Operations at Samsara

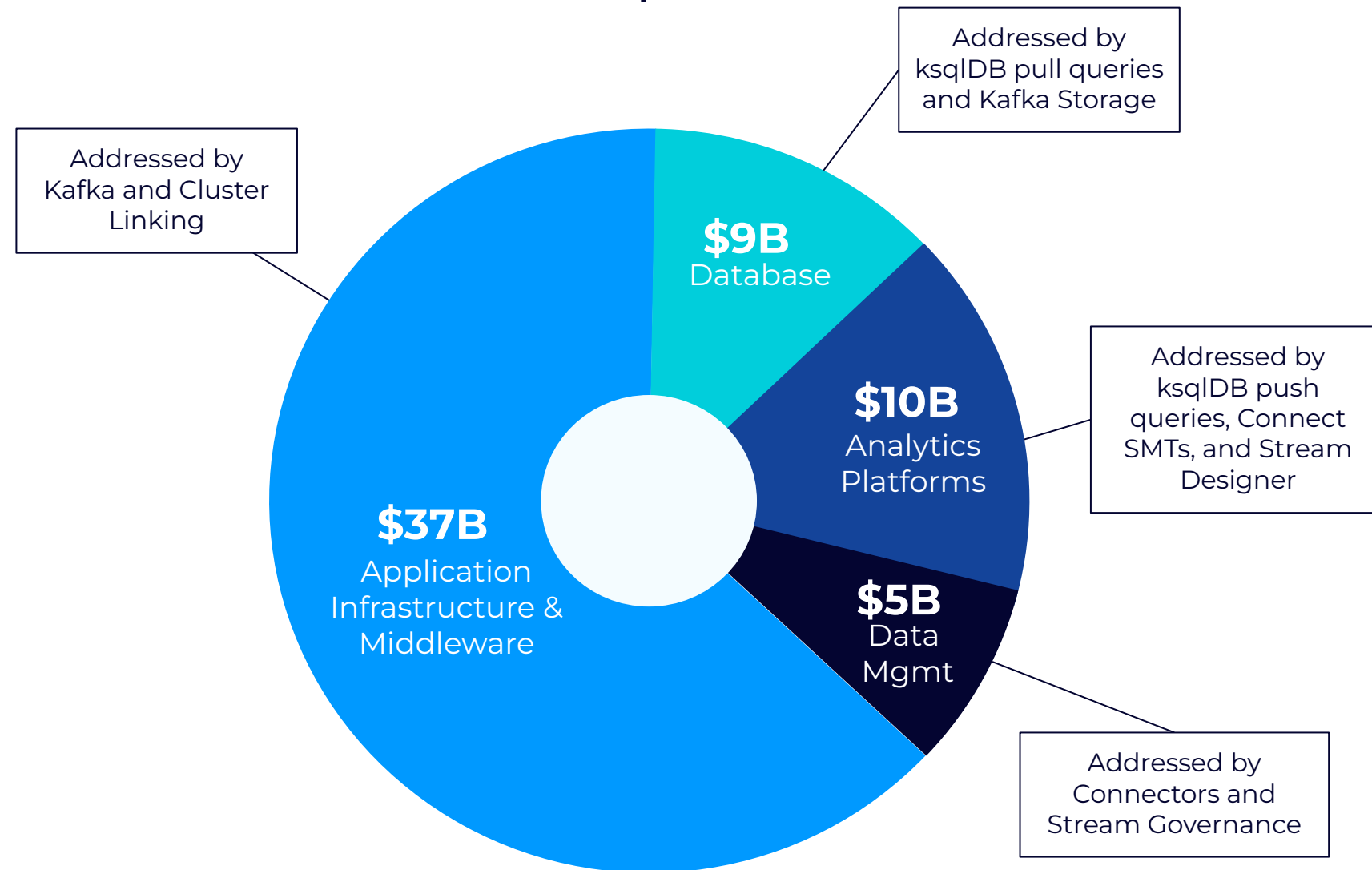
**Alyssa Henry**  
Former CEO at Square

**3,037** employees as of Q3 2024

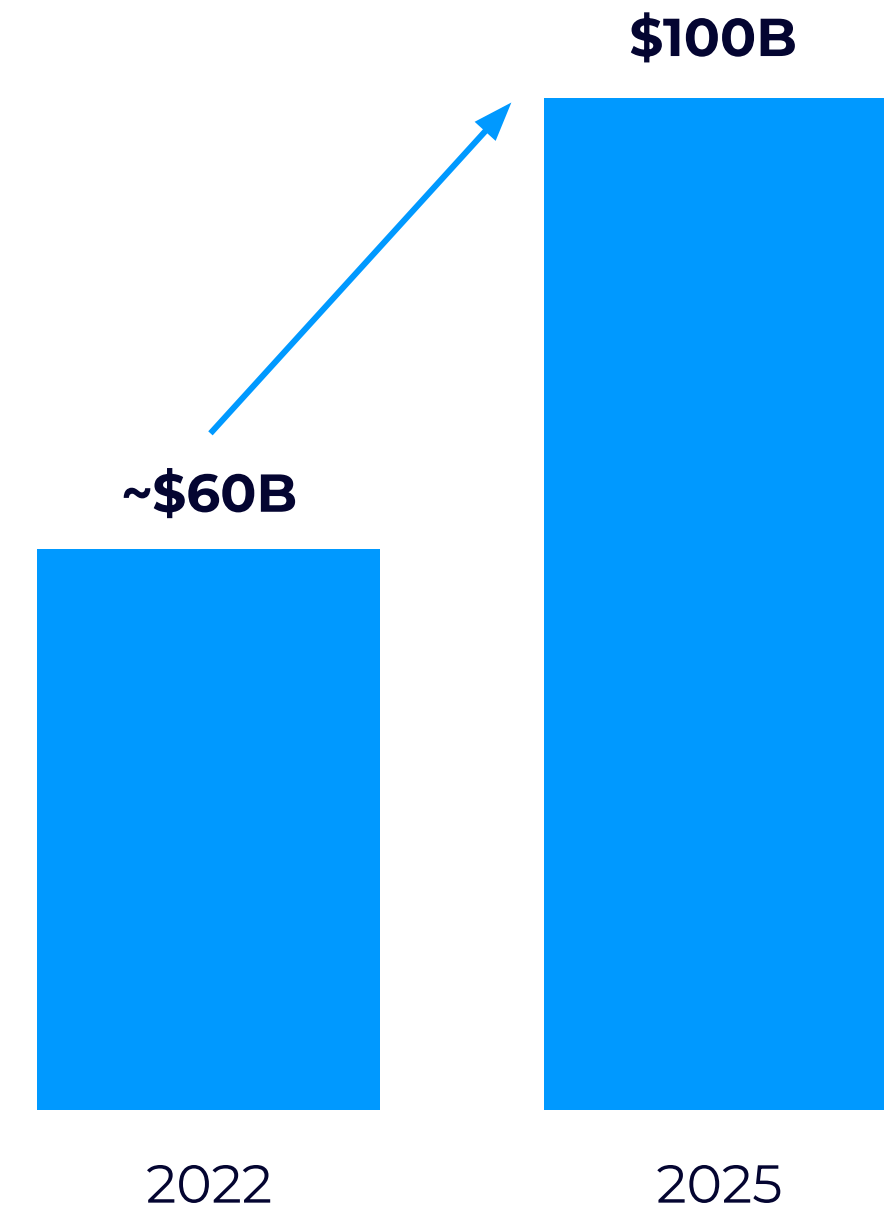


# A New Data Category, A Large Market Opportunity

2022 Total Addressable Market (TAM)  
~\$60B<sup>(2)</sup>



2022-2025 TAM Growth<sup>(3)</sup>  
**19% CAGR**



- (1) ■ Represents 73% of the \$50B application infrastructure & middleware market
- Represents 10% of the \$92B database management market
- Represents 30% of the \$32B analytics platform market
- Represents 50% of the \$10B data management market

(1) Market size based on Gartner estimates from

- Forecast: Enterprise Infrastructure Software, Worldwide, 2020-2026, 2Q22 Update. Published 30 June 2022. Arunasree Cheparthi et al.
- Forecast Analysis: Enterprise Application Software, Worldwide. Published 3 August 2022. Amarendra et al.

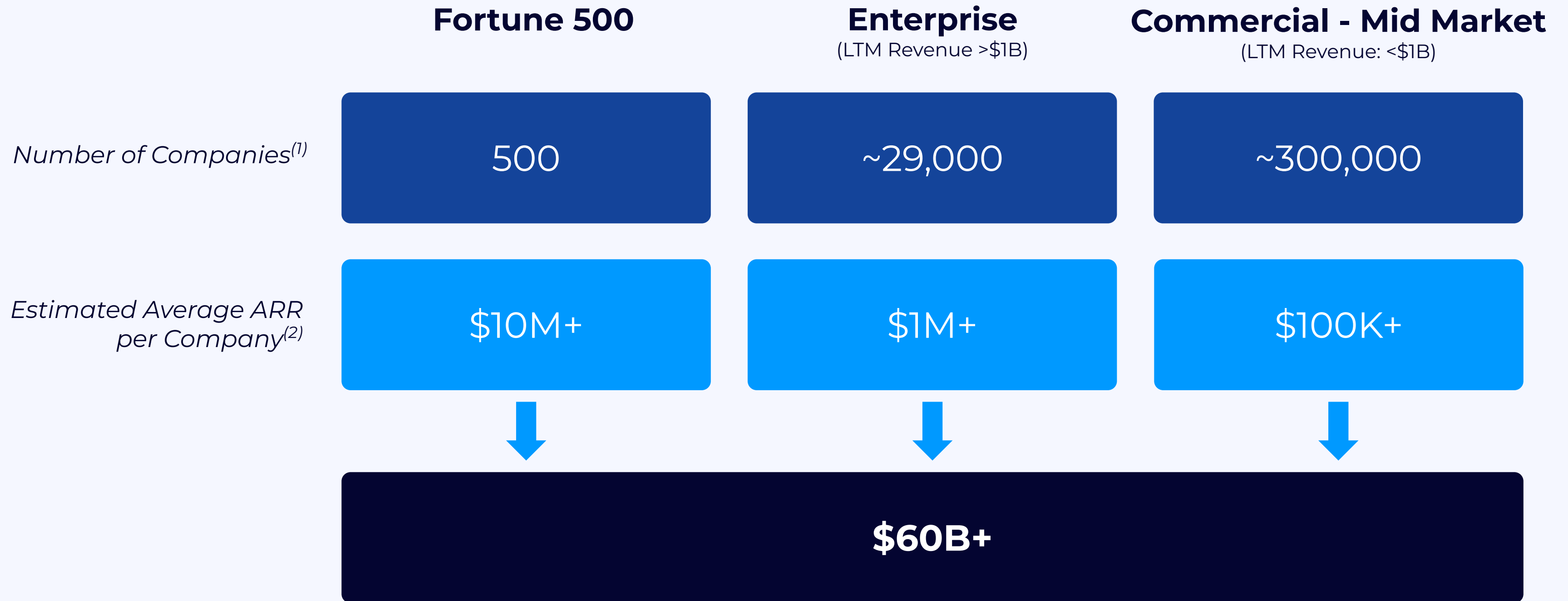
(2) Confluent product share based on internal analysis of use cases in each Gartner market category addressable with generally available Confluent products

(3) Confluent TAM based on estimated share of each Gartner market from 2022 to 2025, which is tied to our current product offering and planned product roadmap





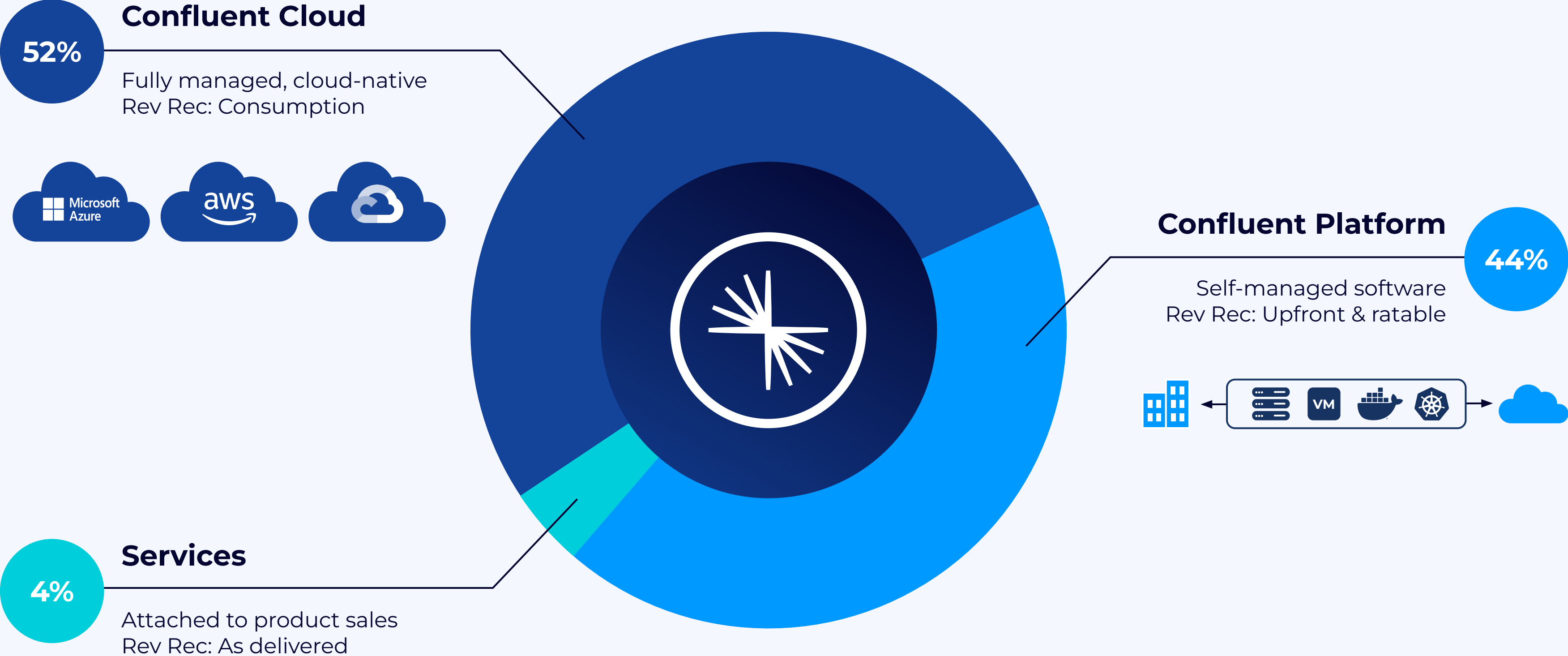
# Bottoms-up View of Our 2022 Addressable Market



(1) Source: Capital IQ.

(2) Estimates based on evaluation of spending patterns across Confluent's customer base.

# The Power of Our Hybrid Model



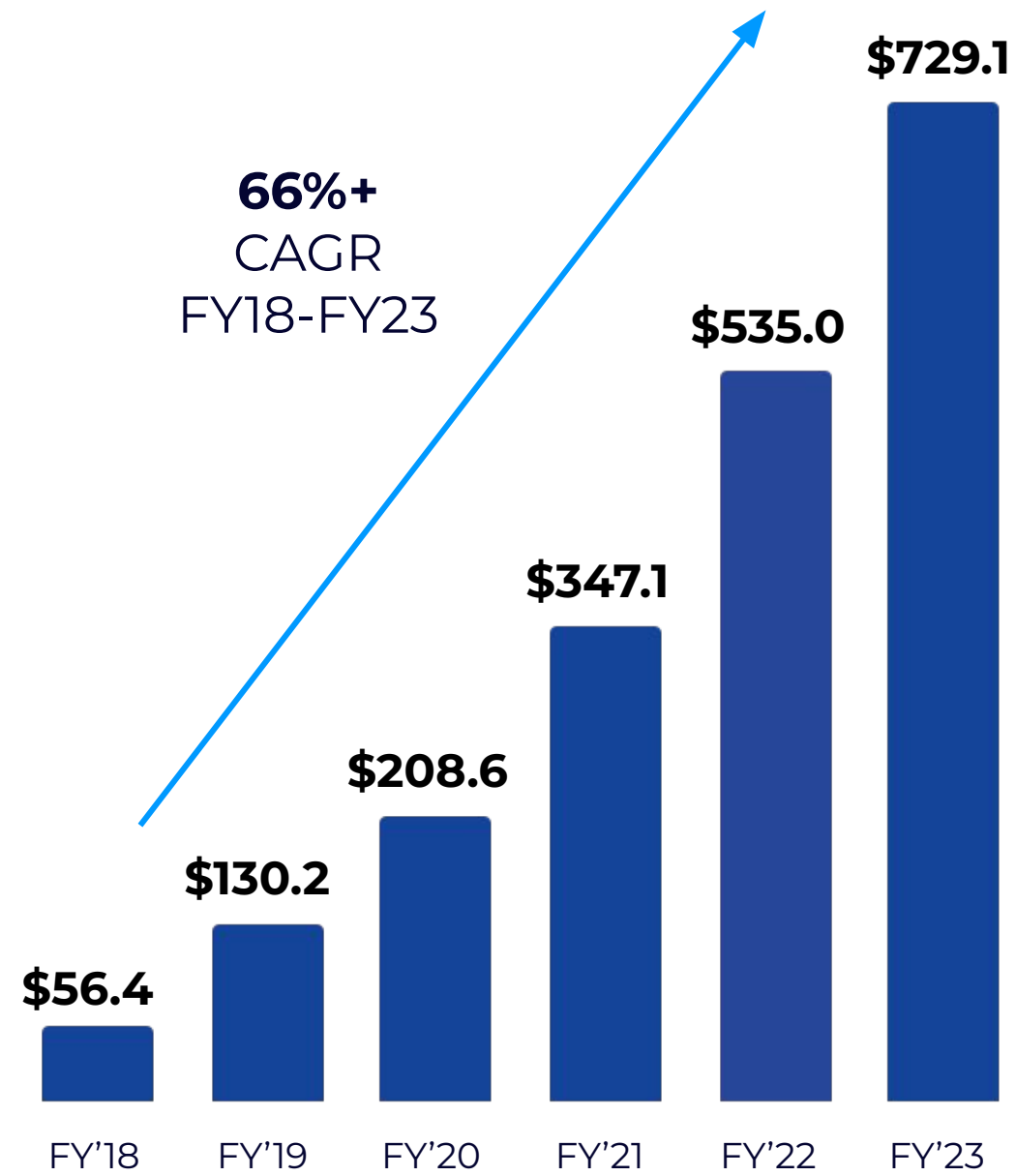
Note: 52% Confluent Cloud revenue mix, 44% Confluent Platform revenue mix, and 4% Services revenue mix are as of the quarterly period ended September 30, 2024.



# Subscription Revenue

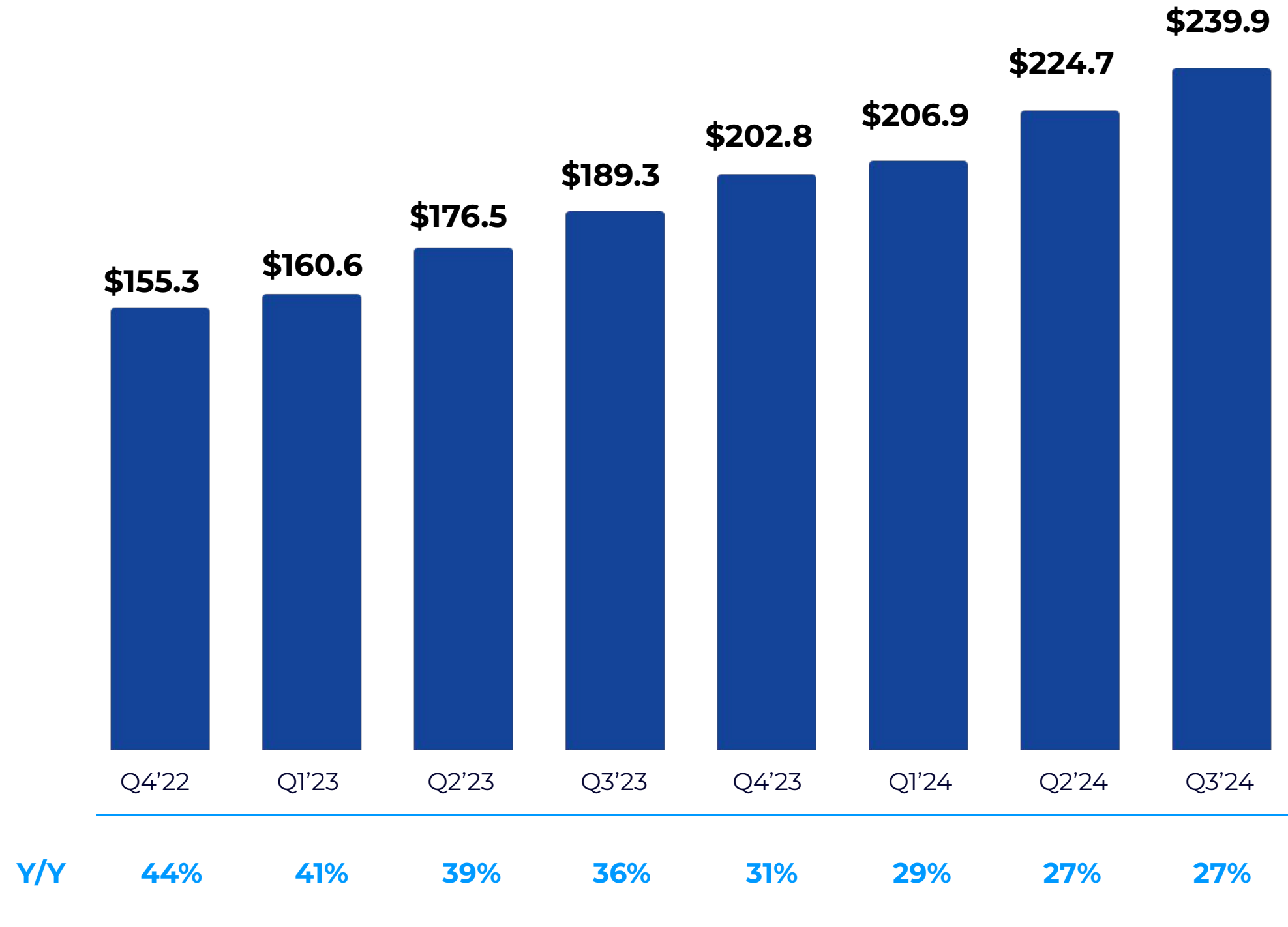
## Annual Subscription Revenue

\$ in millions



## Quarterly Subscription Revenue

\$ in millions



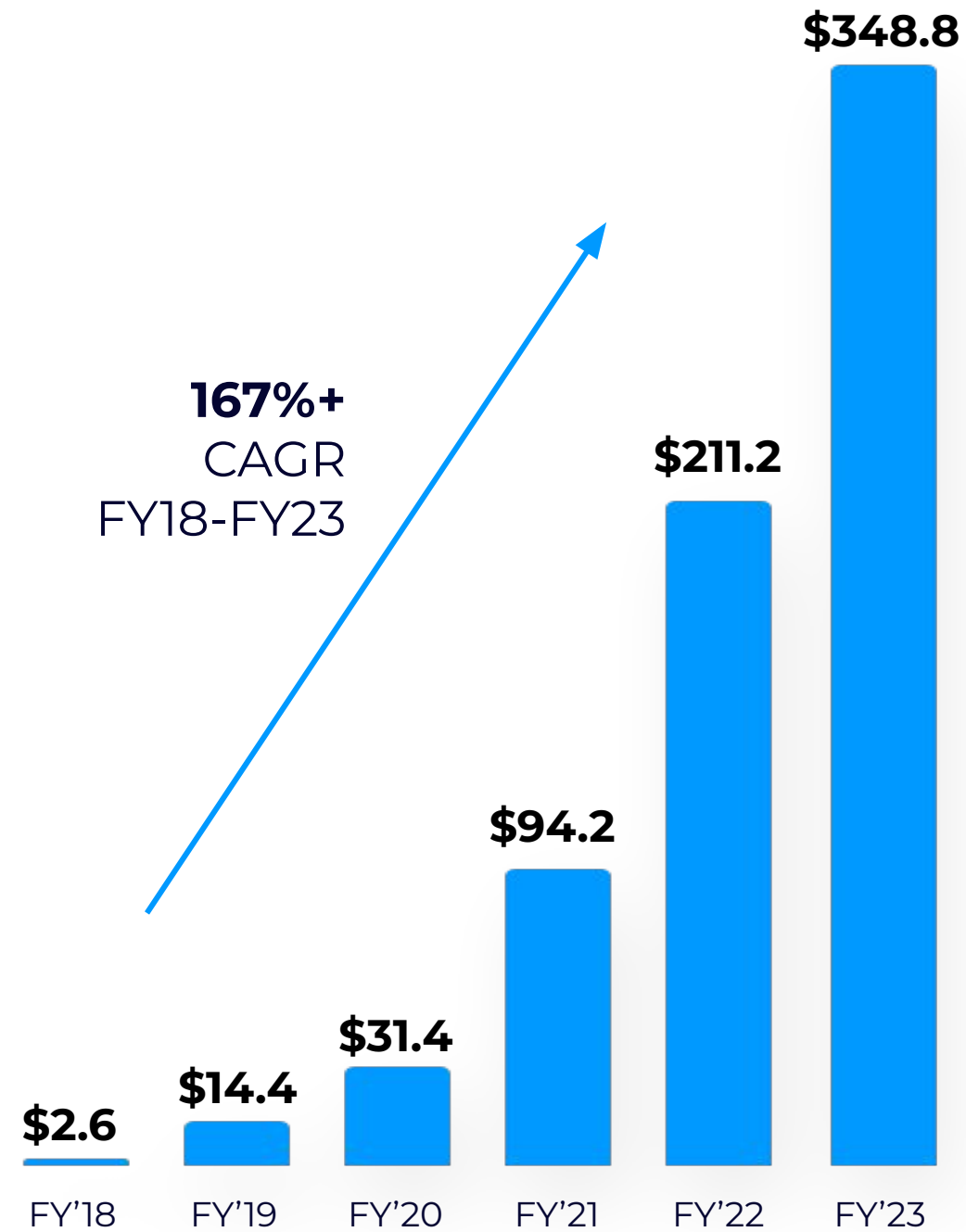
# Confluent Cloud Revenue



**>\$0.5B  
Run Rate<sup>1</sup>**

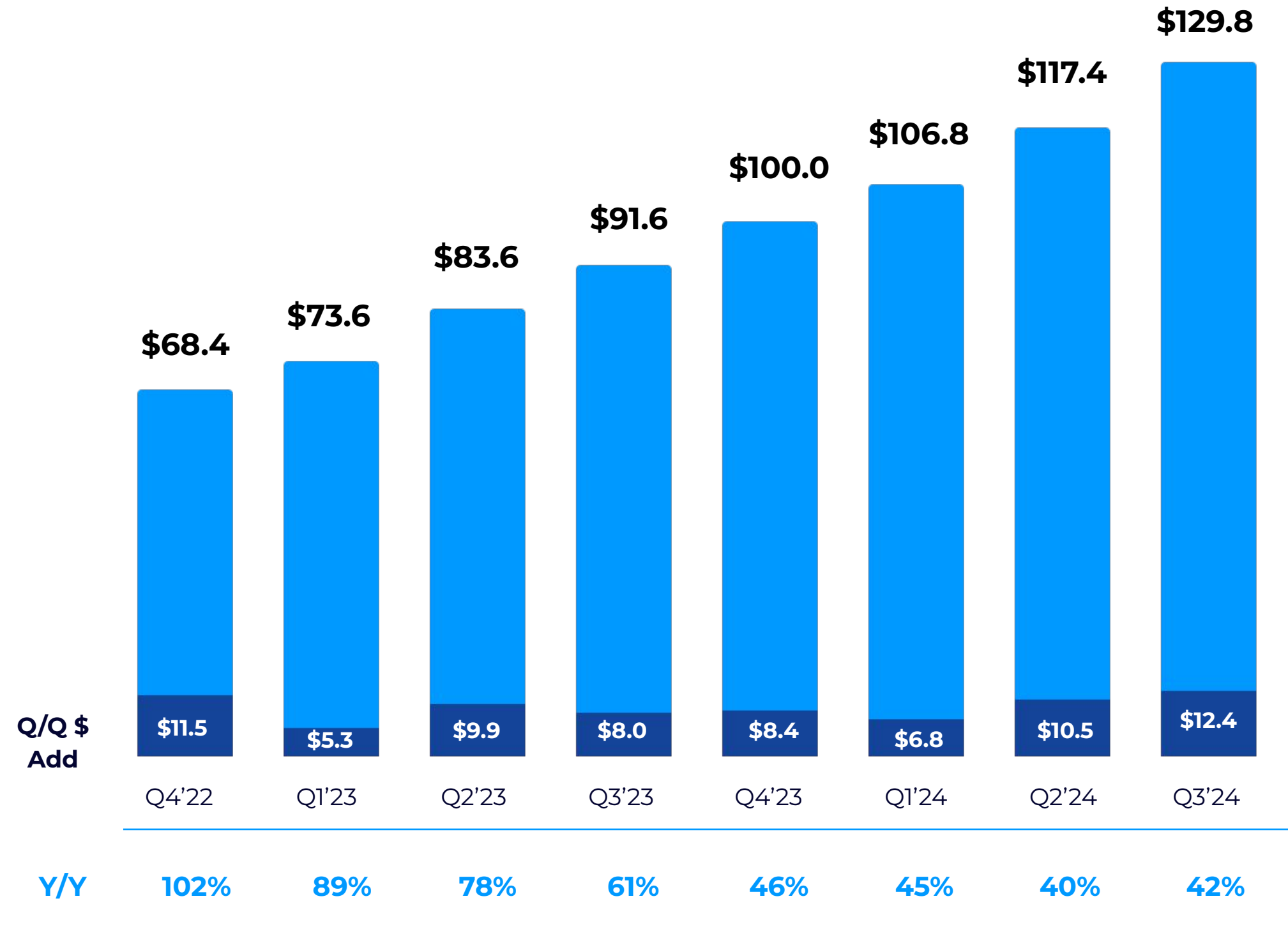
## Annual Cloud Revenue

\$ in millions



## Quarterly Cloud Revenue

\$ in millions

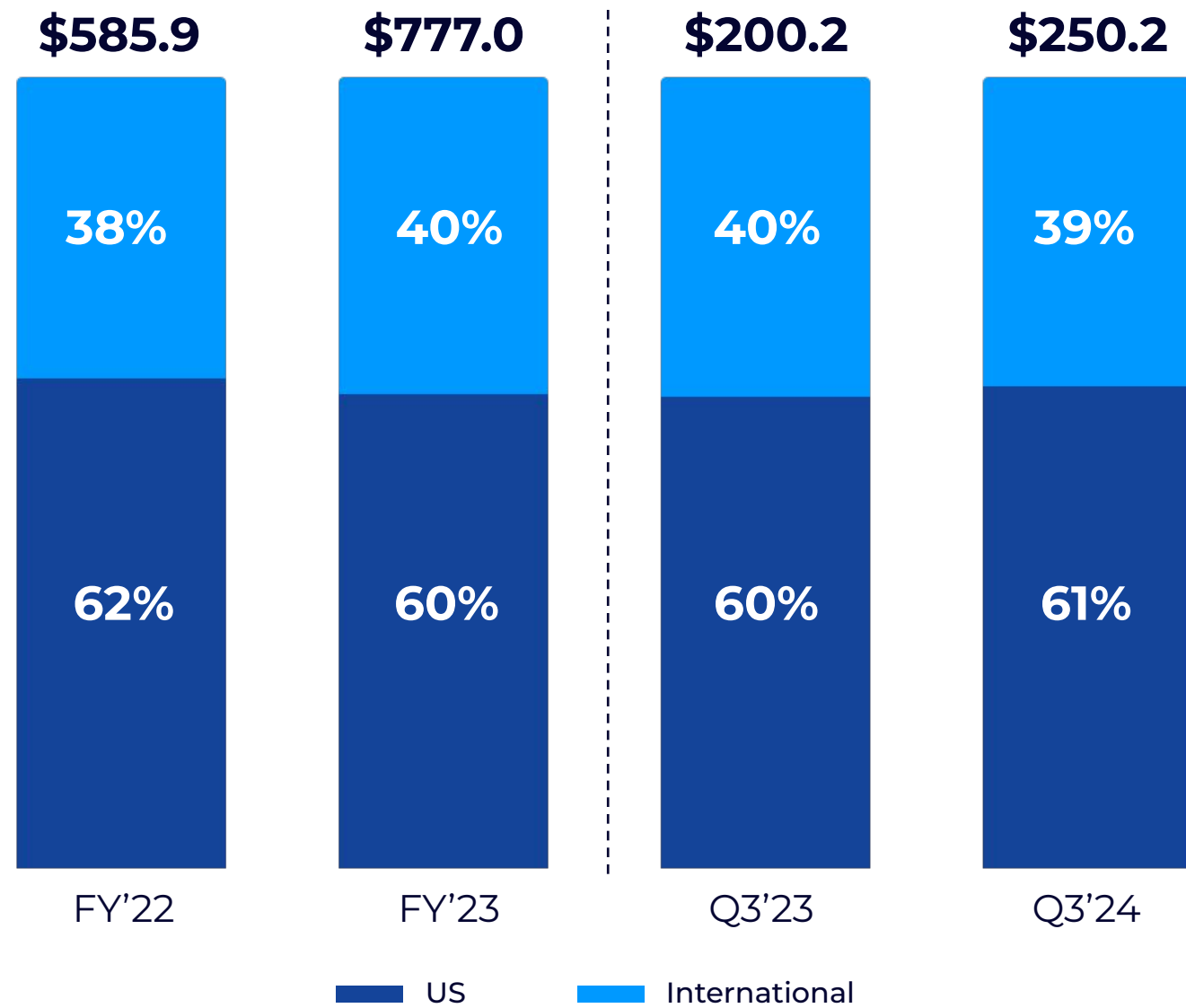


<sup>1</sup> Calculated by extrapolating Confluent Cloud revenue of \$129.8 million for the quarter ended September 30, 2024.

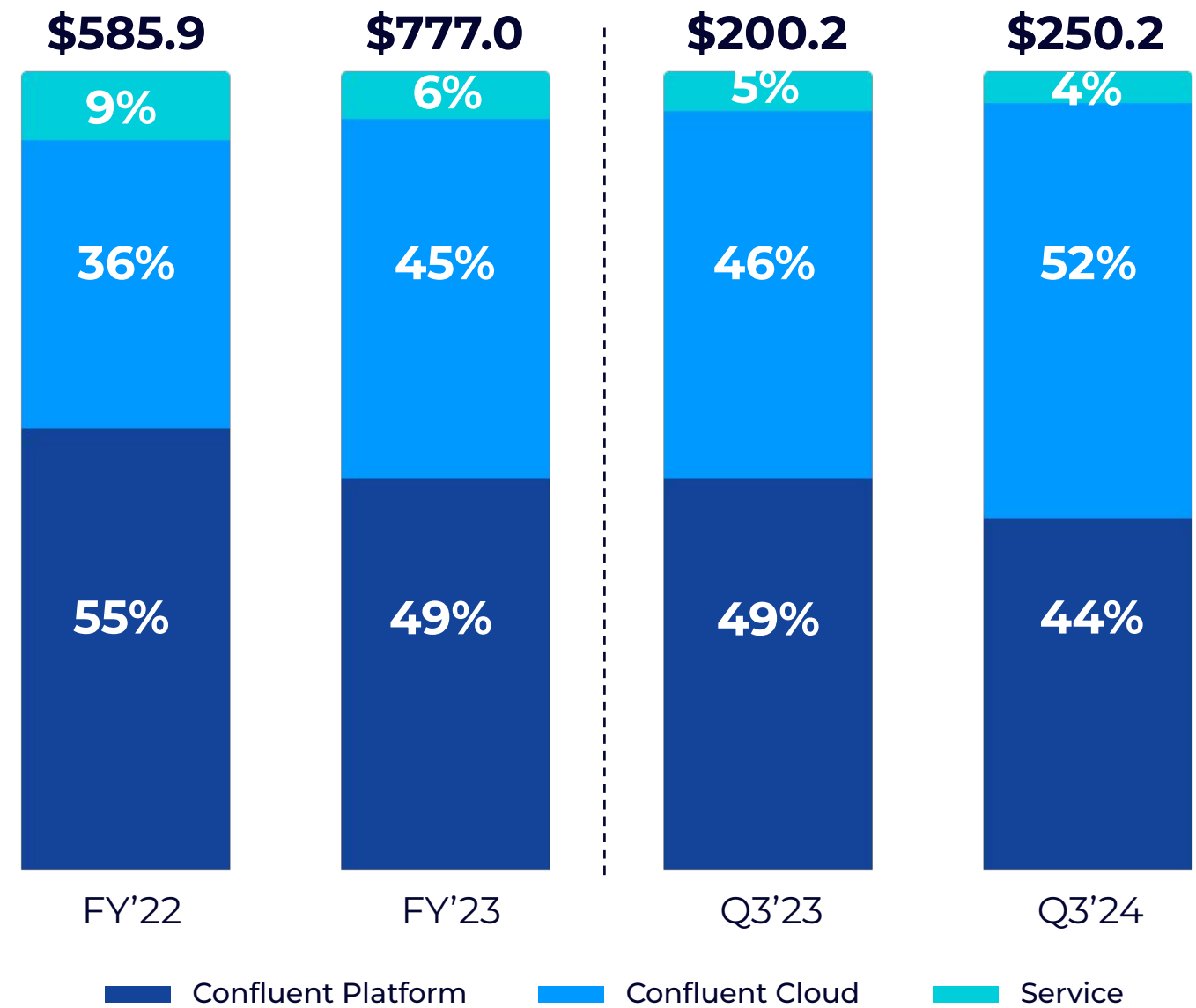
# Revenue Mix by Geography and Offering



**Revenue Mix by Geography**  
\$ in millions



**Revenue Mix by Offering**  
\$ in millions

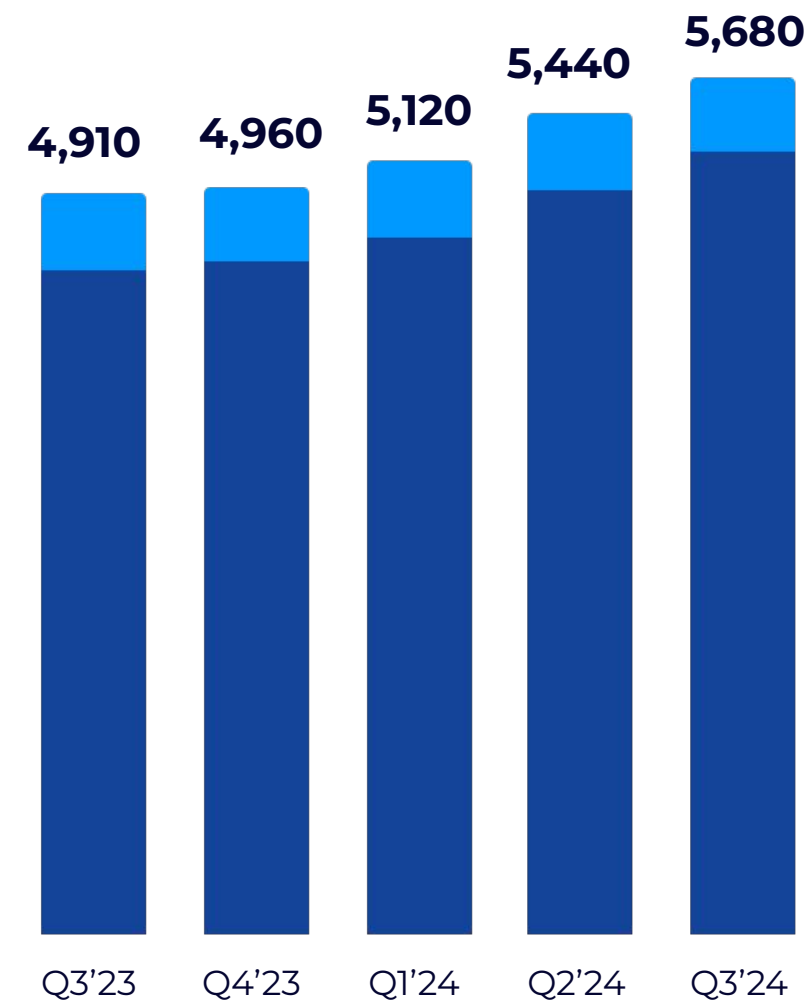




# Customers

## Total Customers

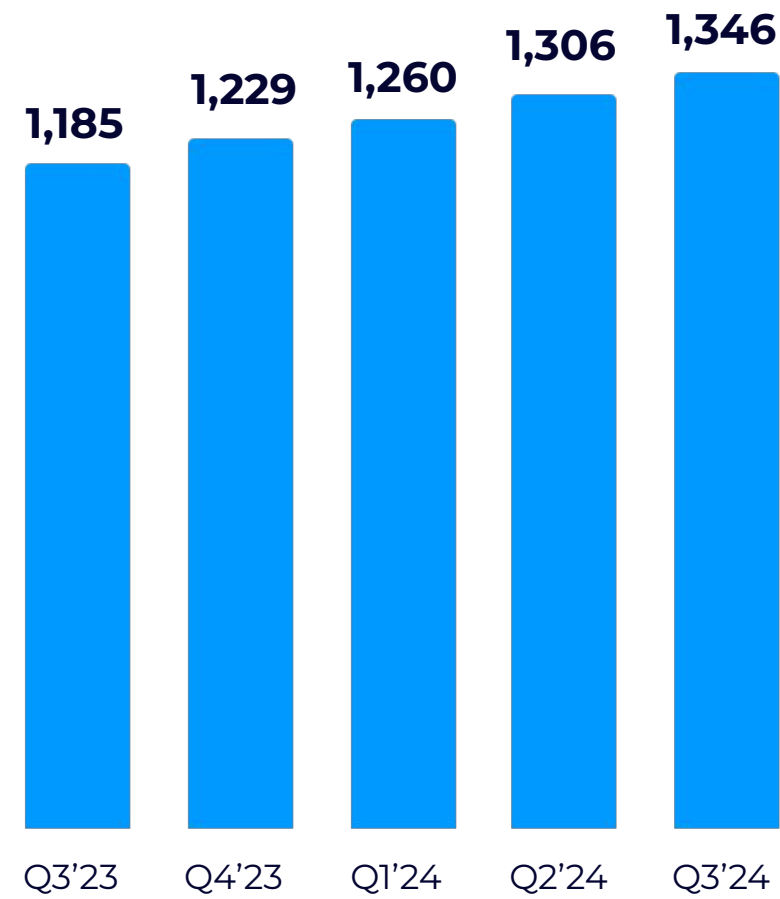
16% y/y growth



Confluent Cloud    Confluent Platform

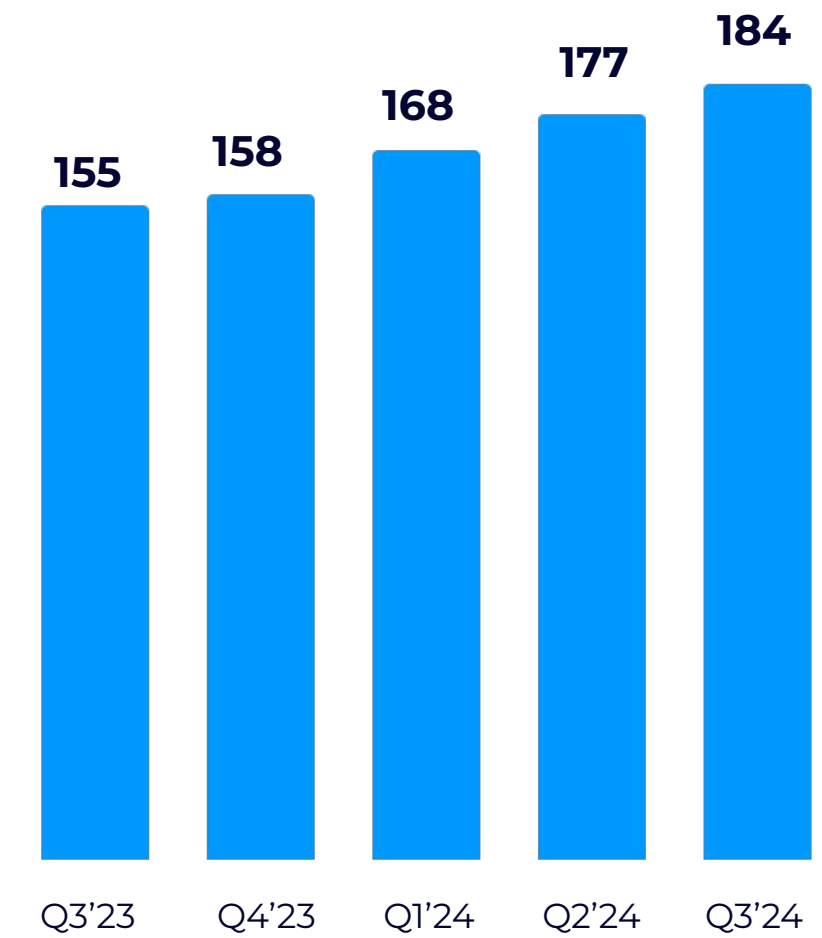
## Customers with $\geq$ \$100K in ARR

14% y/y growth



## Customers with $\geq$ \$1M in ARR

19% y/y growth

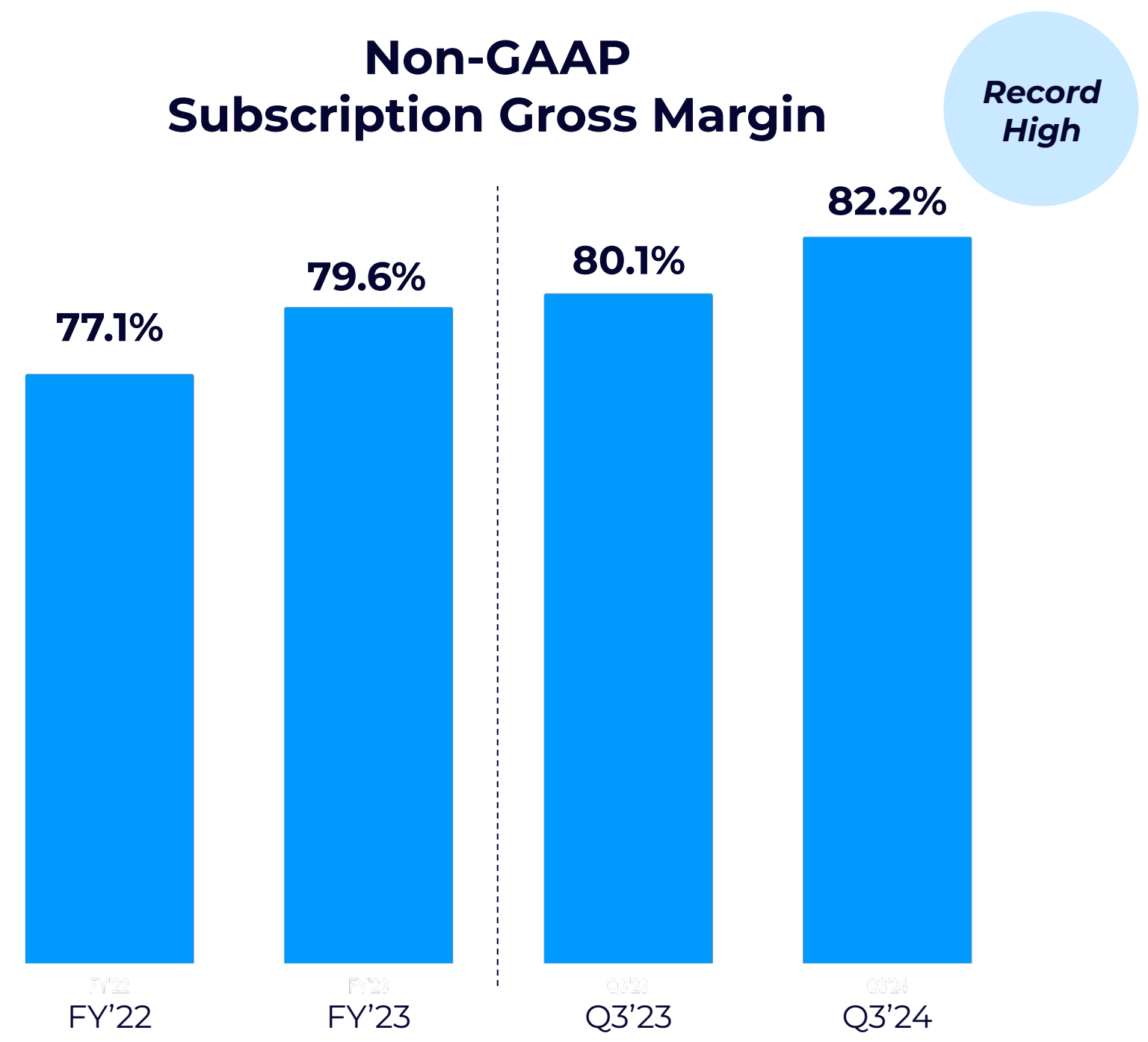






# Non-GAAP Subscription Gross Margin

## Non-GAAP Subscription Gross Margin



## Margin Drivers

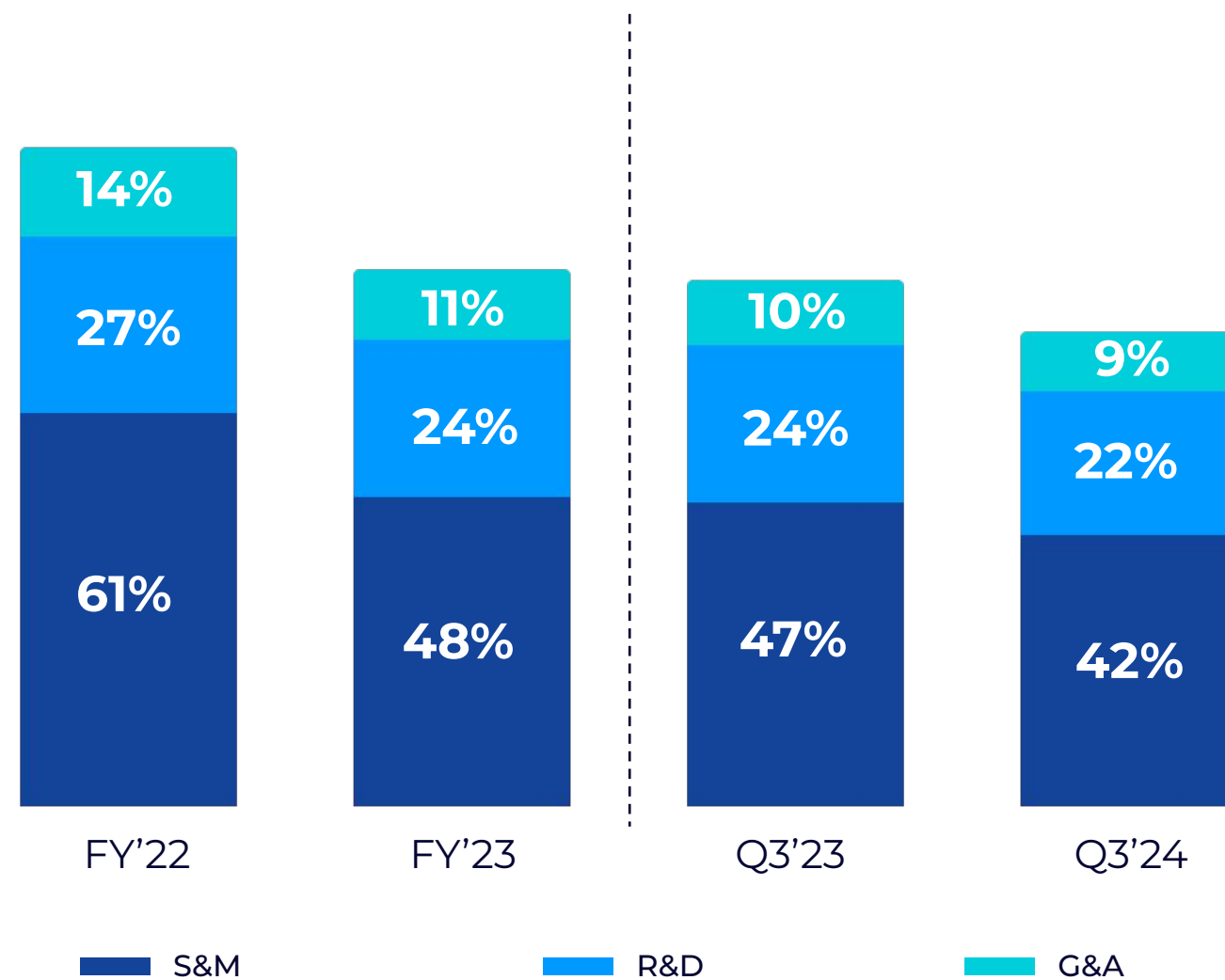
- + Healthy margins for Confluent Platform Revenue
- Growing Confluent Cloud revenue mix
- + Improving Cloud hosting costs due to scale and optimization

Note: Refer to the slides in the section titled "Definitions & GAAP to Non-GAAP Reconciliations" at the end of this presentation for a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures.

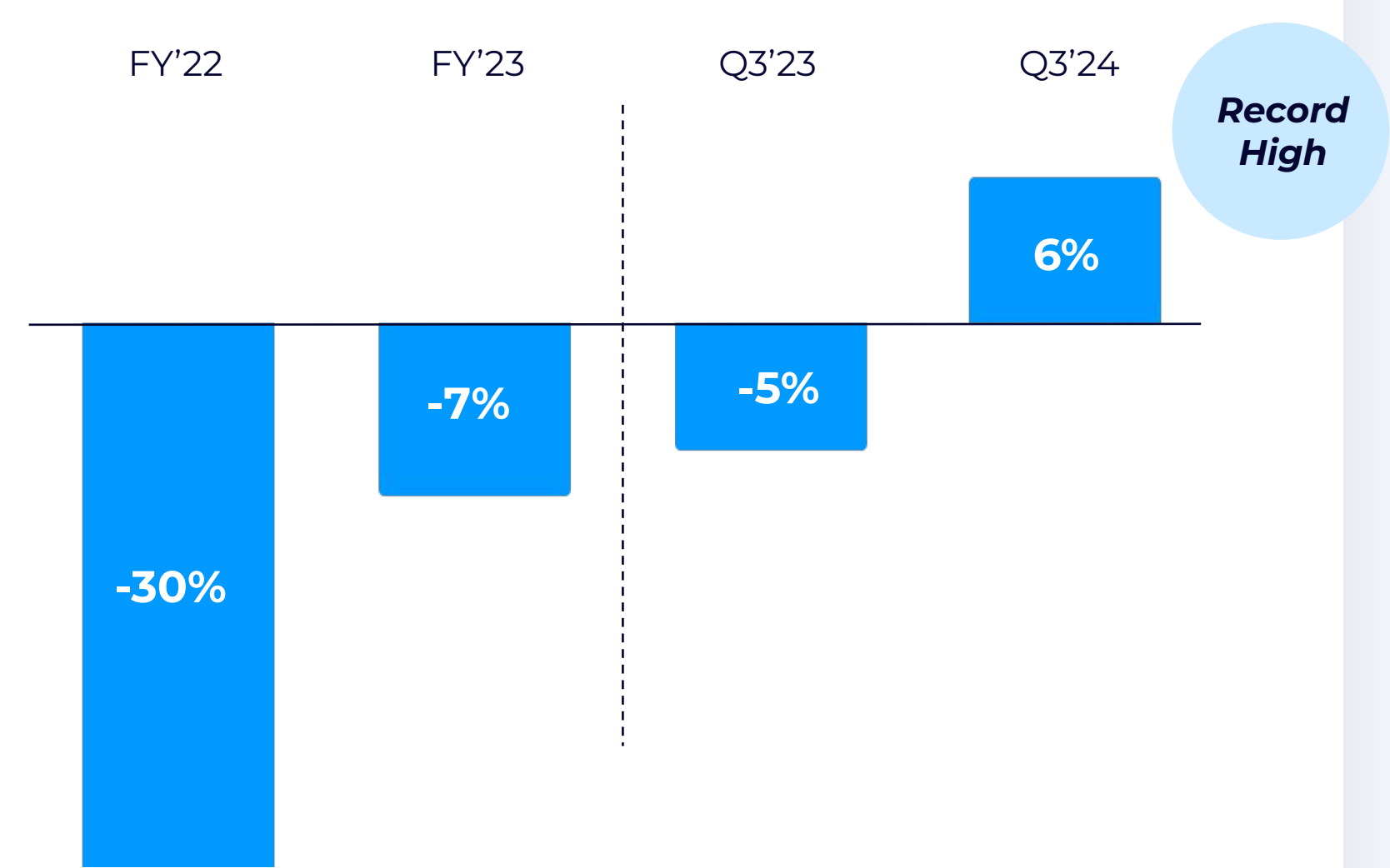
# Driving Efficient Growth



## Non-GAAP Operating Expenses as % of Revenue



## Non-GAAP Operating Margin %

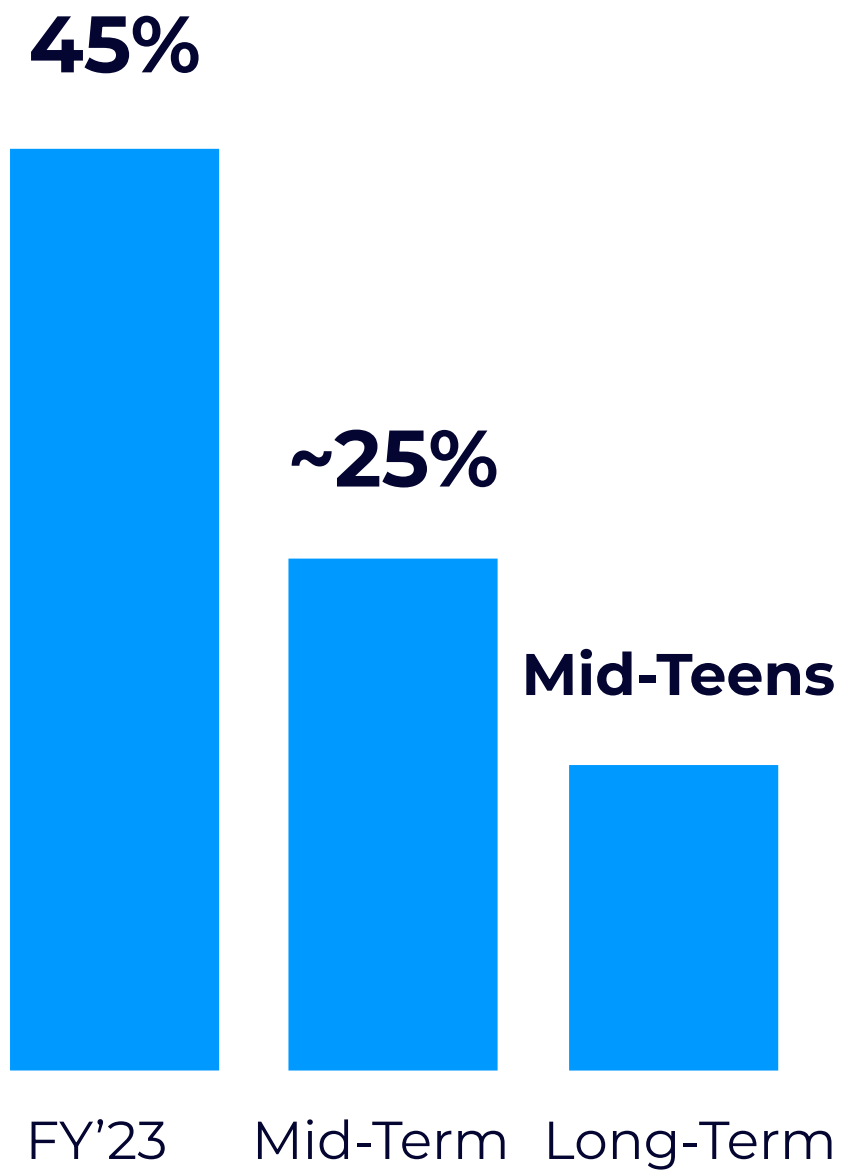


Note: Refer to the slides in the section titled "Definitions & GAAP to Non-GAAP Reconciliations" at the end of this presentation for a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures.

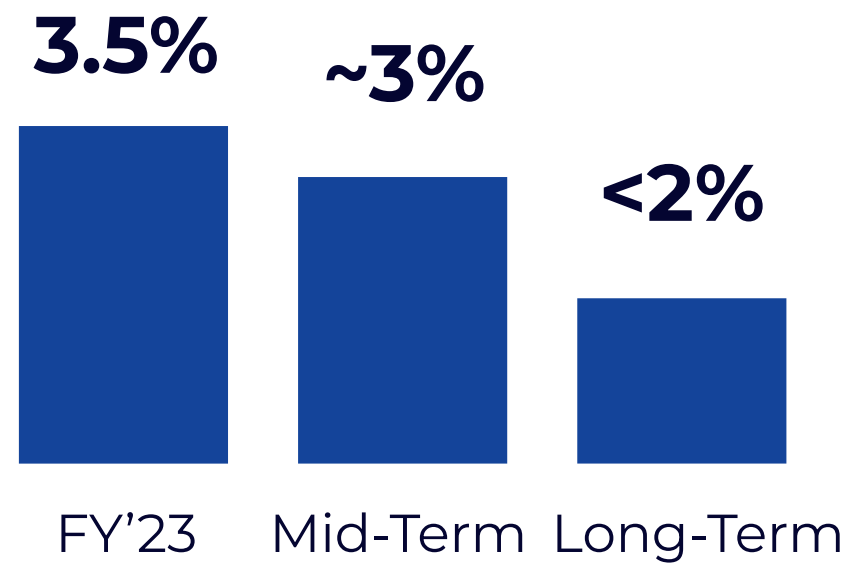


# Focus on Managing Net Dilution

SBC % of Revenue



Net Dilution



## Net dilution Calculation

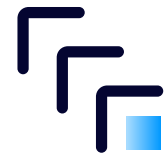
- $(\text{Shares granted} - \text{shares forfeited}) / \text{WASO}$

## Drivers

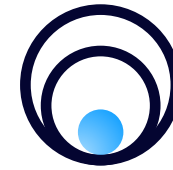
- SBC is a lagging indicator
- Final tranches of pre-IPO options recognized in SBC through 1H FY25
- FY'24 net dilution target of ~3%
- Focus managing net dilution LT below 2% and SBC % of revenue mid-teens



# Key Takeaways



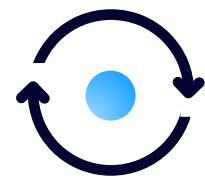
Category Creating  
Company Founded by  
the Creators of Kafka



~\$60 Billion  
Total Addressable  
Market<sup>1</sup>



Strong Growth  
and Long-Term  
Margin Profile



Expansion  
Driven by  
Network Effects



Positioned to Capitalize  
on the Large and  
Growing Shift to Cloud



Seasoned Management  
Team with Track Record  
of Execution

<sup>1</sup> TAM calculations performed by Confluent; source: Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2020-2026, 2Q22 Update, June 2022; source: Gartner, Forecast: Enterprise Application Software, Worldwide, August 2022.



# Definitions

## **Annual Recurring Revenue (ARR):**

We define ARR as (1) with respect to Confluent Platform customers, the amount of revenue to which our customers are contractually committed over the following 12 months assuming no increases or reductions in their subscriptions, and (2) with respect to Confluent Cloud customers, the amount of revenue that we expect to recognize from such customers over the following 12 months, calculated by annualizing actual consumption of Confluent Cloud in the last three months of the applicable period, assuming no increases or reductions in usage rate. Services arrangements are excluded from the calculation of ARR.

## **Dollar-Based Net Retention Rate:**

We calculate our dollar-based net retention rate (NRR) 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 (“Prior Period Value”). We then calculate the ARR from these same customers as of the current period end (“Current Period Value”), and divide the Current Period Value by the Prior Period Value to arrive at our dollar-based NRR. The dollar-based NRR includes the effect, on a dollar-weighted value basis, of our Confluent Platform subscriptions that expand, renew, contract, or attrit. The dollar-based NRR also includes the effect of annualizing actual consumption of Confluent Cloud in the last three months of the applicable period, but excludes ARR from new customers in the current period. Our dollar-based NRR is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity.

## **Total Customers:**

Represent the total number of customers at the end of each period. For purposes of determining our customer count, we treat all affiliated entities with the same parent organization as a single customer and include pay-as-you-go customers. Our customer count is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity.

## **Customers with \$100,000 or greater in ARR:**

Represent the number of customers that contributed \$100,000 or more in ARR as of period end.

## **Customers with \$1,000,000 or greater in ARR:**

Represent the number of customers that contributed \$1,000,000 or more in ARR as of period end.



# GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY'22	FY'23	Q3'23	Q3'24
Subscription revenue	\$535,009	\$729,112	\$189,270	\$239,851
Subscription gross profit on a GAAP basis	\$388,685	\$553,108	\$145,166	\$187,689
<i>Subscription gross margin on a GAAP basis</i>	72.7%	75.9%	76.7%	78.3%
Add: Stock-based compensation-related charges <sup>(1)</sup>	23,705	26,487	6,350	8,999
Add: Amortization of acquired intangibles	-	564	129	585
Non-GAAP subscription gross profit	\$412,390	\$580,159	\$151,645	\$197,273
<i>Non-GAAP subscription gross margin</i>	77.1%	79.6%	80.1%	82.2%
	<b>FY'22</b>	<b>FY'23</b>	<b>Q3'23</b>	<b>Q3'24</b>
Total revenue	\$585,944	\$776,952	\$200,181	\$250,199
Research and development (R&D) expense on a GAAP basis	\$264,041	\$348,752	\$91,237	\$102,720
<i>R&amp;D expense as a % of total revenue on a GAAP basis</i>	45.1%	44.9%	45.6%	41.1%
Less: Stock-based compensation-related charges <sup>(1)</sup>	104,131	143,846	38,464	42,259
Less: Acquisition-related expenses	-	19,203	3,841	5,870
Non-GAAP R&D expense	\$159,910	\$185,703	\$48,932	\$54,591
<i>Non-GAAP R&amp;D expense as a % of total revenue</i>	27.3%	23.9%	24.4%	21.8%
	<b>FY'22</b>	<b>FY'23</b>	<b>Q3'23</b>	<b>Q3'24</b>
Total revenue	\$585,944	\$776,952	\$200,181	\$250,199
Sales and marketing (S&M) expense on a GAAP basis	\$456,452	\$504,929	\$128,624	\$137,968
<i>S&amp;M expense as a % of total revenue on a GAAP basis</i>	77.9%	65.0%	64.3%	55.1%
Less: Stock-based compensation-related charges <sup>(1)</sup>	101,851	128,448	33,095	33,639
Less: Acquisition-related expenses	-	4,304	1,076	-
Non-GAAP S&M expense	\$354,601	\$372,177	\$94,453	\$104,329
<i>Non-GAAP S&amp;M expense as a % of total revenue</i>	60.5%	47.9%	47.2%	41.7%

(1) Represents stock-based compensation expense, employer taxes on employee stock transactions, and amortization of stock-based compensation capitalized in internal-use software. We began excluding amortization of stock-based compensation capitalized in internal-use software from our non-GAAP measures starting with the quarter ended March 31, 2024. The amounts of amortization of stock-based compensation capitalized in internal-use software were immaterial in both current and prior periods.



# GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY'22	FY'23	Q3'23	Q3'24
Total revenue	\$585,944	\$776,952	\$200,181	\$250,199
General and administrative (G&A) expense on a GAAP basis	\$125,710	\$137,520	\$31,874	\$39,471
<i>G&amp;A expense as a % of total revenue on a GAAP basis</i>	21.5%	17.7%	15.9%	15.8%
Less: Stock-based compensation-related charges <sup>(1)</sup>	45,122	50,595	11,333	14,599
Less: Acquisition-related expenses	1,104	1,640	148	1,169
Non-GAAP G&A expense	\$79,484	\$85,285	\$20,393	\$23,703
<i>Non-GAAP G&amp;A expense as a % of total revenue</i>	13.6%	11.0%	10.2%	9.5%

	FY'22	FY'23	Q3'23	Q3'24
Total revenue	\$585,944	\$776,952	\$200,181	\$250,199
Operating loss on a GAAP basis	(\$462,674)	(\$478,773)	(\$108,632)	(\$93,663)
<i>GAAP operating margin</i>	(79.0%)	(61.6%)	(54.3%)	(37.4%)
Add: Stock-based compensation-related charges <sup>(1)</sup>	284,666	360,864	91,987	101,837
Add: Amortization of acquired intangibles	-	564	129	585
Add: Acquisition-related expenses	1,104	25,147	5,065	7,039
Add: Restructuring and other related charges	-	34,854	529	-
Non-GAAP operating (loss) income	(\$176,904)	(\$57,344)	(\$10,922)	\$15,798
<i>Non-GAAP operating margin</i>	(30.2%)	(7.4%)	(5.5%)	6.3%

(1) Represents stock-based compensation expense, employer taxes on employee stock transactions, and amortization of stock-based compensation capitalized in internal-use software. We began excluding amortization of stock-based compensation capitalized in internal-use software from our non-GAAP measures starting with the quarter ended March 31, 2024. The amounts of amortization of stock-based compensation capitalized in internal-use software were immaterial in both current and prior periods.



