

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

CONFLUENT, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7372
(Primary Standard Industrial
Classification Code Number)

47-1824387
(I.R.S. Employer
Identification Number)

899 W. Evelyn Avenue
Mountain View, California 94041
(800) 439-3207

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Class A Common Stock, par value \$0.0001 per share	23,000,000	\$33.00	\$759,000,000	\$82,807 ⁽²⁾

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) of the Securities Act of 1933, as amended.
(2) The registrant previously paid a registration fee of \$10,910 in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS (Subject to Completion)
 Issued June 16, 2021.

23,000,000 Shares



CLASS A COMMON STOCK

Confluent, Inc. is offering 23,000,000 shares of its Class A common stock. This is our initial public offering, and no public market currently exists for our shares of Class A common stock. We anticipate that the initial public offering price will be between \$29.00 and \$33.00 per share.

We have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "CFLT".

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to 10 votes and is convertible at any time into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 99.0% of the voting power of our outstanding capital stock immediately following this offering, with our directors, executive officers, and principal stockholders beneficially owning shares representing approximately 61.7% of such voting power.

We are an "emerging growth company" as defined under the federal securities laws, and as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings. Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 30.

	PRICE \$	A SHARE	Per Share	Total
Price to Public	\$		\$	\$
Underwriting Discounts and Commissions (1)	\$		\$	\$
Proceeds to Confluent	\$		\$	\$

(1) See the section titled "Underwriters" for additional information regarding compensation payable to the underwriters.

The underwriters do not have an option to purchase additional shares of Class A common stock from us at the initial public offering price less the underwriting discount.

The Securities and Exchange Commission and state regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to purchasers on _____, 2021.

Morgan Stanley	J.P. Morgan	Goldman Sachs & Co. LLC
BofA Securities		Citigroup
Barclays	Credit Suisse	Deutsche Bank Securities
Cowen	D.A. Davidson & Co.	JMP Securities
		UBS Investment Bank
		KeyBanc Capital Markets
		Wells Fargo Securities
		Piper Sandler

, 2021

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.



OUR MISSION:

Set Data in Motion

Reimagining businesses for a digital-first world by setting **Data in Motion**



FINANCIAL SERVICES

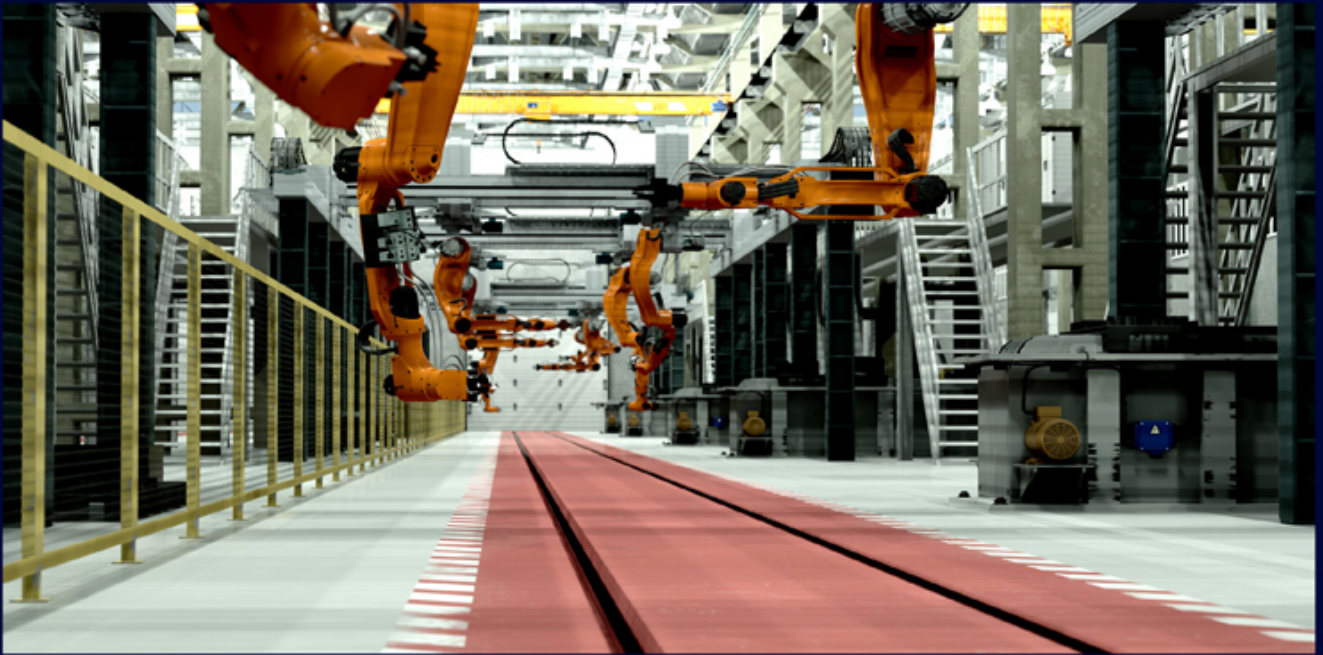
Secure transactions, anytime, anywhere, in any currency with real-time payments and instant fraud detection



RETAIL AND ECOMMERCE

Modern omni-channel shopping, real-time inventory management and supply chain automation





MANUFACTURING

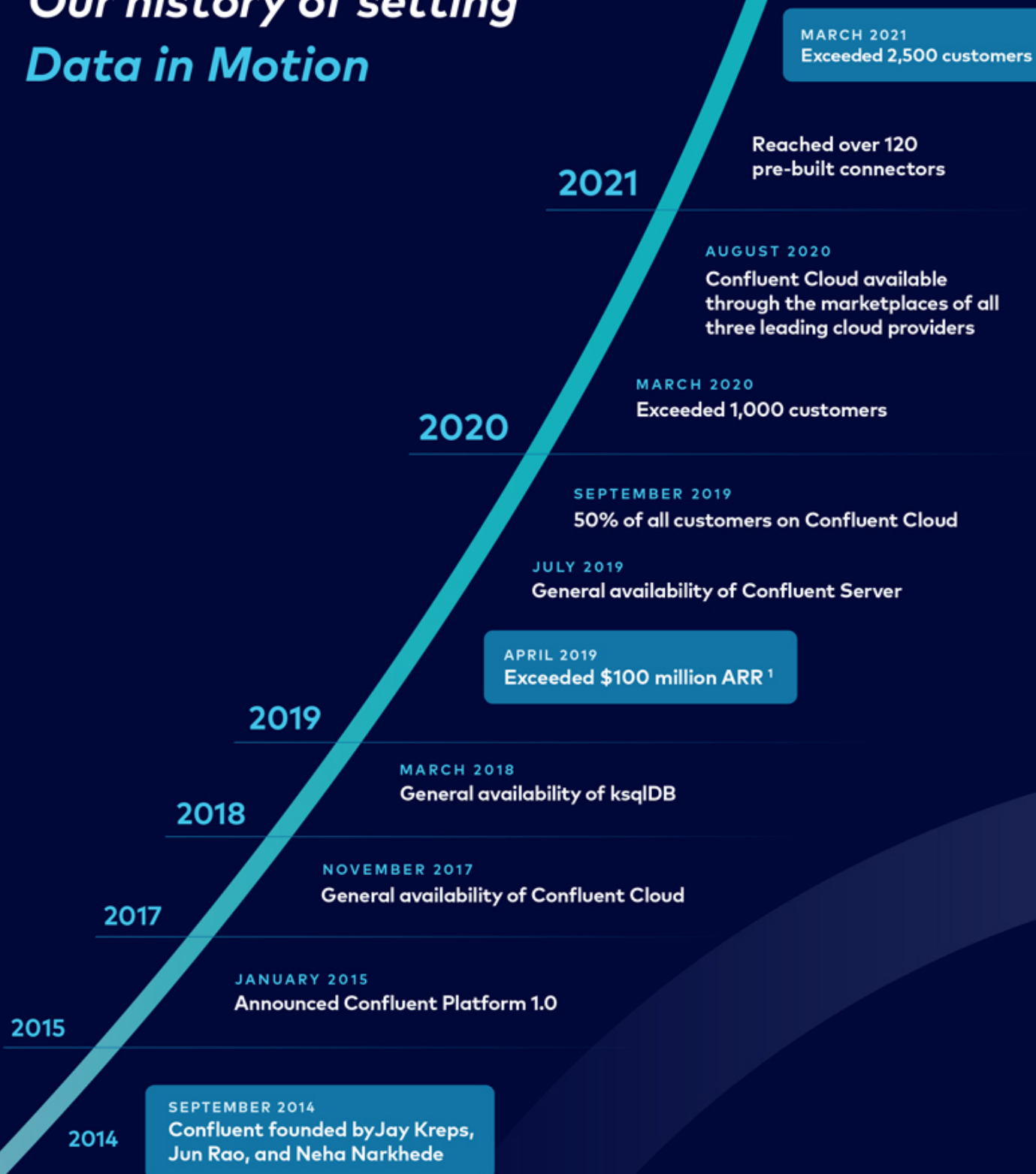
Real-time logistics management, predictive maintenance and throughput optimization



MEDIA AND ENTERTAINMENT

Real-time content management and personalized recommendations

Our history of setting Data in Motion



1. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on Annual Recurring Revenue, or ARR.





51%

Q1 Total Revenue Growth
Year-Over-Year

124%

Q1 Confluent Cloud Revenue Growth
Year-Over-Year

\$281_M

Q1 Remaining Performance Obligations
Growth Year-Over-Year of 69%¹

2,500+

Customers
Growth Year-Over-Year of 142%

560+

Customers with \$100K+ ARR¹

60

Customers with \$1M+ ARR¹

\$50_B

Total Addressable Market²

\$(45)_M

Q1 Net Loss

All data are as of or for the stated period ended March 31, 2021, unless otherwise indicated.

1. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics" for additional information.

2. See "Business—Our Market Opportunity."

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Through and including _____, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we nor any of the underwriters has authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we nor any of the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, financial condition, results of operations, and future growth prospects may have changed since that date.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

Prospectus Summary



PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, all references in this prospectus to “we,” “us,” “our,” “our company,” and “Confluent” refer to Confluent, Inc. and its consolidated subsidiaries. Unless otherwise indicated, references to our “common stock” include our Class A common stock and Class B common stock.

CONFLUENT, INC.

Confluent is on a mission to set data in motion. We have pioneered a new category of data infrastructure designed to connect all the applications, systems, and data layers of a company around a real-time central nervous system. This new data infrastructure software has emerged as one of the most strategic parts of the next-generation technology stack, and using this stack to harness data in motion is critical to the success of modern companies as they strive to compete and win in the digital-first world.

Our way of life has shifted to a digital-first paradigm, and the digital realm has become the new competitive battlefield in the global economy. In order to compete and win in today’s world, organizations must continually innovate on software systems that are increasingly critical to how they do business.

Being digital-first is not just a matter of adding an application or automating an existing process. It is an end-to-end reimagining of business. It means creating rich, digital front-end customer experiences as a primary way of interacting with customers. It means transitioning to real-time, software-driven back-end operations as a business. In retail, this is the difference between accurate inventory tracking across multiple channels to ensure a consumer can have an up-to-date snapshot of what is actually in-store, versus leaving a consumer disappointed on arrival when the product that they thought was available is out-of-stock. In manufacturing, this is the difference between harnessing a real-time flow of data from Internet of Things, or IoT, sensors to deliver predictive maintenance and reduce downtime, versus episodic, manual inspections of equipment.

This is a matter of life or death for companies. Tech disruptors are delivering rich, digital customer experiences and setting the standard for customer expectations. Businesses in every industry are in full mobilization to rebuild their businesses around the new experiences made possible with software and data. Organizations that get it right can experience stronger growth and improved customer loyalty and gain significant competitive advantage. Conversely, organizations that fail to deliver a real-time customer experience that is intuitive, informed, and reliable can expect frustration, dissatisfaction, and churn.

These innovations in front-end customer experiences and back-end business operations reflect a larger technology trend—the fundamental shift in the role of software in the modern organization. Today, software is no longer simply used as a set of applications to increase employee productivity (such as email and expense reporting). Instead, software is directly orchestrating customer experiences and operations that run the business. It is not just that companies are using more software—in a very real sense, they are actually *becoming* software.

Several waves of technology innovation have driven this changing role of software. Cloud has re-imagined infrastructure as code, making it easier than ever for developers to build applications. Mobile has extended enormous amounts of computing power to fit in the palms of our hands, making usage of technology ubiquitous in our lives. Meanwhile, machine learning is extending the scope and role of software to new domains and processes.

However, in order to complete this transition, another fundamental wave is required. The operation of the business needs to happen in real-time and cut across infrastructure silos. Organizations can no longer have disconnected applications around the edges of their business with piles of data stored and siloed in separate databases. These sources of data need to integrate in real-time in order to be relevant, and applications need to be able to react continuously to everything happening in the business as it occurs. To accomplish this, businesses need data infrastructure that provides connectivity across the entire organization with real-time flow and processing of data, and the ability to build applications that react and respond to that data flow. As companies increasingly *become* software, they need a central nervous system that connects all of their disparate software systems, unifying their business and enabling them to react intelligently in real-time.

Because of this, we believe that it is no longer enough for an organization to innovate based on the current paradigm of capturing data, storing it, and then querying or analyzing it. Organizations need a strategy, and a foundational data platform, to operate their business in real-time based on data as it is being generated in the moment. This idea of “data in motion” is at least as critical to the operations of a company as “data at rest,” and we believe the new generation of winning organizations will be defined by their ability to take action on it.

Traditional database technologies were not designed for data in motion, but architected for stored data at rest. Despite significant developments in the scalability and speed of analysis in both traditional and more modern databases (such as NoSQL, time-series, and graph databases), they remain limited to data-at-rest use cases and cannot harness data in motion. The leading open source offering for data in motion, Apache Kafka, was originally created by our founders at LinkedIn in 2011 and brought to the mainstream a new paradigm of data processing. However, this was only the beginning. Confluent was founded to create a product that could make data in motion the central nervous system of every company in the world.

Confluent is pioneering this fundamentally new category. Our offering is designed to act as the nexus of real-time data, from every source, allowing it to stream across the organization and enabling applications to harness it to power real-time customer experiences and data-driven business operations. Our offering can be deployed either as a fully-managed, cloud-native SaaS offering available on all major cloud providers or an enterprise-ready, self-managed software offering. Our cloud-native offering works across multi-cloud and hybrid infrastructures, delivering massive scalability, elasticity, security, and global interconnectedness, enabling agile development.

Our open source roots are a key driver of our go-to-market success. Apache Kafka has become the industry standard for data in motion. It is one of the most successful open source projects, estimated to have been used by over 70% of the Fortune 500. Modern applications are expected to integrate with Apache Kafka, and the technical skill set for Kafka has become a critical requirement in the industry. Confluent’s products provide the capabilities of Apache Kafka but do so on a platform built for the cloud, complemented by connectivity to the larger enterprise, and with the ability to process and govern at scale. The developer community understands the benefits of a complete platform for data in motion. Consequently, software developers within our prospective customers’ engineering or IT departments are often very familiar with our underlying technology and value proposition and evangelize on our behalf.

Confluent has built an operationalized customer journey focused on data in motion that ties together product features, go-to-market efforts, and customer success capabilities, and helps take customers from their initial experiments with the technology to organization-wide adoption as one of their most critical data platforms. This starts by landing use cases in a high volume, low-friction manner while projects are still being conceived and the architecture of the solution is being designed. Awareness and use of our offering begin even before our sales efforts, given the widespread adoption of Apache Kafka by developers and the self-service adoption made possible with our cloud product and community downloads. Our enterprise sales force takes these initial engagements and helps users progress to production use cases and paying customers either on a pay-as-you-go

model or with a committed contract. Once customers see the benefits of our product for their initial use cases, they often expand into other use cases and lines of business, divisions, and geographies. Our deep technical expertise, coupled with our product capabilities and laser focus on customer outcomes, enable us to form strategic partnerships with our customers on this journey. This expansion is helped by a natural network effect in which the value of our platform to a customer increases as more use cases are adopted, more applications and systems are connected, and more data is added. Over time, by enabling data in motion across the organization, Confluent can become the central nervous system for their entire organization, allowing data to be captured and processed as it is generated in real-time across hundreds of teams, systems, and applications throughout the company. This expansion effect is reflected by our dollar-based net retention rate as of December 31, 2019 and 2020 and March 31, 2021 of 134%, 125%, and 117%, respectively.

Our business has experienced rapid growth around the world. As of March 31, 2021, we had 561 customers with \$100,000 or greater in annual recurring revenue, or ARR, across a wide range of industries, compared to 374 such customers as of March 31, 2020, representing year-over-year growth of 50%. As of March 31, 2021, we had 60 customers with \$1.0 million or greater in ARR, compared to 33 such customers as of March 31, 2020, representing year-over-year growth of 82%. Our revenue was \$149.8 million and \$236.6 million in 2019 and 2020, respectively, representing year-over-year growth of 58%, and \$50.9 million and \$77.0 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 51%. Our Confluent Cloud revenue was \$14.4 million and \$31.4 million in 2019 and 2020, respectively, representing year-over-year growth of 117%, and \$6.2 million and \$13.9 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 124%. Our Confluent Platform revenue was \$115.8 million and \$177.2 million in 2019 and 2020, respectively, representing year-over-year growth of 53%, and \$37.7 million and \$54.1 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 43%. In 2020 and the three months ended March 31, 2021, revenue from outside the United States accounted for 34% and 36% of our total revenue, respectively. In 2019 and 2020, we incurred operating losses of \$98.1 million and \$233.2 million, respectively, and our net loss was \$95.0 million and \$229.8 million, respectively. For the three months ended March 31, 2020 and 2021, we incurred operating losses of \$33.4 million and \$45.1 million, respectively, and our net loss was \$33.6 million and \$44.5 million, respectively. As of December 31, 2020 and March 31, 2021, we had an accumulated deficit of \$406.1 million and \$450.6 million, respectively.

Industry Background

Important industry and technology trends are fueling the rise of data in motion and are important tailwinds for our business, including:

- **Businesses Are Evolving from Using Software to Becoming Software.** Software is no longer simply used as a set of applications to increase employee productivity in an organization (such as email and expense reporting). Instead, software is directly orchestrating the customer experiences and operations that run the business. It is not just that companies are using more software—in a very real sense, they are actually *becoming* software.
- **Rich and Personalized Experiences Based on Real-Time Data Are the New Imperative.** With nearly every aspect of life becoming digital, companies and consumers expect digital experiences to be highly available, responsive, and personalized. Historically, running a business on yesterday's data was sufficient to succeed. Today, being unable to respond to customer demand or being even minutes late to integrate current business data can result in customer frustration and business risk.
- **Data-Driven Back-End Operations Are Driving Efficiency and Speed.** The software powering the back-end operations of business has traditionally been slow, batch oriented, and lacking intelligence. Organizations need to be able to use data in motion to get ahead of issues, react to data as it is generated, and be proactive rather than reactive to future events. The new generation of winning companies will be defined by how well they leverage data in motion to operate their business in real-time.

- **Machine Learning Applications Require Increasing Amounts of Data at All Times.** Machine learning applications have become an important aspect of competitive differentiation for organizations across industries. Today, many of the most powerful insights delivered by machine learning applications and systems depend on massive and continuous volumes of data in motion being processed, connected, and analyzed all at once. Data in motion can deliver a significant advantage to machine learning models and deliver greater actionable insights and recommendations.
- **IoT Is Becoming Ubiquitous.** The growth of IoT and connected sensors is a significant driver of the exponential growth in the volume of data being generated worldwide. Data generated from connected IoT devices are projected to be 73.1 zettabytes by 2025, almost four times the 18.3 zettabytes generated in 2019. To capture this massive volume of real-time data and build solutions that deliver transformative impact, enterprises need a new foundational data infrastructure designed for data in motion.
- **Proliferation of Microservices Creates an Exponential Increase in Connectivity.** Enterprises are modularizing applications into smaller components through microservices, increasing the complexity of data flow. With this complexity comes even greater delays, unacceptable to the modern enterprise looking to connect all types of data and applications in a seamless fashion.
- **Organizations Are Rapidly Modernizing their Infrastructure to Be Cloud-First and Multi-Cloud.** According to IDC, the global public cloud services market is expected to increase from \$292 billion to \$628 billion, from 2020 to 2024, respectively. According to a recent Gartner cloud adoption survey, more than 75% of organizations are using a multi-cloud adoption model.¹ We believe that companies will adopt a multi-cloud strategy to avoid vendor lock on their cloud adoption journey.
- **The Movement to the Cloud Has Just Begun and the World Will Continue to Be Hybrid.** According to IDC, despite the fast growth in the global cloud computing market, over the past five years, only 17% of the system infrastructure software spend has been made up of spend from public cloud services. Many organizations continue to have massive on-premises deployments. The result is a bifurcated data storage environment with some data stored on-premise and across private clouds and the rest distributed on a variety of public clouds, with data moving between them all.

Traditional Data Infrastructure Is Not Designed for Data in Motion

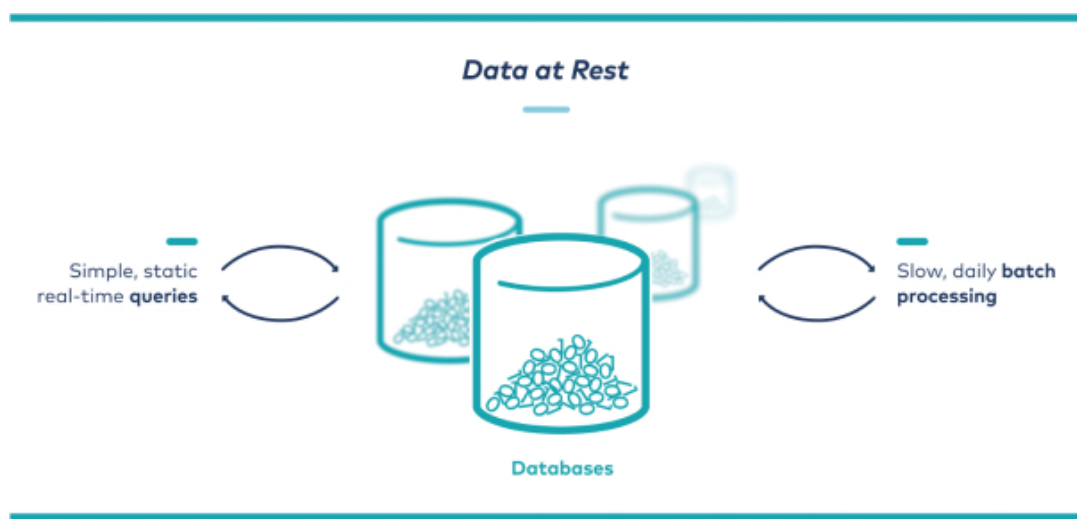
The traditional approach to how applications are built and deployed has been to pair applications with a database which stores data that is then retrieved by the applications periodically.

This database-centric approach is common in data warehouses and relational and NoSQL databases. Databases grew out of a heritage of data storage. They manage a repository of stored data and allow an application to access that point-in-time dataset on demand through querying. They are, in short, a platform designed for managing *data at rest*. Although there are countless flavors of databases, and they comprise a category worth over \$94 billion in annual spend, all databases are rooted in the paradigm of data at rest and share the resulting limitations.

Databases remain an important category but are no longer sufficient as the central data platform in a company.

The systems that carry out the operation of the business and deliver customer experiences must be integrated and real-time. They must cut across infrastructure silos and continually react, respond, and adapt to an ever-evolving business as events unfold. To accomplish this, data infrastructure must support continuous flows of data from across the organization and enable the building of applications that react, process, and respond to that flow of data in real-time. In other words, to address these challenges, companies need a data platform built for *data in motion*.

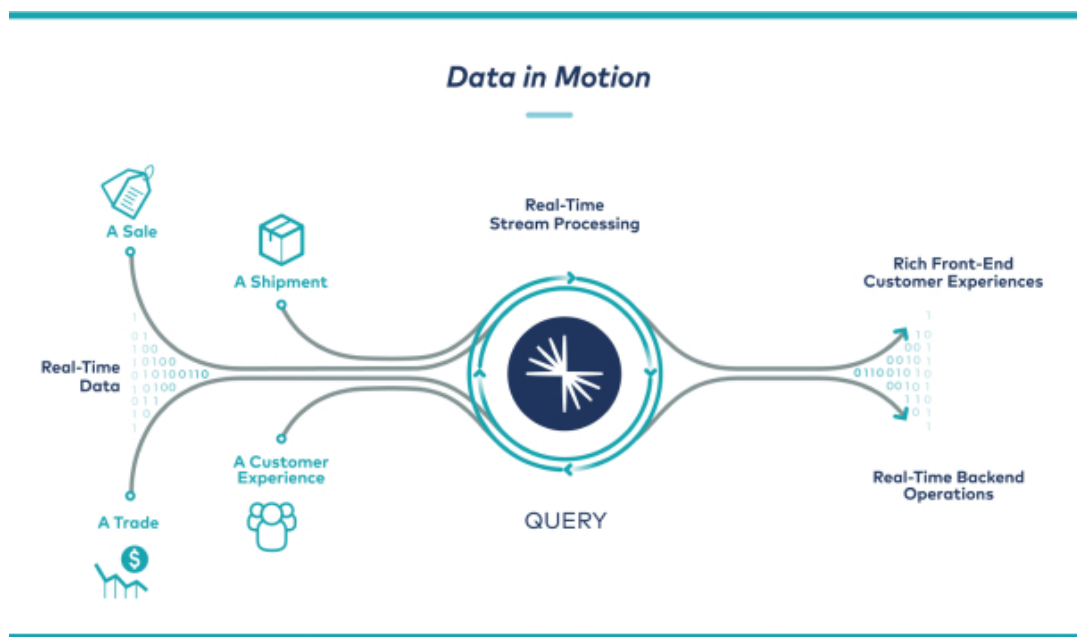
¹ Source: Gartner, *Competitive Landscape: Cloud Service Brokerage 2020*, October 2020.



This is a fundamental paradigm shift and cuts to the heart of how we think about data and architect applications. Data in motion is not just a missing feature in databases, it is a bottoms-up rethinking of the computer science underlying data systems.

At their core, databases are designed to bring queries to stored data at rest. The challenge with this construct is that when asked to handle data in motion, the whole paradigm crumbles. Traditional databases allow processing only at a point in time and compute an answer which is immediately out of date as the business continues to evolve around it. Building systems using only the infrastructure for data at rest means businesses must build separate point-to-point connections for every system that needs to be connected, resulting in an overwhelming proliferation of point-to-point connections. This results in an “n-squared” problem as every new system needs to separately connect to every existing system and forces companies to resort to periodic data dumps and “batch” processing. Databases are simply too slow to serve the real-time nature of modern customer experiences and operational needs.

Data in motion flips this design 180 degrees. Rather than bringing queries to data at rest, our platform is architected to stream data in motion through the query. This continuous stream makes the data always available and is what fundamentally enables companies to tap into flows of data being generated anywhere in the company and continually process it.



Our Solution

Confluent is pioneering a fundamentally new category of data infrastructure focused on data in motion for developers and enterprises alike. In order for enterprises to deliver rich customer experiences, it is critical for all of their business functions, departments, teams, applications, and data stores to have complete connectivity, be thoroughly integrated, and be able to analyze data as it is generated. Confluent is designed to be this intelligent connective tissue by having real-time data from multiple sources constantly streamed across an enterprise for real-time analysis.

Our offering enables organizations to deploy production-ready applications that run across cloud infrastructures and data centers, and scales elastically, with enhanced features for security and compliance. Our platform provides the capabilities to fill the structural, operational, and engineering gap that is required for businesses to fully realize the power of data in motion. We enable software developers to easily build their initial applications to harness data in motion, and enable large, complex enterprises to make data in motion core to everything they do. As organizations mature in their adoption cycle, we enable them to build more and more applications that take advantage of data in motion. The results have a dual effect: businesses continuously improve their ability to provide better customer experiences and concurrently drive data-driven business operations. We believe that, over time, Confluent can become the central nervous system for modern digital enterprises, providing ubiquitous real-time connectivity and powering real-time applications across the enterprise.

Confluent’s solution can be deployed either as a fully-managed cloud-native SaaS offering available on-demand, Confluent Cloud, or an enterprise-ready, self-managed software offering, Confluent Platform.

A high-performance, low-latency infrastructure for harnessing data in motion requires operating wherever a customer’s applications and systems reside. Customers with applications in a particular cloud would use Confluent Cloud in that cloud provider and region. Customers with applications on premises, or on a private

cloud, would use Confluent Platform in that data center. Customers with both on premises and cloud, or even multiple clouds, need Confluent in each of these environments. Together, these solutions can act as one unified fabric for data streams that connect all of these customer environments.

Our solution has three differentiated elements:

- **Cloud-Native.** Confluent offers true cloud functionality for data in motion. We offer a fully-managed, cloud-native service that is massively scalable, elastic, secure, and globally interconnected, enabling agile development. This is a completely different experience than what would result from taking on premise software and simply offering it on cloud virtual machines. With Confluent, developers and enterprises alike can focus on their applications and drive value without worrying about the operational overhead of managing data infrastructure.
- **Complete.** We created a complete platform for data in motion, by leveraging capabilities from open source Apache Kafka with our significant proprietary capabilities. Our technology moves and processes data concurrently, with specific tools such as ksqlDB, a native data-in-motion database that allows users to build data-in-motion applications using just a few SQL statements, as well as over 100 connectors.
- **Everywhere.** We have built a truly hybrid and multi-cloud offering. We can support customers in their cloud and multi-cloud environments, on-premises, or a combination of both. From early on, we recognized that the journey to the cloud is not overnight or simple, and in order for our customers to effectively digitally transform, they require a fundamental platform for data in motion that can integrate seamlessly across their entire technology environment. This ability to let customers embrace the new without having to fully replace everything that is old is a critical point of differentiation and a critical element in the cloud adoption strategy of many of our customers.

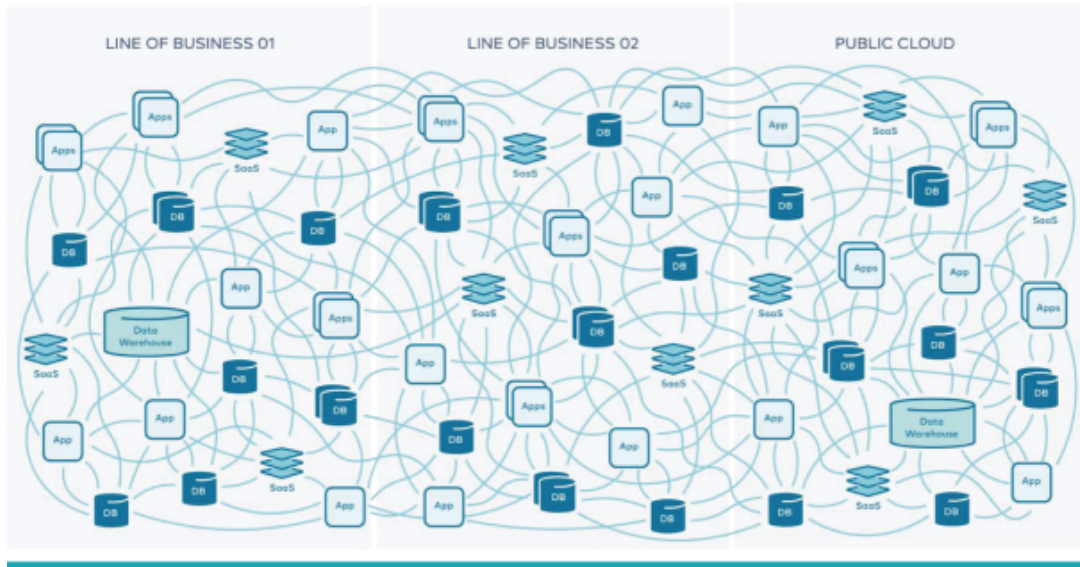
Confluent Is Becoming the Central Nervous System of Organizations

As Confluent grows within an organization, the network effects we generate create even more value to the organization as a whole. By fundamentally re-architecting how data flows, we are able to replace complexity with simplicity, delays with real-time, and disparate data with a unified view across the modern enterprise software stack.

Most organizations start off with a complex mess of point-to-point connections between their applications, databases, and data warehouses. This is unavoidable when data is primarily at rest, held in storage across the organization, and requiring these connections to be built. Adopting a new technology to connect this mess would be prohibitively slow if there were not an underlying force driving this change. Fortunately, our platform has a unique network effect that helps speed its adoption. The first application that utilizes our platform generally does so for the capabilities in harnessing data in motion. In doing so, it brings into the platform the data streams needed for its usage. However, although these data streams are brought for one application, they are usable by all future applications and bring value to the entire ecosystem. As a result, future applications can connect to the platform to access these data streams, bringing with them their own data streams. As a result, there is a clear virtuous cycle: applications bring data streams, which in turn attract more applications.

As customers expand with our foundational platform, we set more and more data in motion across the organization and replace the various point-to-point connections with our complete platform. This means data can intelligently be made available in real-time to more and more of the organization as applications connect to a single platform. We are able to hold a highly strategic position to create greater value to existing applications and databases as data in motion across the entire organization begins to flow, be directed, and be processed through Confluent. We believe that this eventually leads to Confluent becoming the central nervous system of an organization, allowing data to be captured and processed as it is generated around the whole organization, enabling organizations to react intelligently in real-time.

Enterprise Architecture is a Big Mess



Confluent as the Central Nervous System of the Modern Enterprise



Key Benefits to Our Customers

Our platform delivers the following key business benefits to our customers:

- **Ability to Deliver Rich Customer Experiences and Data-Driven Business Operations.** By harnessing the power of data in motion, our customers can deliver differentiated customer experiences, such as suggesting the next show to watch in real time or providing live information on the status of a grocery order. Enterprises can also enable data-driven operations such as real-time, preventive maintenance, IoT analytics, and diagnostics.
- **Accelerated Time-to-Market.** Our fully-managed cloud-native service enables our customers to start developing instantly, without any internal or external operational barriers. And, with the ability to pay-as-you-go, our customers can begin using Confluent without commitment or delay from internal procurement processes. Furthermore, our offering comes with a rich, pre-built ecosystem, making it simple, quick and efficient to integrate Confluent into the enterprise. This enables greater engineering organization efficiency and an accelerated time-to-market.
- **Reduced Total Cost of Ownership.** Confluent significantly reduces the operational barriers and costs associated with shifting to a data-in-motion architecture. Coupled with accelerated time to market, our customers benefit from both reduction in total cost of ownership as well as rapid return on investment, or ROI.

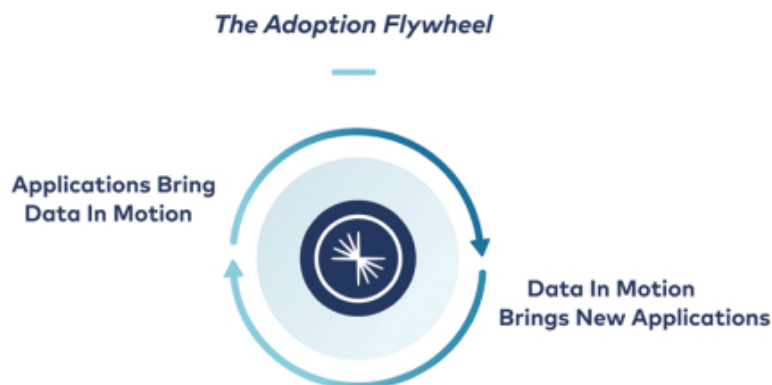
- **Freedom of Choice.** Confluent is hybrid and multi-cloud compatible so customers can deploy on premises or in the cloud. We recognize that enterprises have their data stored in many places and that an effective solution must be able to connect to various data sources.
- **Mission Critical Security and Reliability.** Confluent has enterprise-grade security and governance capabilities to provide confidentiality of critical information. We enable mission-critical reliability and resiliency, allowing data persistence, dynamic backing up of data across replicated partitions, fault-tolerance, and automated client failover.
- **Robust Developer Community.** Apache Kafka has an extremely robust developer community. It is one of the most successful open source projects, with more than 60,000 meet-up members across over 200 global meetup groups, estimated to have been used by over 70% of the Fortune 500. This means that developers outside of Confluent are building connectors, more functionality, and deploying patches to Apache Kafka while Confluent continues to also add features both to Apache Kafka and to Confluent's proprietary offering. This leads to a positive feedback loop as it strengthens the Apache Kafka offering, attracting more developers, who in turn further strengthen Apache Kafka, which benefits us, as users see the benefit of a data-in-motion platform.

Competitive Strengths

Our competitive strengths include the following:

- **Our Founders Are the Original Creators of Apache Kafka.** Our founding team members are the original creators of Apache Kafka and worked on the underlying technology at LinkedIn, prior to founding our company. We are a significant contributor to the open source Apache Kafka platform, and our expertise in and experience with the technology are unrivaled.
- **Our Business Model Protects Our Innovation and Fosters Our Developer Community.** We offer our software under licenses intended to protect our innovation. This includes our Confluent Community License and a traditional proprietary commercial license. Our Confluent Community License allows developers to access our source code to give them a chance to utilize some of our platform features, but explicitly restricts others, including cloud vendors, from taking this source code and using it to offer a competing software-as-a-service, or SaaS, offering.
- **We Serve Leading Enterprises and Disruptive Innovators.** We started by enabling new forms of innovation for some of the most disruptive tech companies and have now become equally integral to the modern digital stack of large global enterprises. These companies and enterprises have exacting requirements that are mission-critical to their business success. They trust us and continue to expand their use of our platform into larger and more complex use cases as we become embedded in their modern digital stack. As of March 31, 2021, our customers included 136 of the Fortune 500 companies. Our 136 Fortune 500 customers contributed approximately 35% of our revenue for the three months ended March 31, 2021.
- **We Benefit from Network Effects.** Our business benefits from powerful network effects, which create accelerated demand for our offering and provide us with significant competitive advantages. Our deep technical expertise, coupled with our product capabilities and laser focus on customer outcomes, enable us to form strategic partnerships with our customers on this journey. Our customers typically start with an initial use case, see the benefits of our platform, then often expand into other use cases and lines of business, divisions, and geographies. This expansion often generates a natural network effect. As more use cases are adopted, more applications and systems become connected, which then leads to more data in motion being processed by our platform. Streams of data naturally attract more applications which brings even more streams of data which creates a virtuous expanding flywheel. This network effect increases value to both individual participants and the whole organization. Over time, we not only enable our customers to harness

data in motion but can become the central nervous system for their entire organization, allowing data to be captured and processed by the whole organization as it is generated in real-time.



-
- **End-to-End Approach to Go-To-Market Built for the Unique Customer Journey of Data in Motion.** Data in motion has a unique customer adoption and expansion journey within organizations and our go-to-market mirrors this distinct journey. The widespread adoption of Apache Kafka by developers, and the self-service adoption possible with our cloud product and community downloads, ensure that awareness, mindshare, and adoption begin as new applications are conceived, often long before our sales efforts begin. Our enterprise sales force takes these many initial engagements and helps them progress to production use cases and paying customers with a committed contract. We then drive expansion across the company and help the platform transition from serving individual disconnected projects to being used as a cross-enterprise platform. We believe our expertise is vital to companies who wish to successfully navigate this transition as they reorient their business for data in motion.

Our approach to supporting this end-to-end customer journey is a significant competitive moat for us. Legacy technology vendors cannot easily rebuild their go-to-market to support high volume, low-friction open source and SaaS lands. Startup companies cannot muster the full spectrum of go-to-market tactics and resources needed to support this journey or the heavy investment in customer success required to take customers to scale. Even though large cloud providers have broad go-to-market capabilities, these capabilities are generally focused on the broader transition to the cloud addressing hundreds of products and services. We believe they take a broad but shallow approach that is not built to focus and support the specifics of the data-in-motion customer adoption journey and cannot easily be repurposed without a larger remaking of their go-to-market strategy.

- **We Have Deep Technology Expertise Focused on Data in Motion.** Unlike the vast swath of databases which are built to harness the value of data at rest, our offering is built to harness the value of data in motion. Our construct of streaming data through queries, rather than bringing queries to stored data, enables us to offer differentiated value from other forms of data infrastructure. We leveraged our technical expertise to provide a cloud-native offering, building additional technologies to create a complete platform, and enabling it to work across both cloud and on-premises environments at scale. Our cloud-native service is differentiated from other providers who simply try to deliver their offering in the cloud as a partially-managed service. We have built deep proprietary technology designed to enable data in motion, from the most complex enterprise to the individual developer.

- **Mission-Oriented Values and Team.** Our most important asset is our people. As Confluent continues to evolve and grow, we strive to have our core values remain constant. We are obsessive about the user experience and focused on earning our customers' love by solving backwards from a fantastic customer experience to arrive at the right solution. Our people are empathetic towards our customers, partners, and each other. We strive to have a team-first mindset and foster an environment where each employee feels valued and respected.

Our Market Opportunity

Confluent is well-positioned to succeed in the large and growing market for data infrastructure. We have intentionally built our technology to support both cloud and on-premises environments because enterprises today are in different stages of their journey to the cloud. This strategy has positioned us to be able to serve every type of company, in every industry, and in every geography.

Today, we believe our product roadmap targets each of the following four core Gartner-defined market segments: Application Infrastructure & Middleware, Database Management Systems, Data Integration Tools and Data Quality Tools,² and Analytics and Business Intelligence.³ According to Gartner's 2021 estimates, the aggregate of these four markets represents a total market size of approximately \$149 billion.

We estimate that we serve approximately \$50 billion of this total market today, broken down as approximately \$31 billion in Application Infrastructure & Middleware (excluding Full Life Cycle API Management, BPM Suites, TPM, RPA, and DXPs), \$7 billion in Database Management Systems (excluding Prerelational-era DBMS), \$7 billion in Analytics and Business Intelligence (excluding Traditional BI Platforms), and \$4 billion in Data Integration Tools and Data Quality Tools (excluding other Data Integration Software). Based upon the above Gartner data and Gartner's estimates for 2024 total market size in these four segments, we have estimated that our total market opportunity will increase to \$91 billion in these four market segments by 2024, representing a 22% compounded annual growth rate.⁴

Our Growth Strategy

We are pursuing our substantial market opportunity with growth strategies that include:

- **Easy and Frictionless Land with Cloud Pay-As-You-Go.** Due to the cloud-native nature of Confluent Cloud, we are able to acquire new customers through a seamless and frictionless self-service motion. Customers can get started via our free cloud trial and easily convert online to become paying customers. We will continue to leverage our cloud-native differentiation to create an easy buying motion and drive our growth.
- **Continue our Focus on Customer Centric Go-To-Market Motion.** Our integrated go-to-market motion is designed to drive business growth by mapping the customer journey from initial interest, to pilot, to first production project, to an integrated platform across the enterprise. We will continue to offer a range of services and training offerings, partnering with our customers to increase the value they realize from our solution and thereby increase their consumption of our offering.

² Source: Gartner, *Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020.

³ Source: Gartner, *Forecast: Enterprise Application Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020.

⁴ Calculations performed by Confluent.

- **Enterprise-Wide Expansion via Solutions Selling.** After acquiring a new customer, we seek to grow our footprint by solving additional use cases for that customer. Since we are a fundamental data infrastructure platform, the use cases we can address are wide-ranging. We enjoy a powerful network effect as we enter organizations; once one application is connected to Confluent, our customers often connect other applications to that first application, which can result in a flywheel where Confluent can permeate the enterprise. We believe Confluent can become the central nervous system of modern enterprises at scale. Our dollar-based net retention rate of 125% and 117% as of December 31, 2020 and March 31, 2021, respectively, reflects our ability to rapidly demonstrate our value and address a vast array of use cases for our customers.
- **Extend our Product Leadership and Innovation.** We pioneered the category of harnessing the power of data in motion and are committed to innovating to extend our product leadership. We will continue to build out our platform, add more capabilities, build more applications, and invest in developing technology that increases developer productivity and promotes rapid customer success. From ksqlDB, which is a native data-in-motion database that allows users to build data-in-motion applications using just a few SQL statements, to Project Metamorphosis, where we delivered critical new cloud-native product features and capabilities every month from May 2020 to December 2020, we have continued to innovate and make it easier for any organization to harness data in motion.
- **Continue to Invest in the Open Source Community.** Our open source roots provide a large pool of targeted developers and enterprises who are interested in or have already adopted open source Apache Kafka. We will continue to invest in delivering features to open source Apache Kafka in order to continue adding value to the Apache Kafka community, maintain our leadership standing in the new data-in-motion paradigm, and ensure that the open source benefits to our business continue.
- **Grow and Harness our Partner Ecosystem.** We have built a powerful partner ecosystem encompassing the major cloud providers, global and regional systems integrators, and independent software vendors, or ISVs. Our partners include Accenture, Amazon Web Services (AWS), Microsoft, Google Cloud Platform (GCP), IBM, MongoDB, Elastic, and Snowflake. We intend to continue to invest in these relationships and build further partnerships to ensure our software is widely sold, distributed, and supported.
- **Expand Internationally.** We believe markets outside of the United States present a significant opportunity for additional growth of our business. During 2020 and the three months ended March 31, 2021, our international revenue represented 34% and 36% of our total revenue, respectively. We expect to continue to make significant investments to support our growth in our existing international markets and in penetrating additional international markets.
- **Expand the Scope of our Platform with ksqlDB and Other Investments.** We believe that the rise of real-time stream processing of data in motion is still in the early stages of adoption. Our investment in ksqlDB positions us to succeed in this emerging area as it gains adoption with customers. This adoption is expected to lead to significant displacement of batch data processing on traditional databases and a corresponding shift in spend to data in motion technologies, such as Confluent. We believe our investment in ksqlDB positions us to capture this shift and use it to fuel further growth.
- **Grow Further Use Cases Up-The-Stack Leveraging our Strategic Position for Data in Motion.** Data in motion is a disruptive new platform technology. As we grow into our role as a central nervous system within companies, we believe we have an incredibly strategic position from which to grow into use-case specific adjacencies that apply data in motion. We believe we are strategically positioned to understand what these use cases are when reimaged around data in motion and to partner and/or build pre-packaged solutions purpose-built for these use cases.

Risk Factors Summary

Investing in our Class A common stock involves numerous risks, including the risks described in the section titled “Risk Factors” and elsewhere in this prospectus. You should carefully consider these risks before making an investment. Below are some of these risks, any one of which could materially adversely affect our business, financial condition, results of operations, and prospects.

- Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We have a history of operating losses and may not achieve or sustain profitability in the future.
- Health epidemics, including the COVID-19 pandemic, have had, and could in the future have, an adverse impact on our business, operations, and the markets and communities in which we, our partners and customers operate.
- We derive substantially all of our revenue from our platform for data in motion. Failure of our offering to satisfy customer demands or achieve continued market acceptance over competitors, including open source alternatives, would harm our business, results of operations, financial condition, and growth prospects.
- We intend to continue investing significantly in Confluent Cloud, and if it fails to achieve market adoption, our growth, business, results of operations, and financial condition could be harmed.
- Failure to effectively develop and expand our sales and marketing capabilities or improve the productivity of our sales and marketing organization could harm our ability to expand our potential customer and sales pipeline, increase our customer base, and achieve broader market acceptance of our offering.
- If we are unable to attract new customers or expand our potential customer and sales pipeline, our business, financial condition, and results of operations will be adversely affected.
- Our business depends on our existing customers renewing their subscriptions and usage-based minimum commitments, purchasing additional subscriptions and usage-based minimum commitments, and expanding their use of our offering.
- If we fail to maintain and enhance our brand, including among developers, our ability to expand our customer base will be impaired and our business, financial condition, and results of operations may suffer.
- The markets in which we participate are competitive, and if we do not compete effectively, our business, financial condition, and results of operations could be harmed.
- If we or third parties who we work with experience a security breach, or if the confidentiality, integrity, or availability of our information technology, software, services, communications, or data is compromised, our offering may be perceived as not being secure, our reputation may be harmed, demand for our offering may be reduced, proprietary data and information, including source code, could be exfiltrated, and we may incur significant liabilities.
- We rely on third-party providers of cloud-based infrastructure to host Confluent Cloud. Any failure to adapt our offering to evolving network architecture technology, disruption in the operations of these third-party providers, limitations on capacity or use of features, or interference with our use could adversely affect our business, financial condition, and results of operations.
- We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our results of operations, our stock price and the value of your investment could decline.

- The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our executive officers, employees, and directors and their affiliates, and limiting your ability to influence corporate matters.

If we are unable to adequately address these and other risks we face, our business may be harmed.

Channels for Disclosure of Information

Following the closing of this offering, we intend to announce material information to the public through filings with the Securities and Exchange Commission, or the SEC, the investor relations page on our website, press releases, public conference calls, public webcasts, and our Twitter account.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

Corporate Information

We were initially incorporated under the laws of the State of Delaware in September 2014 under the name Infinitem, Inc. We changed our name to Confluent, Inc. in September 2014. Our principal executive offices are located at 899 W. Evelyn Avenue, Mountain View, California 94041. Our telephone number is (800) 439-3207. Our website address is www.confluent.io. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The Confluent design logos, “Confluent,” and our other registered or common law trademarks, service marks, or trade names appearing in this prospectus are the property of Confluent, Inc. or its affiliates. Other trade names, trademarks, and service marks used in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable generally to public companies. These provisions include, but are not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;
- reduced obligations with respect to financial data, including presenting only two years of audited financial statements;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements, and registration statements;
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved; and
- an exemption from compliance with the requirement of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on the financial statements.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our Class A common stock in this offering. However, we will cease to be an emerging growth company prior to the end of such five-year period if (i) we become a “large accelerated filer,” with at least \$700 million of common equity securities held by non-affiliates; (ii) our annual gross revenue exceeds \$1.07 billion; or (iii) we issue more than \$1.0 billion of non-convertible debt in any three-year period, whichever occurs first.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an “emerging growth company” can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period to enable us to comply with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

THE OFFERING

Class A common stock offered	23,000,000 shares
Class A common stock to be outstanding after this offering	23,000,000 shares
Class B common stock to be outstanding after this offering	229,365,190 shares
Total Class A common stock and Class B common stock to be outstanding after this offering	252,365,190 shares
Use of proceeds	<p>We estimate that our net proceeds from the sale of our Class A common stock in this offering will be approximately \$671.9 million, assuming an initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. We may also use a portion of the net proceeds for acquisitions of, or strategic investments in, complementary businesses, products, services, or technologies, although we do not currently have any agreements or commitments for any material acquisitions or investments. See the section titled “Use of Proceeds” for additional information.</p>
Voting rights	<p>We have two classes of common stock: Class A common stock and Class B common stock. Class A common stock is entitled to one vote per share and Class B common stock is entitled to 10 votes per share and is convertible at any time into one share of Class A common stock.</p> <p>Holder of Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering. Once this offering is completed, based on the number of shares outstanding as of March 31, 2021, the holders of our outstanding Class B common stock will beneficially own approximately 90.9% of our outstanding shares and control approximately 99.0% of the voting power of our outstanding shares, and our executive officers, directors, and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will beneficially own, in the aggregate, approximately</p>

56.9% of our outstanding shares and control approximately 61.7% of the voting power of our outstanding shares.

The holders of our outstanding Class B common stock will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.

Allocation agreement; indication of interest

Pursuant to an existing allocation agreement with Coatue Growth Fund IV LP, or Coatue, and Altimeter Growth Partners Fund IV, L.P. and Altimeter Growth Cascade Fund, L.P., referred to together as Altimeter, we granted Coatue and Altimeter collectively the right, but not the obligation, to purchase from us at the initial public offering price an aggregate number of shares of Class A common stock in our initial public offering (to be divided between Coatue and Altimeter based on their pro rata ownership of our Series E redeemable convertible preferred stock) equal to the greater of (i) \$50.0 million divided by the price per share of our Class A common stock sold in such offering, which would be equal to 1,612,903 shares of Class A common stock in this offering based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, or (ii) 15% of the aggregate number of shares sold in such offering, subject to the terms and conditions of such allocation agreement and compliance with applicable securities laws. Under certain circumstances, the managing underwriters for such offering may reduce the number of shares that Coatue or Altimeter may purchase in such offering, in which event Coatue or Altimeter, as the case may be, may purchase the same number of shares, at the same purchase price, in a separate and concurrent private placement transaction. See the section titled “Description of Capital Stock—Participation in Our Initial Public Offering.”

Each of Coatue and Altimeter has delivered a non-binding indication of interest under the allocation agreement to purchase up to the maximum amount it may be allocated to purchase in this offering at the initial public offering price per share, equal to an aggregate of 3,450,000 shares of Class A common stock (to be divided between Coatue and Altimeter), or \$106,950,000 of total offering proceeds, based on

the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and the number of shares offered as set forth on the cover page of this prospectus. However, because indications of interest are not binding agreements or commitments to purchase, each of Coatue or Altimeter may elect to purchase more, less, or no shares in this offering or the underwriters may elect to sell more, less, or no shares in this offering to either Coatue or Altimeter. The underwriters will receive the same discount from any shares of Class A common stock purchased by Coatue and Altimeter as they will from any other shares sold to the public in this offering. Any shares purchased by Coatue or Altimeter in this offering will not be subject to any lock-up or market stand-off arrangements.

Risk factors

See the section titled “Risk Factors” and the other information included elsewhere in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

Proposed Nasdaq Global Select Market trading symbol

“CFLT”

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 229,365,190 shares of our Class B common stock (including shares of our redeemable convertible preferred stock and convertible founder stock on an as-converted basis) outstanding as of March 31, 2021 and excludes:

- 79,624,342 shares of Class B common stock issuable upon the exercise of stock options outstanding as of March 31, 2021, with a weighted-average exercise price of \$5.40 per share;
- 3,586,053 shares of Class B common stock issuable upon the exercise of stock options granted subsequent to March 31, 2021, with a weighted-average exercise price of \$20.69 per share;
- 14,000 shares of Class B common stock issuable upon the vesting and settlement of restricted stock units, or RSUs, outstanding as of March 31, 2021, subject to a service-based vesting condition as well as a performance-based vesting condition that will be satisfied in connection with this offering;
- 4,070,219 shares of Class B common stock issuable upon the vesting and settlement of RSUs granted subsequent to March 31, 2021;
- 7,237,338 shares of Class B common stock reserved for future issuance under our 2014 Stock Plan, or the 2014 Plan, as of March 31, 2021 (after giving effect to the issuance of stock options and RSUs granted subsequent to March 31, 2021 for 7,656,272 shares of Class B common stock described above and an increase in the number of shares of Class B common stock reserved for future issuance under the 2014 Plan by 6,600,000 shares subsequent to March 31, 2021), which shares will be transferred to our 2021 Equity Incentive Plan, or the 2021 Plan, at the time it becomes effective upon the execution of the underwriting agreement for this offering;

- 25,812,876 shares of Class A common stock reserved for future issuance under our 2021 Plan plus (i) the shares that remain available for grant of future awards under our 2014 Plan at the time our 2021 Plan becomes effective as described above, (ii) any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan, and (iii) shares underlying outstanding stock awards granted under our 2014 Plan that expire, or are forfeited, cancelled, withheld, or reacquired;
- 5,162,575 shares of Class A common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or the 2021 ESPP, which will become effective upon the execution of the underwriting agreement for this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- 250,000 shares of our Class A common stock that we plan to donate to our charitable foundation, Confluent.org, upon or after the completion of this offering.

Unless otherwise indicated, the information in this prospectus assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the closing of this offering;
- the reclassification of 113,451,522 shares of common stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock and the authorization of our Class A common stock;
- the automatic conversion of 115,277,850 shares of our redeemable convertible preferred stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock immediately prior to the closing of this offering;
- the automatic conversion of 635,818 shares of our convertible founder stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock immediately prior to the closing of this offering; and
- no exercise of outstanding options or settlement of outstanding RSUs.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial and other data. We derived the summary consolidated statements of operations data for the years ended December 31, 2019 and 2020 (except for pro forma net loss per share attributable to common stockholders and weighted-average shares used to compute pro forma net loss per share attributable to common stockholders) from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary consolidated statements of operations data for the three months ended March 31, 2020 and 2021 (except for pro forma net loss per share attributable to common stockholders and weighted-average shares used to compute pro forma net loss per share attributable to common stockholders) and the summary consolidated balance sheet data as of March 31, 2021 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We derived the summary consolidated statement of operations data for the year ended December 31, 2018 from our unaudited consolidated financial statements not included in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited consolidated financial statements included elsewhere in this prospectus, and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair statement of such data. Our historical results are not necessarily indicative of the results to be expected for any future period, and our interim results are not necessarily indicative of results to be expected for the full year or any other period. When you read this summary consolidated financial data, it is important that you read it together with the historical consolidated financial statements and the related notes included elsewhere in this prospectus, as well as the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Consolidated Statements of Operations Data:					
(in thousands, except share and per share data)					
Revenue:					
Subscription	\$ 56,405	\$ 130,206	\$ 208,633	\$ 43,943	\$ 67,992
Services	8,762	19,599	27,944	6,961	9,036
Total revenue	<u>65,167</u>	<u>149,805</u>	<u>236,577</u>	<u>50,904</u>	<u>77,028</u>
Cost of revenue:					
Subscription ⁽¹⁾	9,312	28,395	49,283	11,014	15,757
Services ⁽¹⁾	7,067	20,974	26,193	6,799	8,081
Total cost of revenue	<u>16,379</u>	<u>49,369</u>	<u>75,476</u>	<u>17,813</u>	<u>23,838</u>
Gross profit	<u>48,788</u>	<u>100,436</u>	<u>161,101</u>	<u>33,091</u>	<u>53,190</u>
Operating expenses:					
Research and development ⁽¹⁾	22,586	58,090	105,399	19,742	24,313
Sales and marketing ⁽¹⁾	54,531	115,792	166,361	38,317	58,509
General and administrative ⁽¹⁾	13,206	24,662	122,516	8,415	15,512
Total operating expenses	<u>90,323</u>	<u>198,544</u>	<u>394,276</u>	<u>66,474</u>	<u>98,334</u>
Operating loss	(41,535)	(98,108)	(233,175)	(33,383)	(45,144)
Interest income	936	2,494	4,113	443	844
Other income (expense), net	(405)	567	(973)	(307)	(336)
Loss before income taxes	(41,004)	(95,047)	(230,035)	(33,247)	(44,636)
Provision for (benefit from) income taxes	394	(5)	(207)	388	(110)
Net loss	<u>\$ (41,398)</u>	<u>\$ (95,042)</u>	<u>\$ (229,828)</u>	<u>\$ (33,635)</u>	<u>\$ (44,526)</u>
Net loss per share attributable to common and founder stockholders, basic and diluted ⁽²⁾	<u>\$ (0.49)</u>	<u>\$ (0.99)</u>	<u>\$ (2.21)</u>	<u>\$ (0.33)</u>	<u>\$ (0.41)</u>
Weighted-average shares used to compute net loss per share attributable to common and founder stockholders, basic and diluted ⁽²⁾	<u>84,692,365</u>	<u>96,067,380</u>	<u>104,218,082</u>	<u>103,196,156</u>	<u>108,731,605</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽³⁾			<u>\$ (1.14)</u>		<u>\$ (0.21)</u>
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽³⁾			<u>211,512,902</u>		<u>224,261,477</u>

- (1) Includes stock-based compensation expense as follows:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands)				
Cost of revenue - subscription	\$ 327	\$ 1,161	\$ 2,572	\$ 462	\$ 975
Cost of revenue - services	237	994	1,745	350	544
Research and development	1,434	6,268	33,755	2,046	3,511
Sales and marketing	3,483	6,545	14,734	2,373	4,976
General and administrative	2,742	3,649	90,535	1,220	3,347
Total stock-based compensation expense	<u>\$8,223</u>	<u>\$18,617</u>	<u>\$143,341*</u>	<u>\$6,451</u>	<u>\$ 13,353</u>

* In connection with a tender offer and secondary sales of our common stock and convertible founder stock, stock-based compensation expense for the year ended December 31, 2020 included \$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. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

- (2) See Notes 2 and 13 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share attributable to common and founder stockholders and the weighted-average number of shares used in the computation of the per share amounts.
- (3) Basic and diluted unaudited pro forma net loss per share attributable to common stockholders for the year ended December 31, 2020 and the three months ended March 31, 2021 gives effect to (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock as if the conversion had occurred as of the beginning of the period or on the date of issuance, if later; (ii) the automatic conversion of all outstanding shares of convertible founder stock into an equal number of shares of Class B common stock as if such conversion had occurred as of the beginning of the period or on the date of issuance, if later; (iii) stock-based compensation expense related to stock options subject to service-based and performance-based vesting conditions, for which the performance-based vesting condition will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus; (iv) the vesting and stock-based compensation expense related to RSUs subject to service-based and performance-based vesting conditions, which conditions will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus; and (v) the issuance of 250,000 shares of our Class A common stock as a donation to our charitable foundation, Confluent.org, and an associated non-cash charge of approximately \$7.8 million, estimated based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, as if the issuance had occurred as of the beginning of the period. Basic and diluted unaudited pro forma net loss per share attributable to common stockholders for the year ended December 31, 2020 and the three months ended March 31, 2021 does not give effect to stock options and RSUs granted subsequent to March 31, 2021, which all have time-based vesting conditions, vesting over a four year period, subject to continuous service with us. We expect to recognize approximately \$52.1 million of stock-based compensation expense related to these stock options and \$117.6 million of stock-based compensation expense related to these RSUs, in each case generally over the requisite service and vesting period of four years. During the three months ended June 30, 2021, we expect to recognize \$2.2 million of stock-based compensation expense related to such stock options on a straight-line basis and \$7.9 million of stock-based compensation expense related to such RSUs using the accelerated attribution method, where such RSUs are subject to a service-based vesting condition that generally provides for vesting over four years, subject to continuous service with us, and a performance-based vesting condition, which performance-based vesting condition will be satisfied in connection with this offering, assuming completion of this offering prior to June 30, 2021. Using the accelerated attribution method in recognizing stock-based compensation expense for these RSUs, expense for each vesting

tranche in an award is recognized ratably from the grant date to the vesting date for that tranche, resulting in acceleration of expense recognition as compared to recognition on a straight-line basis. As a result, we expect to recognize a relatively larger amount of stock-based compensation expense relating to these RSUs in upcoming quarters as compared to later quarters in the vesting period. To illustrate, we expect to recognize approximately \$63.6 million of stock-based compensation expense related to these RSUs for the four fiscal quarters ended June 30, 2022, assuming (i) completion of this offering prior to June 30, 2021, (ii) no RSUs are cancelled or forfeited during such period, and (iii) no additional RSUs are granted during such period. The remaining \$46.1 million of stock-based compensation expense would be recognized over the remainder of the four year requisite service period of the RSUs. The table presented below sets forth the calculation of basic and diluted unaudited pro forma net loss per share attributable to common stockholders for the year ended December 31, 2020 and the three months ended March 31, 2021:

	Year Ended December 31, 2020		Three Months Ended March 31, 2021	
	Common	Convertible Founder	Common	Convertible Founder
	(in thousands, except share and per share data)			
Numerator:				
Net loss attributable to common and founder stockholders	\$ (219,560)	\$ (10,268)	\$ (44,266)	\$ (260)
Stock-based compensation expense related to stock options for which the performance-based vesting condition will be satisfied in connection with this offering	(3,002)	—	(3,122)	—
Stock-based compensation expense related to RSUs for which the service-based and performance-based vesting conditions will be satisfied in connection with this offering	—	—	(271)	—
Pro forma adjustment to reflect reallocation of net loss due to automatic conversion of convertible founder stock to Class B common stock in connection with this offering	(10,268)	10,268	(260)	260
Pro forma adjustment to reflect non-cash expense related to the donation of Class A common stock to our charitable foundation	(7,750)	—	—	—
Pro forma net loss attributable to common stockholders	<u>\$ (240,580)</u>	<u>\$ —</u>	<u>\$ (47,919)</u>	<u>\$ —</u>
Denominator:				
Weighted-average shares used to compute net loss per share attributable to common and founder stockholders, basic and diluted	99,562,032	4,656,050	108,095,787	635,818
Pro forma adjustment to reflect automatic conversion of redeemable convertible preferred stock to Class B common stock in connection with this offering	107,044,820	—	115,277,850	—
Pro forma adjustment to reflect automatic conversion of convertible founder stock to Class B common stock in connection with this offering	4,656,050	(4,656,050)	635,818	(635,818)
Pro forma adjustment to reflect vesting of RSUs for which the service-based and performance-based vesting conditions will be satisfied in connection with this offering	—	—	2,022	—
Pro forma adjustment to reflect donation of Class A common stock to our charitable foundation	250,000	—	250,000	—
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted	<u>211,512,902</u>	<u>—</u>	<u>224,261,477</u>	<u>—</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted	<u>\$ (1.14)</u>	<u>\$ —</u>	<u>\$ (0.21)</u>	<u>\$ —</u>

	March 31, 2021		
	Actual	Pro Forma(1)	Pro Forma as Adjusted (2)(3)
(in thousands)			
Consolidated Balance Sheet Data:			
Cash, cash equivalents, and marketable securities	\$ 280,098	\$ 280,098	\$ 952,212
Working capital(4)	205,478	205,478	878,932
Total assets	518,956	518,956	1,189,466
Total liabilities	274,408	274,408	273,068
Redeemable convertible preferred stock	574,634	—	—
Additional paid-in capital	120,449	698,475	1,378,074
Accumulated deficit	(450,579)	(453,972)	(461,722)
Total stockholders' (deficit) equity	(330,086)	244,548	916,398

- (1) The pro forma column in the consolidated balance sheet data table above reflects (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock, of which there were 115,277,850 shares outstanding as of March 31, 2021, into an equal number of shares of Class B common stock as if such conversion had occurred on March 31, 2021; (ii) the automatic conversion of all outstanding shares of convertible founder stock, of which there were 635,818 shares outstanding as of March 31, 2021, into an equal number of shares of Class B common stock as if such conversion had occurred on March 31, 2021; (iii) stock-based compensation expense of \$3.1 million as of March 31, 2021 related to stock options subject to service-based and performance-based vesting conditions, for which the performance-based vesting condition will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus, reflected as an increase to additional paid-in capital and accumulated deficit; (iv) stock-based compensation expense of \$0.3 million as of March 31, 2021 related to RSUs subject to service-based and performance-based vesting conditions, which conditions will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus, reflected as an increase to additional paid-in capital and accumulated deficit; and (v) the filing and effectiveness of our amended and restated certificate of incorporation, which will occur in connection with this offering.
- (2) The pro forma as adjusted column in the consolidated balance sheet data table above reflects (i) the pro forma items described immediately above; (ii) the sale and issuance by us of 23,000,000 shares of Class A common stock in this offering at the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us (excluding \$0.3 million of deferred offering costs that had been paid as of March 31, 2021); and (iii) the issuance of 250,000 shares of our Class A common stock as a donation to our charitable foundation, Confluent.org, upon or after the completion of this offering and an associated non-cash charge of approximately \$7.8 million, estimated based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus.
- (3) Each \$1.00 increase or decrease in the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total assets, working capital, and total stockholders' equity by \$21.9 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total assets, working capital, and total stockholders' equity by \$29.5 million, assuming the assumed initial public offering price per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and

estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

- (4) We define working capital as current assets less current liabilities. See our consolidated financial statements and the related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

Key Business Metrics

	December 31,			March 31,	
	2018	2019	2020	2020	2021
Remaining performance obligations ⁽¹⁾ (in thousands)	\$80,072	\$159,595	\$261,741	\$166,269	\$280,911
Customers with \$100,000 or greater in ARR ⁽¹⁾	185	337	513	374	561
Dollar-based net retention rate ⁽¹⁾	177%	134%	125%	130%	117%

- (1) See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics” included elsewhere in this prospectus for our definitions of these metrics.

Non-GAAP Financial Measures

To supplement our consolidated financial statements prepared and presented in accordance with generally accepted accounting principles in the United States, or GAAP, we use certain non-GAAP financial measures, as described below, to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. We are presenting these non-GAAP financial measures because we believe, when taken collectively, they 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 in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. For example, these measures exclude expenses associated with our equity compensation plan, although equity compensation has been, and will continue to be, an important part of our compensation strategy.

In particular, we believe that historical and future trends in free cash flow and free cash flow margin, even if negative, provide useful information about the amount of cash generated (or consumed) by our operating activities that is available (or not available) to be used for strategic initiatives and investments. Free cash flow and free cash flow margin are non-GAAP financial measures used by management to understand and evaluate our liquidity and to generate future operating plans. Further, we believe that the exclusion of capital expenditures and amounts capitalized for internal-use software development facilitates comparisons of our liquidity on a period-to-period basis and excludes items that we do not consider to be indicative of our liquidity. However, free cash flow is not a substitute for cash used in operating activities. The utility of free cash flow and free cash flow margin is limited as these measures do not reflect our future contractual commitments and do not represent the total increase or decrease in our cash balance for any given period.

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. As a result, our non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for our consolidated financial statements presented in accordance with GAAP.

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands, except percentages)				
Revenue	\$ 65,167	\$ 149,805	\$ 236,577	\$ 50,904	\$ 77,028
Gross profit	\$ 48,788	\$ 100,436	\$ 161,101	\$ 33,091	\$ 53,190
Non-GAAP gross profit	\$ 49,352	\$ 102,592	\$ 165,443	\$ 33,904	\$ 54,709
Gross margin	75%	67%	68%	65%	69%
Non-GAAP gross margin	76%	68%	70%	67%	71%
Operating loss	\$ (41,535)	\$ (98,108)	\$ (233,175)	\$ (33,383)	\$ (45,144)
Non-GAAP operating loss	\$ (33,312)	\$ (79,385)	\$ (89,314)	\$ (26,856)	\$ (31,528)
Operating margin	(64)%	(65)%	(99)%	(66)%	(59)%
Non-GAAP operating margin	(51)%	(53)%	(38)%	(53)%	(41)%
Net cash used in operating activities	\$ (21,961)	\$ (68,834)	\$ (82,057)	\$ (31,031)	\$ (19,989)
Net cash (used in) provided by investing activities	\$ (72,167)	\$ 35,641	\$ (176,859)	\$ (15,046)	\$ 13,845
Net cash provided by financing activities	\$ 129,940	\$ 13,432	\$ 276,758	\$ 227,025	\$ 13,460
Free cash flow	\$ (22,553)	\$ (71,763)	\$ (86,707)	\$ (32,369)	\$ (21,228)
Net cash used in operating activities as a percentage of revenue	(34)%	(46)%	(35)%	(61)%	(26)%
Free cash flow margin	(35)%	(48)%	(37)%	(64)%	(28)%

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define non-GAAP gross profit and non-GAAP gross margin as GAAP gross profit and GAAP gross margin, respectively, excluding stock-based compensation expense and employer taxes on employee stock transactions.

The following table presents a reconciliation of our non-GAAP gross profit to our GAAP gross profit and of our non-GAAP gross margin to our GAAP gross margin for the periods presented:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands, except percentages)				
Revenue	\$65,167	\$ 149,805	\$ 236,577	\$50,904	\$77,028
Gross profit	\$48,788	\$ 100,436	\$ 161,101	\$33,091	\$53,190
Add: Stock-based compensation expense ⁽¹⁾	564	2,155	4,317	812	1,519
Add: Employer taxes on employee stock transactions	—	1	25	1	—
Non-GAAP gross profit	\$49,352	\$ 102,592	\$ 165,443	\$33,904	\$54,709
Gross margin	75%	67%	68%	65%	69%
Non-GAAP gross margin	76%	68%	70%	67%	71%

(1) In connection with a tender offer and secondary sales of our common stock and convertible founder stock, stock-based compensation expense for the year ended December 31, 2020 included \$0.6 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. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

Non-GAAP Operating Loss and Non-GAAP Operating Margin

We define non-GAAP operating loss and non-GAAP operating margin as GAAP operating loss and GAAP operating margin, respectively, excluding stock-based compensation expense and employer taxes on employee stock transactions.

The following table presents a reconciliation of our non-GAAP operating loss to our GAAP operating loss and of our non-GAAP operating margin to our GAAP operating margin for the periods presented:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands, except percentages)				
Revenue	\$ 65,167	\$ 149,805	\$ 236,577	\$ 50,904	\$ 77,028
Operating loss	\$ (41,535)	\$ (98,108)	\$ (233,175)	\$ (33,383)	\$ (45,144)
Add: Stock-based compensation expense(1)	8,223	18,617	143,341	6,451	13,353
Add: Employer taxes on employee stock transactions(2)	—	106	520	76	263
Non-GAAP operating loss	<u>\$(33,312)</u>	<u>\$(79,385)</u>	<u>\$(89,314)</u>	<u>\$(26,856)</u>	<u>\$(31,528)</u>
Operating margin	(64)%	(65)%	(99)%	(66)%	(59)%
Non-GAAP operating margin	(51)%	(53)%	(38)%	(53)%	(41)%

(1) In connection with a tender offer and secondary sales of our common stock and convertible founder stock, stock-based compensation expense for the year ended December 31, 2020 included \$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. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

(2) Employer taxes on employee stock transactions consists of:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Cost of revenue - subscription	\$ —	\$ 9	\$ 1	\$ —
Cost of revenue - services	1	16	—	—
Research and development	20	81	9	121
Sales and marketing	64	271	22	103
General and administrative	21	143	44	39
Total employer taxes on employee stock transactions	<u>\$106</u>	<u>\$520</u>	<u>\$ 76</u>	<u>\$ 263</u>

Free Cash Flow and Free Cash Flow Margin

We define free cash flow as net cash used in operating activities, less capitalized internal-use software costs and capital expenditures. Free cash flow margin is calculated as free cash flow divided by total revenue.

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The following table presents a reconciliation of free cash flow and free cash flow margin to net cash used in operating activities for the periods presented:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands, except percentages)				
Revenue	\$ 65,167	\$ 149,805	\$ 236,577	\$ 50,904	\$ 77,028
Net cash used in operating activities	\$ (21,961)	\$ (68,834)	\$ (82,057)	\$ (31,031)	\$ (19,989)
Add: Capitalized internal-use software costs	—	(975)	(3,610)	(992)	(596)
Add: Capital expenditures	(592)	(1,954)	(1,040)	(346)	(643)
Free cash flow	<u>\$(22,553)</u>	<u>\$(71,763)</u>	<u>\$(86,707)</u>	<u>\$(32,369)</u>	<u>\$(21,228)</u>
Net cash used in operating activities as a percentage of revenue	(34)%	(46)%	(35)%	(61)%	(26)%
Free cash flow margin	(35)%	(48)%	(37)%	(64)%	(28)%
Net cash (used in) provided by investing activities	\$ (72,167)	\$ 35,641	\$ (176,859)	\$ (15,046)	\$ 13,845
Net cash provided by financing activities	\$ 129,940	\$ 13,432	\$ 276,758	\$ 227,025	\$ 13,460

Risk Factors



RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. The risks described below are not the only ones we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose some or all of your original investment.

Risks Related to Our Business and Operations

Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our revenue was \$65.2 million, \$149.8 million, and \$236.6 million for the years ended December 31, 2018, 2019, and 2020, respectively, and \$50.9 million and \$77.0 million for the three months ended March 31, 2020 and 2021, respectively. You should not rely on the revenue growth of any prior period as an indication of our future performance. Even if our revenue continues to increase, we expect that our revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business. Overall growth of our revenue depends on a number of factors, including our ability to:

- market and price our offering effectively so that we are able to attract new customers and expand sales to our existing customers;
- successfully develop a substantial customer and sales pipeline for our products;
- expand the features and functionality of our offering to enable additional use cases for our customers;
- hire new sales personnel to support our growth, and reduce the time for new sales personnel to achieve desired productivity levels;
- extend our product leadership to expand our addressable market;
- differentiate our offering from open source alternatives and products offered by our competitors;
- maintain and expand the rates at which new customers purchase and existing customers renew subscriptions and committed use of our offering;
- provide our customers with support that meets their needs;
- expand our partner ecosystem, including with major cloud providers, ISVs, and regional and global systems integrators;
- increase awareness of our brand on a global basis to successfully compete with other companies; and
- expand to new international markets and grow within existing markets.

We may not successfully accomplish any of these objectives, and as a result, it is difficult for us to forecast our future results of operations. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.

In addition, we expect to continue to expend substantial financial and other resources on:

- expansion and enablement of our sales, services, and marketing organization to increase brand awareness and drive adoption of our offering;

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- product development, including investments in our product development team and the development of new products and new features and functionality for our offering to expand use cases and provide feature parity across third-party public cloud platforms, as well as investments in further differentiating our existing offering;
- our cloud infrastructure technology, including systems architecture, scalability, availability, performance, and security;
- technology and sales channel partnerships, including cloud marketplaces;
- international expansion;
- acquisitions or strategic investments; and
- general administration, including increased legal and accounting expenses associated with being a public company.

These investments may not result in increased revenue in our business. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position and results of operations will be harmed, and we may not be able to achieve or maintain profitability. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, and other unknown factors that may result in losses in future periods. If our revenue does not meet our expectations in future periods, our business, financial position, and results of operations may be harmed.

We have a history of operating losses and may not achieve or sustain profitability in the future.

We have experienced net losses in each period since inception. We generated a net loss of \$41.4 million, \$95.0 million, and \$229.8 million for the years ended December 31, 2018, 2019, and 2020, respectively, and \$33.6 million and \$44.5 million for the three months ended March 31, 2020 and 2021, respectively. As of March 31, 2021, we had an accumulated deficit of \$450.6 million. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of sales to achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future results of operations if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our offering, including by introducing new offerings and features and functionality, and to expand our sales, marketing, and services teams to drive new customer adoption, expand the use of our offering by existing customers, support international expansion, and implement additional systems and processes to effectively scale operations. We will also face increased compliance costs associated with growth, the planned expansion of our customer base and pipeline, international expansion, and being a public company. In addition, Confluent Cloud operates on public cloud infrastructure provided by third-party vendors, and our costs and gross margins are significantly influenced by the prices we are able to negotiate with these public cloud providers, which in many cases are also our competitors. To the extent we are able to successfully increase the percentage of our revenue attributable to Confluent Cloud, we may incur increased costs related to our public cloud contracts which would negatively impact our gross margins. Our efforts to grow our business may be costlier than we expect, or the rate of our growth in revenue may be slower than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. In addition, our efforts and investments to implement systems and processes to scale operations may not be sufficient or may not be appropriately executed. As a result, we may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications or delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and Class A common stock may significantly decrease.

We have a limited operating history, which makes it difficult to forecast our future results of operations.

We were founded in 2014. As a result of our limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for

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and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including shifts in our offering and revenue mix, slowing demand for our offering, increasing competition, decreased productivity of our sales and marketing organization, and effectiveness of our sales and marketing efforts to acquire new customers, failure to retain existing customers or expand existing subscriptions and usage-based minimum commitments, changing technology, a decrease in the growth of our overall market, or our failure, for any reason, to continue to take advantage of growth opportunities. We have also encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described in this prospectus. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

Health epidemics, including the COVID-19 pandemic, have had, and could in the future have, an adverse impact on our business, operations, and the markets and communities in which we, our partners, and customers operate.

Our business and operations could be adversely affected by health epidemics, including the COVID-19 pandemic, impacting the markets and communities in which we, our partners, and customers operate. The ongoing global COVID-19 pandemic has adversely impacted, and may continue to adversely impact, many aspects of our business. As certain of our customers or potential customers experience downturns or uncertainty in their own business operations and revenue resulting from the spread of COVID-19, they have and may continue to decrease or delay their technology spending, request pricing concessions or payment extensions, or seek renegotiations of their contracts. While historical pricing concessions, payment extensions, and contract renegotiations, including as a result of the COVID-19 pandemic, have not been significant or resulted in a significant decrease in our revenue or delay in revenue recognition, we cannot assure you that future concessions, extensions, or renegotiations that we grant will be similarly insignificant or will not have a significant impact on our revenue, including delays in revenue recognition. The extent of the impact of the COVID-19 pandemic on our customers and our customers' response to the COVID-19 pandemic is difficult to assess or predict, and we may be unable to accurately forecast our revenues or financial results, especially given that the long term impact of the pandemic remains uncertain. Our results of operations could be materially above or below our forecasts, which could adversely affect our results of operations, disappoint analysts and investors, and/or cause our stock price to decline.

In response to the COVID-19 pandemic, many state, local, and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in-place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception that such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions, and cancellation or postponement of events, among other effects that could negatively impact productivity and disrupt our operations and those of our partners and customers. Starting in March 2020, we have temporarily required employees to work remotely, suspended non-essential travel by our employees, and required events to be held virtually. We may take further actions that alter our operations as may be required by federal, state, or local authorities, or which we determine are in our best interests. For activities that may be conducted remotely, there is no guarantee that we will be as effective while working remotely. Because our team is dispersed, some employees have experienced, and may continue to experience, less capacity to work due to increased personal obligations (such as childcare, eldercare, or caring for family who become sick), some have become sick themselves and been unable to work, or may be otherwise negatively affected, mentally or physically, by the COVID-19 pandemic and prolonged social distancing. Decreased effectiveness and availability of our team could adversely affect our results due to slow-downs in our sales cycles and recruiting and onboarding efforts, delays in our entry into customer contracts, delays in addressing performance issues, delays in product development, delays and inefficiencies among various operational aspects of our business, including our financial organization, or other decreases in productivity that could seriously harm our business. Furthermore, we postponed, and may decide to further postpone or cancel,

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certain planned investments in our business in response to changes in our business as a result of the spread of COVID-19. For example, during the second and third quarters of 2020, we temporarily reduced the pace of our employee hiring across all functions. In particular, the pause in employee hiring for our sales and marketing organization may negatively impact our growth, business, and revenue. The pause in employee hiring for our research and development organization has caused delays in development and releases of new features and functionality for our offering, which may also harm our competitive positioning as well as our growth, business, and revenue. These actions may also impact our ability to attract and retain customers and our rate of innovation, either of which could harm our business.

The global impact of COVID-19 continues to evolve, and we will continue to monitor the situation closely. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, operations, ability to access capital, or the global economy as a whole. While the spread of COVID-19 may be contained or mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will recover, either of which could harm our business.

We derive substantially all of our revenue from our platform for data in motion. Failure of our offering to satisfy customer demands or achieve continued market acceptance over competitors, including open source alternatives, would harm our business, results of operations, financial condition, and growth prospects.

We derive and expect to continue to derive substantially all of our revenue from sales of, and additional services related to, our platform for data in motion. We have directed, and intend to continue to direct, a significant portion of our financial and operating resources to developing more features and functionality for such offering. Our growth will depend in large part on enabling additional use cases for our customers after they initially adopt our offering, ranging from industry-specific use cases to use cases generated by the network effects of connecting multiple applications within an enterprise. In addition, the success of our business is substantially dependent on the actual and perceived viability, benefits, and advantages of our offering as a preferred platform for data in motion, particularly when compared to open source alternatives developed internally by customers. As such, market adoption of our offering is critical to our continued success. Demand for our offering is affected by a number of factors, including increased market acceptance of our offering by existing customers and potential new customers, effectiveness of our sales and marketing strategy, the extension of our offering to new applications and use cases, the timing of development and release of new offerings by us and our competitors, technological change, and growth or contraction of the market in which we compete. Failure to successfully address these factors, satisfy customer demands, achieve continued market acceptance over competitors, including open source alternatives, and achieve growth in sales of our offering would harm our business, results of operations, financial condition, and growth prospects.

We have historically derived a substantial portion of our revenue from Confluent Platform, and any loss in market acceptance or reduction in sales of Confluent Platform would harm our business, results of operations, financial condition, and growth prospects.

Our business is substantially dependent on Confluent Platform, our enterprise-ready, self-managed software offering. Confluent Platform contributed 89% and 85% of our subscription revenue for the years ended December 31, 2019 and 2020, respectively, and 86% and 80% of our subscription revenue for the three months ended March 31, 2020 and 2021, respectively. We expect to continue to rely on customer adoption and expansion of Confluent Platform as a component of our future growth. In particular, we are dependent on Confluent Platform serving as a fundamental self-managed, data-in-motion offering to generate wide-ranging use cases for our customers and increase our dollar-based net retention rate with existing customers. If we experience loss in market acceptance, reduced customer renewals or new customer adoption, or limited use case expansion among existing customers of Confluent Platform, our growth, business, financial condition, and results of operations may be harmed.

We intend to continue investing significantly in Confluent Cloud, and if it fails to achieve market adoption, our growth, business, results of operations, and financial condition could be harmed.

We intend to continue investing significantly in developing and growing Confluent Cloud as a fully-managed, cloud-native service. We have less experience marketing, determining pricing for, and selling Confluent Cloud, and we are still determining how best to market, price, and support adoption of Confluent Cloud. As a result, any shift in our sales strategy focused on customer acquisition for Confluent Cloud could result in near term fluctuations in our financial results as compared to prior periods, particularly if previous Confluent Platform customers shift to Confluent Cloud, given that sales of Confluent Cloud have historically had a lower average price compared to subscriptions to Confluent Platform. Our sales strategy for Confluent Cloud also involves landing customers at low entry points, including starting with our free Confluent Cloud trial and pay-as-you-go, which have no commitments. There can be no assurance that such customers will enter into usage-based minimum commitments with us, expand their existing commitments, or ramp their usage of Confluent Cloud. In addition, there can be no assurance as to the length of time required to attain substantial market adoption of Confluent Cloud, if at all. To expand our potential customer and sales pipeline for Confluent Cloud, we will need to increase brand awareness, cultivate relationships with potential customers in key industries and sectors and rapidly convert the sales pipeline into new customers. To increase market adoption and expand the customer base for Confluent Cloud, we also intend to target the commercial customer segment, comprised of small to medium-sized companies, including early stage companies, as part of our overall sales and marketing strategy for Confluent Cloud. These customers typically demand faster deployment of Confluent Cloud within their organizations and prioritize ease of use. In addition, the sales cycle for these customers is typically shorter, requiring accelerated ramp time of our sales force and higher velocity marketing strategies. If we are unsuccessful in these and our other efforts to drive market adoption of and expand the customer base for Confluent Cloud, or if we do so in a way that is not profitable, fails to compete successfully against our current or future competitors, or fails to adequately differentiate Confluent Cloud from open source alternatives, our growth, business, results of operations, and financial condition could be harmed.

We may not be able to successfully manage our growth, and if we are not able to grow efficiently, our business, financial condition, and results of operations could be harmed.

As usage and adoption of our offering grows, we will need to devote additional resources to improving our offering's capabilities, features, and functionality. In addition, we will need to appropriately scale our internal business operations and our services organization to serve our growing customer base. Any failure of or delay in these efforts could result in impaired product performance and reduced customer satisfaction, resulting in decreased sales to new customers, lower dollar-based net retention rates, or the issuance of service credits or requested refunds, which would hurt our revenue growth and our reputation. Further, any failure in optimizing the costs associated with our third-party cloud services as we scale could negatively impact our gross margins. Our expansion efforts will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies, vulnerabilities or service disruptions as a result of our efforts to scale our internal infrastructure, which may result in extended outages, loss of customer trust, and harm to our reputation. We cannot be sure that the expansion of and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could harm our business, financial condition, and results of operations.

The markets in which we participate are competitive, and if we do not compete effectively, our business, financial condition, and results of operations could be harmed.

Our platform for data in motion combines and expands upon functionality from numerous traditional product categories, and hence we compete in each of these categories with products from a number of different vendors. Our primary competition, especially on-premise, is internal IT teams that develop data infrastructure software using open source software, including Apache Kafka. Our principal competitors in the cloud are the well-established public cloud providers that compete in all of our markets. These enterprises are developing and have released fully-managed, real-time data ingestion and data streaming products, such as Azure Event Hubs

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(Microsoft Corporation), Amazon Kinesis and Amazon DynamoDB Streams (AWS), and Cloud Pub/Sub and Cloud Dataflow (Google). On premise, there are a number of vendors with legacy products that have pivoted into this space including TIBCO Streaming, Cloudera Dataflow, Redhat (IBM), AMQ Streams, and Oracle Cloud Infrastructure Streaming.

We currently offer Confluent Cloud on the public clouds provided by AWS, Azure, and GCP, which are also some of our primary actual and potential competitors. There is risk that one or more of these public cloud providers could use their respective control of their public clouds to embed innovations or privileged interoperating capabilities in competing products, bundle competing products, provide us unfavorable pricing, leverage their public cloud customer relationships to exclude us from opportunities, and treat us and our customers differently with respect to terms and conditions or regulatory requirements compared to similarly situated customers. In addition, if public cloud providers develop a data-in-motion offering that operates across multiple public clouds or on premise, we would face increased competition from these providers. Further, they have the resources to acquire or partner with existing and emerging providers of competing technology and thereby accelerate adoption of those competing technologies. All of the foregoing could make it difficult or impossible for us to provide subscriptions and services that compete favorably with those of the public cloud providers.

With the introduction of new technologies, market entrants, and open source alternatives, including those based on Apache Kafka, we expect that the competitive environment will remain intense going forward. Because Apache Kafka is open source and there are few technological barriers to entry into the open source market, it may be relatively easier for competitors, some of which may have greater resources than we have, to enter our markets and develop data-in-motion alternatives based on Apache Kafka. In addition, the data infrastructure market is large and continues to grow rapidly, and our future success will depend in part on differentiating our product offering from open source alternatives, including Apache Kafka, and core data-in-motion product offerings. If we are unable to sufficiently differentiate our offering from Apache Kafka or other offerings based on or derived from Apache Kafka, we may not be successful in achieving market acceptance of our offering, which would limit our growth and future revenue. Certain existing and prospective customers may have access to certain of our data-in-motion platform functions under free-to-use licenses, which can reduce demand for our offering. Such existing or prospective customers may also have reservations about deploying proprietary software like our offering and may instead opt to use solely open source software based on the perception that this will lower long-term costs and reduce dependence on third-party vendors. In addition, our existing customers have chosen or could in the future choose to develop similar capabilities in-house and strengthen their use of open source software, rather than continue to purchase our offering.

Some of our actual and potential competitors have been acquired by other larger enterprises and have made or may make acquisitions or may enter into partnerships or other strategic relationships that may provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than us. Any trend toward industry consolidation may negatively impact our ability to successfully compete and may impose pressure on us to engage in similar strategic transactions, including acquisitions, which would be costly and may divert management's attention. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships, or strategic relationships. As we look to market and sell our offering and platform capabilities to potential customers with existing solutions, we must convince their internal stakeholders that the capabilities of our offering are superior to their current solutions.

We compete on the basis of a number of factors, including:

- ease of deployment, integration, and use;
- enterprise-grade data in motion;
- the cloud-native capabilities of our offering;
- the ability to operate at scale and offer elasticity, end-to-end security, and reliability;

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- the completeness of our offering, including as a complete platform for data in motion, and our ability to offer rich SQL-based stream processing, integrated governance capabilities, and connectors to existing applications and IT and cloud infrastructure;
- the availability of our offering, including in multiple public clouds, and for use in private clouds and in on-premise data centers;
- quality of professional services and customer support;
- price and total cost of ownership;
- flexible pricing, such as pay-as-you-go delivery;
- sales and marketing productivity and expertise;
- brand recognition and reputation; and
- adherence to industry standards and certifications.

Our competitors vary in size and in the breadth and scope of the products offered. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships and installed customer bases, larger marketing budgets and greater resources than we do. Further, other potential competitors not currently offering competitive solutions may expand their product offerings to compete with our offering and platform capabilities, or our current and potential competitors may establish cooperative relationships among themselves or with third parties that may further enhance their resources and product offerings in our addressable market. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. An existing competitor or new entrant could introduce new technology that reduces demand for our offering. In addition to product and technology competition, we face pricing competition. Some of our competitors offer their solutions at a lower price, which has resulted in, and may continue to result in, pricing pressures.

For all of these reasons, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our offering to continue to achieve or maintain market acceptance, any of which would harm our business, results of operations, and financial condition.

The market for our offering may develop more slowly or differently than we expect.

It is difficult to predict customer adoption rates and demand for our offering, the entry of competitive products or the future growth rate and size of the data infrastructure market. The expansion of this market depends on a number of factors, including the cost, performance, and perceived value associated with data infrastructure platforms as an alternative or supplement to legacy systems such as traditional databases, as well as the ability of platforms for data in motion to address heightened data security and privacy concerns. If we have a security incident or third-party cloud service providers experience security incidents, loss of customer data, disruptions in delivery or other similar problems, which is an increasing focus of the public and investors in recent years, the market for products as a whole, including our offering, may be negatively affected. In addition, many of our potential customers have made significant investments in alternative data infrastructure platforms and may be unwilling to invest in new products, such as our offering. If data-in-motion technology does not continue to achieve market acceptance, or there is a reduction in demand caused by a lack of customer acceptance, technological challenges, weakening economic conditions, data security or privacy concerns, governmental regulation, competing technologies and products, decreases in information technology spending or otherwise, the market for our offering might not continue to develop or might develop more slowly than we expect, which would adversely affect our business, financial condition, and results of operations.

We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our results of operations, our stock price and the value of your investment could decline.

Our results of operations have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our results of operations include the following:

- changes in our revenue mix and related changes in revenue recognition;
- changes in actual and anticipated growth rates of our revenue, customers, and key operating metrics;
- fluctuations in demand for or pricing of our offering;
- fluctuations in usage of Confluent Cloud under usage-based minimum commitments and pay-as-you-go arrangements;
- our ability to attract new customers;
- our ability to retain our existing customers, particularly large customers, and secure renewals of subscriptions and usage-based minimum commitments, as well as the timing of customer renewals or non-renewals;
- customer retention rates and the pricing and quantity of subscriptions renewed, as well as our ability to accurately forecast customer expansions and renewals;
- downgrades in customer subscriptions;
- customers and potential customers opting for alternative products, including developing their own in-house solutions or opting to use only the free version of our offering;
- timing and amount of our investments to expand the capacity of our third-party cloud service providers;
- seasonality in sales, results of operations, and remaining performance obligations, or RPO;
- investments in new offerings, features, and functionality;
- fluctuations or delays in development, release, or adoption of new features and functionality for our offering;
- delays in closing sales, including the timing of renewals, which may result in revenue being pushed into the next quarter, particularly because a large portion of our sales occur toward the end of each quarter;
- fluctuations or delays in purchasing decisions in anticipation of new offerings or enhancements by us or our competitors;
- changes in customers' budgets and in the timing of their budget cycles and purchasing decisions;
- our ability to control costs, including hosting costs associated with Confluent Cloud and our operating expenses;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions;
- timing of hiring personnel for our research and development and sales and marketing organizations;
- the amount and timing of non-cash expenses, including stock-based compensation expense and other non-cash charges;
- the amount and timing of costs associated with recruiting, educating, and integrating new employees and retaining and motivating existing employees;

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- the effects of acquisitions and their integration;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate;
- fluctuations in foreign currency exchange rates;
- the impact of new accounting pronouncements;
- changes in revenue recognition policies that impact our subscriptions and services revenue;
- changes in regulatory or legal environments that may cause us to incur, among other things, expenses associated with compliance;
- the impact of changes in tax laws or judicial or regulatory interpretations of tax laws, which are recorded in the period such laws are enacted or interpretations are issued and may significantly affect the effective tax rate of that period;
- health epidemics or pandemics, such as the COVID-19 pandemic;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers; and
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our offering.

Any of these and other factors, or the cumulative effect of some of these factors, may cause our results of operations to vary significantly. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our Class A common stock could decline substantially, and we could face costly lawsuits, including securities class action suits.

Our revenue mix may result in fluctuations in our results across periods, making it difficult to assess our future growth.

Our revenue mix is varied based on the revenue recognition principles applicable to our offering. We recognize a portion of revenue from sales of subscriptions to Confluent Platform up front when our term-based license is delivered. The remainder, constituting post-contract customer support, maintenance, and upgrades, referred to together as PCS, comprises the substantial majority of the revenue and is recognized ratably over the subscription term. Customers may use Confluent Cloud either without a minimum commitment contract, which we refer to as pay-as-you-go, or on a usage-based minimum commitment contract of at least one year in duration. Pay-as-you-go customers are billed, and revenue from them is recognized, based on usage. Customers with usage-based minimum commitments are typically billed annually in advance, and we recognize revenue from such subscriptions based on usage by the customer. Historically, our Confluent Cloud sales have been individually smaller, with varied usage levels from such customers over time, which may continue as we target the commercial customer segment as part of our sales strategy for Confluent Cloud. As a result, there may be fluctuations in revenue period over period as revenue is dependent on varying patterns of customer consumption as well as timing of sales of Confluent Platform, which can result in larger upfront revenue recognition upon delivery of the term-based licenses. In addition, we may experience fluctuations in margins as a result of high cloud infrastructure costs resulting from increased Confluent Cloud sales. Future fluctuations in our revenue and results across periods, including due to further changes in our revenue mix, may make it difficult to assess our future growth and performance.

Downturns or upturns in our sales may not be immediately reflected in our financial position and results of operations.

We recognize a significant portion of our revenue ratably over the term of Confluent Platform subscriptions. As a result, any decreases in new subscriptions or renewals in any one period may not immediately be fully reflected as a decrease in revenue for that period but would negatively affect our revenue in future quarters, even

though such a decrease would be reflected in certain of our key metrics as of the end of such period, including RPO. This also makes it difficult for us to rapidly increase our revenue through the sale of additional subscriptions in any period, as revenue is recognized over the term of the subscription. In addition, fluctuations in usage under our usage-based Confluent Cloud offering or monthly subscriptions for our pay-as-you-go offering could affect our revenue on a period-over-period basis. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our Class A common stock would decline substantially, and we could face costly lawsuits, including securities class actions.

Seasonality may cause fluctuations in our sales, results of operations, and remaining performance obligations.

Historically, we have experienced seasonality in RPO and new customer bookings, as we typically sell a higher percentage of subscriptions to new customers and renewal subscriptions with existing customers in the fourth quarter of the year. We believe that this results from the procurement, budgeting and deployment cycles of many of our customers, particularly our enterprise customers. We expect that this seasonality will continue to affect our bookings, RPO, and results of operations in the future and might become more pronounced as we continue to target larger enterprise customers.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, or to changing customer needs, requirements, or preferences, our offering may become less competitive.

Our ability to attract new users and customers and increase revenue from existing customers depends in large part on our ability to enhance, improve, and differentiate our existing offering, increase adoption and usage of our offering, and introduce new offerings and capabilities. The market in which we compete is relatively new and subject to rapid technological change, evolving industry standards, and changing regulations, as well as changing customer needs, requirements, and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. Because the market for our offering is relatively new, it is difficult to predict customer adoption, increased customer usage and demand for our offering, the size and growth rate of this market, the entry of competitive products, or the success of existing competitive products. If we were unable to enhance our offering and keep pace with rapid technological change, or if new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, more conveniently or more securely than our offering, our business, financial condition, and results of operations could be adversely affected.

To remain competitive, we need to continuously modify and enhance our offering to adapt to changes and innovation in existing and new technologies. We expect that we will need to continue to differentiate our data-in-motion platform capabilities, as well as expand and enhance our platform to support a variety of adjacent use cases. This development effort will require significant engineering, sales, and marketing resources. Any failure to effectively offer solutions for these adjacent use cases could reduce customer demand for our offering. Further, our offering must also integrate with a variety of network, hardware, mobile, cloud, and software platforms and technologies, and we need to continuously modify and enhance our offering to adapt to changes and innovation in these technologies. This development effort may require significant investment in engineering, support, marketing, and sales resources, all of which would affect our business and results of operations. Any failure of our offering to operate effectively with widely adopted, future data infrastructure platforms, applications, and technologies would reduce the demand for our offering. If we are unable to respond to customer demand in a cost-effective manner, our offering may become less marketable and less competitive or obsolete, and our business, financial condition, and results of operations could be adversely affected.

The competitive position of our offering depends in part on its ability to operate with third-party products and services, including those of our partners, and if we are not successful in maintaining and expanding the compatibility of our offering with such products and services, our business may be harmed.

The competitive position of our offering depends in part on its ability to operate with products and services of third parties, including software companies, software services, and infrastructure, and our offering must be continuously modified and enhanced to adapt to changes in hardware, software, networking, browser, and database technologies. In the future, one or more technology companies, whether our partners or otherwise, may choose not to support the operation of their software, software services, and infrastructure with our offering, or our offering may not support the capabilities needed to operate with such software, software services, and infrastructure. In addition, to the extent that a third party were to develop software or services that compete with ours, that provider may choose not to support our offering. We intend to facilitate the compatibility of our offering with various third-party software, software services, and infrastructure offerings by maintaining and expanding our business and technical relationships. If we are not successful in achieving this goal, our business, financial condition, and results of operations may be harmed.

Unfavorable conditions in our industry or the global economy, or reductions in information technology spending, could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers and potential customers. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, political turmoil, natural catastrophes, warfare, and terrorist attacks on the United States, Europe, the Asia Pacific region, including Japan, or elsewhere, could cause a decrease in business investments, including spending on information technology, and negatively affect the growth of our business. Competitors, many of whom are larger and have greater financial resources than we do, may respond to challenging market conditions by lowering prices in an attempt to attract our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our offering. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry.

If we are unable to successfully manage the growth of our professional services business and improve our margins from these services, our business, financial condition, and results of operations will be harmed.

Our professional services business, which engages with customers to help them in their strategy, architecture, and adoption of a platform for data in motion, has grown as we have scaled our business. We believe our investment in professional services facilitates the adoption of our offering, especially with larger customers. As a result, our sales efforts have focused on marketing our offering to larger customers, rather than the profitability of our professional services business. If we are unable to successfully manage the growth of this business and improve our profit margin from these services, our business, financial condition, and results of operations will be harmed.

We will face risks associated with the growth of our business with certain heavily regulated industry verticals.

We market and sell our offering to customers in heavily regulated industry verticals, including the banking and financial services industries. As a result, we face additional regulatory scrutiny, risks, and burdens from the governmental entities and agencies which regulate those industries. Entering new heavily regulated verticals and expanding in those verticals in which we are already operating will continue to require significant resources, and there is no guarantee that such efforts will be successful or beneficial to us. If we are unable to successfully penetrate these verticals, maintain our market share in such verticals in which we already operate, or cost-effectively comply with governmental and regulatory requirements applicable to our activities with customers in such verticals, our business, financial condition, and results of operations may be harmed.

Sales to government entities are subject to a number of challenges and risks.

We sell to U.S. federal, state, and local, as well as foreign and governmental agency customers. Sales to such entities are subject to a number of challenges and risks. Selling to such entities can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government contracting requirements may change and in doing so restrict our ability to sell into the government sector until we have obtained any required government certifications. Further, achieving and maintaining government certifications, such as U.S. Federal Risk and Authorization Management Program certification for Confluent Cloud, may require significant upfront cost, time, and resources. If we do not obtain U.S. Federal Risk and Authorization Management Program certification for Confluent Cloud, we will not be able to sell Confluent Cloud to certain federal government and public sector customers as well as private sector customers that require such certification for their intended use cases, which could harm our growth, business, and results of operations. This may also harm our competitive position against larger enterprises whose competitive offerings are certified. Further, there can be no assurance that we will secure commitments or contracts with government entities even following such certifications, which could harm our margins, business, financial condition, and results of operations. Government demand and payment for our offering are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our offering.

Further, governmental entities may demand contract terms that differ from our standard arrangements and are less favorable than terms agreed with private sector customers. Such entities may have statutory, contractual or other legal rights to terminate contracts with us or our partners for convenience or for other reasons. Any such termination may adversely affect our ability to contract with other government customers as well as our reputation, business, financial condition, and results of operations. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our subscriptions, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely affect our results of operations and reputation.

Our customers also include certain non-U.S. governments, to which government procurement law risks similar to those present in U.S. government contracting also apply, particularly in certain emerging markets where our customer base is less established. In addition, compliance with complex regulations and contracting provisions in a variety of jurisdictions can be expensive and consume significant management resources. In certain jurisdictions, our ability to win business may be constrained by political and other factors unrelated to our competitive position in the market. Each of these difficulties could harm our business and results of operations.

Acquisitions, strategic investments, joint ventures, or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business and culture, dilute stockholder value, and adversely affect our business, financial condition, and results of operations.

We have in the past and may in the future seek to acquire or invest in businesses, joint ventures, products and platform capabilities, technologies, or technical know-how that we believe could complement or expand our platform capabilities, enhance our technical capabilities, or otherwise offer growth opportunities. Further, our anticipated proceeds from this offering increase the likelihood that we will devote resources to exploring larger and more complex acquisitions and investments than we have previously attempted. Any such acquisition or investment may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel, or operations of any acquired companies, particularly if the key personnel of an acquired company choose not to work for us, their software is not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. These transactions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be

available for development of our existing business. We may also have difficulty establishing our company values with personnel of acquired companies, which may negatively impact our culture and work environment. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in impairment charges that could be substantial. In addition, we may not be able to find and identify desirable acquisition targets or business opportunities or be successful in entering into an agreement with any particular strategic partner. These transactions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. In addition, if the resulting business from such a transaction fails to meet our expectations, our business, financial condition, and results of operations may be adversely affected or we may be exposed to unknown risks or liabilities.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity financings and sales of our offering. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, results of operations, and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our Class A common stock and diluting their interests.

Risks Related to Cybersecurity and Data Privacy

If we or third parties who we work with experience a security breach, or if the confidentiality, integrity, or availability of our information technology, software, services, communications, or data is compromised, our offering may be perceived as not being secure, our reputation may be harmed, demand for our offering may be reduced, proprietary data and information, including source code, could be, and has in the past been, exfiltrated, and we may incur significant liabilities.

Our offering involves the transmission and processing of data, which can include personal information and our or our customers' or other third parties' sensitive, proprietary, and confidential information. Security breaches compromising the confidentiality, integrity, and availability of this information could result from cyber-attacks, computer malware, viruses, social engineering (including phishing), ransomware, supply chain attacks, credential stuffing, efforts by individuals or groups of hackers and sophisticated organizations, including state-sponsored organizations, errors or malfeasance of our personnel, and security vulnerabilities in the software or systems on which we rely, including third-party systems. Such incidents have become more prevalent in our industry, particularly against cloud services, and may in the future result in the unauthorized, unlawful, or inappropriate access to, inability to access, disclosure of, or loss of the sensitive, proprietary, and confidential information that we own, process, or control, such as customer information and proprietary data and information, including source code. Additionally, due to the ongoing COVID-19 pandemic, certain functional areas of our workforce remain in a remote work environment and outside of our corporate network security protection boundaries, which imposes additional risks to our business, including increased risk of industrial espionage, phishing, and other cybersecurity attacks, and unauthorized access to or dissemination of sensitive, proprietary, or confidential information.

We also rely on third parties to operate our critical business systems and process the sensitive, proprietary, and confidential information that we own, process, or control, including customer information and proprietary data and

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information, including source code. These third parties may not have adequate security measures and could experience a security breach that compromises the confidentiality, integrity, or availability of the systems they operate for us or the information they process on our behalf. Cybercrime and hacking techniques are constantly evolving, and we or third parties who we work with may be unable to anticipate attempted security breaches, react in a timely manner, or implement adequate preventative measures, particularly given increasing use of hacking techniques designed to circumvent controls, avoid detection, and remove or obfuscate forensic artifacts.

While we have taken steps designed to protect the confidentiality, integrity, and availability of our systems and the sensitive, proprietary, and confidential information that we own, process, or control, our security measures or those of third parties who we work with have been, and could from time to time in the future be, breached or may otherwise not be effective against security threats. For example, beginning in January 2021, a malicious third party gained unauthorized access to a third-party vendor, Codecov, that provides a software code testing tool, potentially affecting more than a thousand of Codecov's customers, including us, which we refer to as the Codecov Breach. Through our investigations, we have determined that the attackers leveraged a vulnerability in Codecov's software to gain access to credentials in our development environment, and thereby obtained unauthorized read-only access to, and copied to overseas IP addresses, the private Github repositories containing our source code, references to certain customers, and certain documents containing customer information. Upon learning of the breach, we took action to revoke Codecov's access and discontinued our use of the Codecov service, rotated all of our credentials identified as exposed by the Codecov compromise to prevent further unauthorized access, analyzed available logs to determine whether there was evidence that the exposed credentials were leveraged to gain access to Confluent systems or systems of our customers, enhanced monitoring of our environment to identify and respond to suspicious activity, and engaged a third-party forensics firm to assist in our investigation, response, and impact mitigation. We have not found any evidence of access to any customer data sent through or stored in our products, nor have we found any evidence that the attackers modified any of our source code or uploaded any malware or any other malicious code to our system. However, the full extent of the impact of this incident on our operations, products, or services is not yet known, and we cannot assure you that there will be no impact in the near term or at all. This incident or any future incidents relating to the Codecov Breach could result in the use of exfiltrated source code to attempt to identify vulnerabilities in our offering, future ransomware or social engineering attacks, reduced market acceptance of our offering, injury to our reputation and brand, legal claims against us, and the diversion of our resources.

In addition, we do not control content that our customers transmit, process, and maintain using our offering. If our customers use our offering for the transmission or storage of personal information and our security measures are or are believed to have been breached, our business may suffer and we could incur significant liability. In addition, our remediation efforts may not be successful.

Any security breach or other incident that results in the compromise of the confidentiality, integrity, or availability of our systems or the sensitive, proprietary, or confidential information that we own, process, or control, or the perception that one has occurred, including the Codecov incident described above, could result in a loss of customer confidence in the security of our platform and damage to our brand, reduce the demand for our offering, disrupt business operations, result in the exfiltration of proprietary data and information, including source code, require us to spend material resources to investigate or correct the breach and to prevent future security breaches and incidents, expose us to legal liabilities, including litigation, regulatory enforcement and indemnity obligations, claims by our customers or other relevant parties that we have failed to comply with contractual obligations to implement specified security measures, and adversely affect our business, financial condition, and results of operations. We cannot assure you that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

These risks are likely to increase as we continue to grow and process, control, store, and transmit increasingly large amounts of data.

Additionally, we cannot be certain that our insurance coverage will be adequate or otherwise protect us with respect to claims, expenses, fines, penalties, business loss, data loss, litigation, regulatory actions, or other

impacts arising out of security breaches, or that such coverage will continue to be available on acceptable terms or at all. Any of these results could adversely affect our business, financial condition, and results of operations.

Real or perceived errors, failures, bugs, or defects in our offering could adversely affect our reputation and harm our business.

Our offering and platform for data in motion are complex and, like all software, may contain undetected defects or errors. We are continuing to evolve the features and functionality of our data-in-motion platform through updates and enhancements, and as we do so, we may introduce additional defects or errors that may not be detected until after deployment by our customers. In addition, if our platform is not implemented or used correctly or as intended, inadequate performance and disruptions in service may result. Moreover, if we acquire companies or integrate into our platform technologies developed by third parties, we may encounter difficulty in incorporating the newly-obtained technologies into our platform and maintaining the quality standards that are consistent with our reputation. Since our customers use our platform for data in motion for important aspects of their business, any actual or perceived errors, defects, bugs, or other performance problems could damage our customers' businesses. Any defects or errors in our data-in-motion platform, or the perception of such defects or errors, could result in a loss of, or delay in, market acceptance of our offering, loss of existing or potential customers, and delayed or lost revenue and could damage our reputation and our ability to convince enterprise users of the benefits of our offering.

In addition, errors in our data-in-motion platform could cause system failures, loss of data or other adverse effects for our customers that may assert warranty and other claims for substantial damages against us. Although our agreements with our customers typically contain provisions that seek to limit our exposure to such claims, it is possible that these provisions may not be effective or enforceable under the laws of some jurisdictions. While we seek to insure against these types of claims, our insurance policies may not adequately limit our exposure to such claims. These claims, even if unsuccessful, could be costly and time consuming to defend and could harm our business, financial condition, results of operations, and cash flows.

Interruptions or performance problems associated with our offering may adversely affect our business, financial condition, and results of operations.

Our continued growth depends in part on our ability to provide a consistently reliable platform for data in motion. If we are unable to do so due to vulnerabilities in programming, coding errors, outages caused by our platform's complexity or scale or due to disruptions in cloud services, or because the systems complexity and scale result in extended outages, we may experience a loss of customers, lost or delayed market acceptance of our offering, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, and the diversion of our resources.

It may become increasingly difficult to maintain and improve the performance of Confluent Cloud as our customer base grows and Confluent Cloud become more complex. We may experience, disruptions, outages, and other performance problems in Confluent Cloud due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, denial of service attacks, issues with third-party cloud hosting providers, or other security-related incidents. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition, and results of operations may be adversely affected.

Complying with increasingly stringent laws and requirements relating to privacy, data security, and data protection may be expensive and disruptive to our business, and our failure or perceived failure to comply with them could harm our business.

We, our customers, and third parties who we work with are subject to numerous evolving and increasingly stringent foreign and domestic laws and requirements relating to privacy, data security, and data protection that are increasing the cost and complexity of operating our business.

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Many states have enacted privacy and data security laws. For example, the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020, gives California residents expanded rights to access and delete their personal information, opt-out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States. California has already adopted a new law, the California Privacy Rights Act of 2020, or CPRA, that will substantially expand the CCPA effective January 1, 2023. Virginia has similarly enacted a comprehensive privacy law, the Consumer Data Protection Act, which emulates the CCPA and CPRA in many respects, and proposals for comprehensive privacy and data security legislation are advancing in several other states. A patchwork of differing state privacy and data security requirements would increase the cost and complexity of operating our business and increase our exposure to liability.

Foreign laws relating to privacy, data security, and data protection are also undergoing a period of rapid change and have become more stringent in recent years. For example, the General Data Protection Regulation, or GDPR, took effect in the European Union, or EU, in May 2018 and has also been transposed into national law in the United Kingdom, or the UK. The GDPR subjects noncompliant companies to fines of up to the greater of 20 million Euros or 4% of their global annual revenues, potential bans on processing of personal information, and private litigation. The GDPR requires companies to give detailed disclosures about how they collect, use, and share personal information; contractually commit to data protection measures in contracts with customers and vendors; maintain adequate data security measures; notify regulators and affected individuals of certain data breaches; meet extensive privacy governance and documentation requirements; and honor individuals' data protection rights, including their rights to access, correct, and delete their personal information. The GDPR also requires controllers to conduct data protection impact assessments for certain types of processing and requires processors to assist controllers with such assessments, which may be complex and burdensome to conduct. Laws in EU member states and the UK also impose restrictions on direct marketing communications and the use of cookies and similar technologies online, and a new regulation proposed in the EU called the e-Privacy Regulation may make such restrictions more stringent.

European privacy, data security, and data protection laws, including the GDPR, also generally restrict the transfer of personal information from Europe, including the European Economic Area, or EEA, the UK, and Switzerland, to the United States and most other countries unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information. The safeguard on which we have primarily relied for such transfers has been implementation of the European Commission's Standard Contractual Clauses, or SCCs, in our relevant data transfer agreements. However, a July 2020 decision of the Court of Justice of the EU has raised questions about the viability of the SCCs as a compliance mechanism for transfers to the United States or most other countries. Authorities in Switzerland have since raised similar questions about the SCCs as a mechanism for complying with Swiss data transfer requirements. The European Commission is in the process of proposing updates to the SCCs and recommendations on supplementary measures. At present, there are few, if any, viable alternatives to the SCCs. In addition, the regulation of data transfers between the EU and UK remains subject to post-Brexit uncertainty. If our efforts to comply with Europe's highly dynamic cross-border data transfer requirements are not successful, we will face increased risk of substantial fines by European regulators and bans on importing personal information. These evolving requirements may also result in reduced demand for our services from customers subject to the GDPR and require us to increase our data processing capabilities and other operations in Europe at significant expense.

Privacy, data security, and data protection rules are also becoming more stringent beyond Europe. For example, in recent years Brazil and Japan have enacted new and amended laws that seek to align those countries' data protection rules more closely with the GDPR, and companies that violate them face substantial penalties. Proposals for new comprehensive privacy, data security, and data protection legislation are also advancing in China, India, and Canada. Foreign data localization laws requiring certain data to be stored in the jurisdiction of origin have also become increasingly common.

Like our legal obligations, the demands our customers place on us relating to privacy, data protection, and data security are becoming more stringent. Privacy, data security, and data protection laws including the GDPR

and CCPA increasingly require companies to impose specific contractual restrictions on their service providers. In addition, customers that use certain of our products to process protected health information may require us to sign business associate agreements that subject us to the privacy and security requirements under the U.S. Health Insurance Portability and Accountability Act of 1996 and the U.S. Health Information Technology for Economic and Clinical Health Act, as well as state laws that govern the privacy and security of health information. Our customers' increasing privacy, data security, and data protection standards also increase the cost and complexity of ensuring that the third parties we rely on to operate our business and deliver our services can meet these standards. If we or our vendors are unable to meet our customers' demands or comply with the increasingly stringent legal or contractual requirements they impose on us relating to privacy, data security, and data protection, including requirements based on updated SCCs, we may face increased legal liability, customer contract terminations and reduced demand for our services.

Finally, we publish privacy policies and other documentation regarding our collection, use, disclosure, and other processing of personal information. Although we endeavor to adhere to these policies and documentation, we and the third parties on which we rely may at times fail to do so or may be perceived to have failed to do so. Such failures could subject us to regulatory enforcement action as well as costly legal claims by affected individuals or our customers.

We strive to comply with applicable privacy, data security, and data protection laws and requirements, but we cannot fully determine the impact that current or future such laws and requirements may have on our business or operations. Such laws or requirements may be inconsistent from one jurisdiction to another, subject to differing interpretations, and courts or regulators may deem our efforts to comply as insufficient. If we or the third parties we rely on to operate our business and deliver our services fail to comply, or are perceived as failing to comply, with our legal or contractual obligations relating to privacy, data security or data protection, or our policies and documentation relating to personal information, we could face governmental enforcement action; litigation with our customers, individuals or others; fines and civil or criminal penalties for us or company officials; obligations to cease offering our services or to substantially modify them in ways that make them less effective in certain jurisdictions; negative publicity and harm to our brand and reputation; and reduced overall demand for our services. Such developments could adversely affect our business, financial condition, and results of operations.

Risks Related to Our Sales and Marketing Efforts and Brand

Failure to effectively develop and expand our sales and marketing capabilities or improve the productivity of our sales and marketing organization could harm our ability to expand our potential customer and sales pipeline, increase our customer base, and achieve broader market acceptance of our offering.

Our ability to increase our customer base, achieve broader market adoption and acceptance of our offering, and expand our potential customer and sales pipeline and brand awareness will depend to a significant extent on our ability to expand and improve the productivity of our sales and marketing organization. We plan to continue expanding our direct sales force, both domestically and internationally. We also plan to dedicate significant resources to sales and marketing programs, including to decrease the time required for our sales personnel to achieve desired productivity levels. Historically, newly hired sales personnel have needed several quarters to achieve desired productivity levels. During the second and third quarters of 2020, we temporarily reduced the pace of hiring for our sales and marketing function due to the COVID-19 pandemic. While we have since ramped up hiring, the temporary reduction may delay overall productivity of our sales force, particularly as the newly hired sales personnel take time to achieve desired productivity. Our increased sales and marketing efforts will also involve investing significant financial and other resources, which could result in increased costs and negatively impact margins. Our business and results of operations will be harmed if our sales and marketing efforts fail to successfully expand our potential customer and sales pipeline, including through increasing brand awareness, new customer acquisition, and market adoption of our offering, particularly for Confluent Cloud, or generate significant increases in revenue or result in increases that are smaller than anticipated. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel, on the whole, are unable to achieve desired productivity levels in a reasonable period of time or at all, or if our sales and marketing programs are not effective.

If we fail to maintain and enhance our brand, including among developers, our ability to expand our customer base will be impaired and our business, financial condition, and results of operations may suffer.

We believe that maintaining and enhancing the Confluent brand, including among developers, is important to support the marketing and sale of our existing and future offerings to new customers and expansion of sales to existing customers. We believe that the importance of brand recognition will increase as competition in our market increases. In particular, we believe that enhancing the Confluent brand will be critical to the growth and market adoption and acceptance of Confluent Cloud due to the presence of open source alternatives, competing large public cloud providers with widespread name recognition, such as AWS, Azure, and GCP, and other data infrastructure platforms. Software developers, including those within our customers' IT departments, are often familiar with our underlying technology and value proposition. We rely on their continued adoption of our offering to evangelize on our behalf within their organizations and increase reach and mindshare within the developer community. Actions that we have taken in the past or may take in the future with respect to Apache Kafka or our community license, including the development and growth of our proprietary offering, may be perceived negatively by the developer community and harm our reputation. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, our ability to successfully differentiate our offering and its capabilities from competitive products, including open source alternatives, and our ability to increase our reach and mindshare in the developer community. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, our business, financial condition, and results of operations may suffer.

We have a limited history with pricing models for our offering, and we may need to adjust the pricing terms of our offering, which could have an adverse effect on our revenue and results of operations.

We have limited experience with respect to determining the optimal prices for our offering, and we have changed our pricing model from time to time and expect to continue to do so in the future. For example, in late 2019, we transitioned the primary purchase model for Confluent Cloud from a defined configuration paid annually in advance to a model based on actual monthly usage and committed annual spend. We also expect to continue providing additional features and functionality for our offering as we work toward expanding applications and use cases for our offering, which will require us to continuously evaluate optimal pricing for our offering. If we do not optimally adjust pricing for our offering, our revenue and margins as well as future customer acquisitions may be negatively impacted. As the markets for our offering mature, or as new competitors introduce new products or services that compete with ours, we may be unable to attract new customers at the same price or on the same terms. Moreover, enterprise customers may demand greater price concessions, or we may be unable to increase prices to offset increases in costs, including hosting costs associated with Confluent Cloud. As a result, in the future we may be required to reduce our prices or increase our discounting, which could adversely affect our revenue, gross margin, profitability, financial position, and cash flow.

Sales to enterprise customers involve risks that may not be present or that are present to a lesser extent with respect to sales to smaller organizations.

As of December 31, 2020 and March 31, 2021, we had 513 and 561 customers with \$100,000 or greater in ARR, respectively. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics" for a description of ARR. Sales to enterprise customers and large organizations involve risks that may not be present or that are present to a lesser extent with sales to smaller customers, including the commercial customer segment. These risks include longer sales cycles, more complex customer requirements, substantial upfront sales costs and less predictability in completing some of our sales. For example, enterprise customers may require considerable time to evaluate and test our offering and those of our competitors prior to making a purchase decision and placing an order. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our offering, the discretionary nature of purchasing and budget cycles, the COVID-19 pandemic, and the competitive nature of evaluation and purchasing approval processes. Since the process for deployment,

configuration and management of our offering is complex, we are also often required to invest significant time and other resources to train and familiarize potential customers with our offering. Customers may engage in extensive evaluation, testing, and quality assurance work before making a purchase commitment, which increases our upfront investment in sales, marketing, and deployment efforts, with no guarantee that these customers will make a purchase or increase the scope of their subscriptions. In certain circumstances, an enterprise customer's decision to use our offering may be an organization-wide decision, and therefore, these types of sales require us to provide greater levels of education regarding the use and benefits of our offering. As a result, the length of our sales cycle, from identification of the opportunity to deal closure, has varied, and may continue to vary, significantly from customer to customer, with sales to large enterprises and organizations typically taking longer to complete. Moreover, large enterprise customers often begin to deploy our offering on a limited basis but nevertheless demand configuration, integration services, and pricing negotiations, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our offering widely enough across their organization to justify our substantial upfront investment.

Given these factors, it is difficult to predict whether and when a sale will be completed and when revenue from a sale will be recognized due to the variety of ways in which customers may purchase our offering. This may result in lower than expected revenue in any given period, which would have an adverse effect on our business, results of operations, and financial condition.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate. Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves or relating to the expected growth in our market, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, including due to the risks described in this prospectus. In addition, our market opportunity estimates are derived from four core market segments with different attributes. As a result, our market opportunity may not be comparable to similarly situated companies, which may result in difficulty in evaluating our future growth prospects. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our offering at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our platform for data in motion and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

Risks Related to Our Customers

If we are unable to attract new customers or expand our potential customer and sales pipeline, our business, financial condition, and results of operations will be adversely affected.

To increase our revenue, we must continue to generate market acceptance of our brand and attract new customers and expand our potential customer and sales pipeline. Our success will depend to a substantial extent on the widespread adoption of our offering as an alternative to competing solutions, including open source alternatives. In addition, as our market matures, our offering evolves, and competitors introduce lower cost or differentiated products that compete with our offering, our ability to sell our offering could be impaired. Similarly, our sales efforts could be adversely impacted if customers or users within these organizations perceive that features incorporated into competitive products reduce the need for our offering or if they prefer to purchase competing products that are bundled together with other types of products, such as data infrastructure platforms offered by public cloud providers. Our existing sales and marketing strategies for new customer acquisition may

also be unsuccessful. For example, we offer free, limited evaluation and developer usage of Confluent Platform and free introductory usage of Confluent Cloud to encourage awareness, usage, familiarity, and adoption, and a pay-as-you-go arrangement for Confluent Cloud without minimum usage commitments. If we are unable to successfully convert these free users into paying customers, or convert pay-as-you-go customers into customers with usage-based minimum commitments, we will not realize the intended benefits of this marketing and adoption strategy. As a result of these and other factors, we may be unable to attract new customers or expand our potential customer and sales pipeline, which may have an adverse effect on our business, financial condition, and results of operations.

Our business depends on our existing customers renewing their subscriptions and usage-based minimum commitments, purchasing additional subscriptions and usage-based minimum commitments, and expanding their use of our offering.

Our future success depends in part on our ability to expand our customers' use of our offering into additional use cases, our customers renewing their subscriptions and usage-based minimum commitments, and our ability to develop our offering for additional use cases and applications. The terms of our subscriptions and usage-based minimum commitments are primarily one year in duration. Our customers have no obligation to renew after the expiration of the applicable term. In order for us to maintain or improve our results of operations, it is important that our customers enter into relationships with us that increase in value over time, and renew and expand their subscriptions with us, including through the use of our offering for additional use cases and applications. Although we seek to increase our revenue through expanded use of our offering by customers in additional use cases, we may not be successful in such efforts. Our dollar-based net retention rate has historically declined or fluctuated, and may further decline or fluctuate, as a result of a number of factors, including loss of one or more customers, the timing and size of any such losses, business strength or weakness of our customers, customer usage of our offering, customer satisfaction with the capabilities of our offering and our level of customer support, our prices, the capabilities and prices of competing products, decisions by customers to use open source alternatives, mergers and acquisitions affecting our customer base, the effects of global economic conditions, or reductions in our customers' spending on IT solutions or their spending levels generally. In addition, as some customers transition from Confluent Platform to Confluent Cloud, our dollar-based net retention rate may fluctuate or decline, at least in the short term, as those customers replace subscriptions to Confluent Platform with usage-based minimum commitments. Historically, some of our customers have elected not to renew their subscriptions with us for a variety of reasons, including as a result of competing products, internally developed or managed solutions, including those based on Apache Kafka or other open source alternatives, and the effects of the COVID-19 pandemic. These factors may also be exacerbated if our customer base of larger enterprises continues to grow, which may require increasingly sophisticated and costly sales efforts, and if large enterprises further develop internal capabilities. If our customers do not renew their subscriptions and/or usage-based minimum commitments, expand their use of our offering, and purchase additional products from us, our revenue may decline and our business, financial condition, and results of operations may be harmed.

If we or any of our partners fail to offer high-quality support, our reputation could suffer.

Our customers rely on our or our channel partners' support personnel to resolve issues and realize the full benefits that our offering provides. High-quality support is also important for the continuation and expansion of our relationships with existing customers. The importance of these support functions will increase as we expand our business and pursue new customers. In certain cases, such as when we sell our offering through channel partners, our partners may be responsible for providing support and support personnel for our customers. We often have limited to no control or visibility in such cases. If we or our partners do not help our customers quickly resolve issues and provide effective ongoing support, our ability to maintain and expand our sales to existing and new customers could suffer, and our reputation with existing or potential customers could suffer.

The loss of one or more of our key customers, or a failure to renew our subscription agreements with one or more of our key customers, could negatively affect our ability to market our offering.

We rely on our reputation and recommendations from key customers in order to promote our offering. The loss of any of our key customers, or a failure of some of them to renew, could have a significant impact on our

revenue, reputation, and our ability to obtain new customers. In addition, acquisitions of our customers could lead to cancellation of our subscriptions and usage-based commitments with those customers or by the acquiring companies, thereby reducing the number of our existing and potential customers. Acquisitions of our partners could also result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our offering.

Incorrect implementation or use of our offering, or our customers' failure to update Confluent Platform, could result in customer dissatisfaction and negatively affect our reputation, business, operations, financial results, and growth prospects.

Our offering is often operated in large scale, complex IT environments. Our customers and some partners require education and experience in the proper use of and the benefits that can be derived from our offering to maximize their potential. If users of our offering do not implement, use, or update our offering correctly or as intended, then inadequate performance and/or security vulnerabilities may result. Because our customers rely on our offering to manage a wide range of operations, the incorrect implementation or use of our offering, or our customers' failure to update Confluent Platform, or our failure to train customers on how to use our offering productively may result in customer dissatisfaction, and negative publicity, and may adversely affect our reputation and brand. Our failure to effectively provide education and implementation services to our customers could result in lost opportunities for follow-on sales to these customers and decrease subscriptions by new customers, which would adversely affect our business and growth prospects.

Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation, or other violation of intellectual property rights, data protection, and other losses.

Certain of our agreements with our customers and other third parties include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights, data protection, compliance with laws, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services, platform, our acts or omissions under such agreements, or other contractual obligations. From time to time, our customers and other third parties have requested, and may in the future request, us to indemnify them for such claims or liabilities. In certain circumstances, our agreements provide for uncapped indemnity liability for certain intellectual property infringement claims. Large indemnity payments could harm our business, financial condition, and results of operations. Although we attempt to contractually limit our liability with respect to such indemnity obligations, we are not always successful and may still incur substantial liability related to them, and we may be required to cease use of or modify certain functions of our offering as a result of any such claims. Any dispute with a customer or other third party with respect to such obligations could have adverse effects on our relationship with such customer or other third party and other existing or prospective customers, reduce demand for our subscriptions and services and adversely affect our business, financial condition, and results of operations. In addition, although we carry general liability insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging unauthorized access to or disclosure of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

We typically provide service-level commitments under our customer agreements. If we fail to meet these commitments, we could face customer terminations, a reduction in renewals, and damage to our reputation, which would lower our revenue and harm our business, financial condition, and results of operations.

Our agreements with our customers contain uptime and response service-level commitments. If we fail to meet these commitments, we could face customer terminations or a reduction in renewals, which could significantly affect both our current and future revenue. Any service-level commitment failures could also damage our reputation. In addition, if we are unable to meet the stated uptime requirements described in our agreements, we may be contractually obligated to provide these customers with service credits, which could significantly affect our revenue in the periods in which the failure occurs and the credits are applied. Any of these outcomes or failures could also adversely affect our business, financial condition, and results of operations.

Risks Related to Our Intellectual Property

We use third-party open source software in our offering, which could negatively affect our ability to sell our offering or subject us to litigation or other actions.

We use third-party open source software in our offering, most significantly Apache Kafka, and we expect to continue to incorporate such open source software in our offering in the future. Many open source software licenses, including the Apache License, Version 2.0, state that any work of authorship licensed under it may be reproduced and distributed provided that certain conditions are met. However, we may be subject to suits by parties claiming ownership rights in what we believe to be permissively licensed open source software or claiming non-compliance with the applicable open source licensing terms. It is possible that a court would hold the Apache License, Version 2.0 to be unenforceable or that someone could assert a claim for proprietary rights in a program developed and distributed under it. Any ruling by a court that this license is not enforceable, or that open source components of our offering may not be reproduced or distributed, may negatively impact our distribution or development of all or a portion of our offering.

In addition, some open source licenses require end-users who distribute or make available across a network software and services that include open source software to make available all or part of such software, which in some circumstances could include valuable proprietary code. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that is inconsistent with our applicable policies, or that exposes us to claims of non-compliance with the terms of their licenses, including claims of intellectual property rights infringement or breach of contract. Furthermore, there exists today an increasing number of types of open source software licenses, almost none of which have been tested in courts of law to provide guidance of their proper legal interpretations. From time to time, there have been claims challenging the ownership rights in open source software against companies that incorporate it into their offerings, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership rights in what we believe to be permissively licensed open source software. Resulting litigation could be costly for us to defend and harm our reputation, business, financial condition, and results of operations. If our activities were determined to be out of compliance with the terms of any applicable “copyleft” open source licenses, we may be required to publicly release certain portions of our proprietary source code for no cost, we could face an injunction for our offering, and we could also be required to expend substantial time and resources to re-engineer some or all of our software.

We also regularly contribute source code under open source licenses and have made some of our own software available under open source or source-available licenses, and we include third-party open source software in our offering. Because the source code for any software we contribute to open source projects, including Apache Kafka, or distribute under open source or source-available licenses is publicly available, our ability to protect our intellectual property rights with respect to such source code may be limited or lost entirely, and we may be limited in our ability to prevent our competitors or others from using such contributed source code. While we have policies in place that govern such submissions, there is a risk that employees may submit proprietary source code or source code embodying our intellectual property, in either case, not intended to be distributed in such a manner, to such open source projects. In addition, the use of third-party open source software may expose us to greater risks than the use of third-party commercial software because open source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may publicize vulnerabilities or otherwise make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

Our offering has evolved from Apache Kafka and other open source software, which are widely available, and therefore, we do not own the exclusive rights to the use of Apache Kafka and other open source software, nor are we able to control the evolution, enhancement, and maintenance of Apache Kafka and other open source software.

The technology underlying our offering has evolved from certain open source software, such as Apache Kafka, and as a result we cannot exclude other companies from adopting and modifying certain common elements of our software and that of such open source software. With open source software, competitors can also develop competing products without the amount of overhead and lead time required for traditional proprietary software development. In addition, if competing products are also based on or compatible with Apache Kafka, existing customers may also be able to easily transfer their applications to competing products. Competitors with greater resources than ours or members of the Apache Kafka community may create similar or superior offerings, or modify Apache Kafka with different, superior features, and could make such products available to the public free of charge. Our competitors or members of the open source community may also develop a new open source project or a closed-source proprietary product that is similar to and superior to Apache Kafka in terms of feature or performance, in turn gaining popularity or replacing Apache Kafka as the new standard for data-in-motion technology among developers and other users. As a result, the future of Apache Kafka and other open source software could change dramatically and such change in trajectory, use and acceptance in the marketplace and resulting competitive pressure could result in reductions in the prices we charge for our offering, loss of market share, and adversely affect our business operations and financial outlook. Additionally, the development and growth of our proprietary offering may result in the perception within the open source community of a diminution of our commitment to Apache Kafka and other open source platforms. Such perceptions may negatively affect our reputation within the developer community, which may adversely affect market acceptance and future sales of our offering.

Any failure to obtain, maintain, protect, or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.

Our success depends to a significant degree on our ability to obtain, maintain, protect and enforce our intellectual property rights, including our proprietary technology, know-how, and our brand. We rely on a combination of trademarks, trade secret laws, patents, copyrights, service marks, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, and enforce our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially identical products, services, or technologies. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative process, including re-examination, *inter partes* review, interference and derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings), or litigation.

We have a limited patent portfolio and no patent applications. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, our issued patents or any patents issued from future patent applications or licensed to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or offerings. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future technologies or offerings. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our offering and use information that we regard as proprietary to create products that compete with ours. Patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our offering is available.

The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, litigation or other actions may be necessary to protect or enforce our trademarks and other intellectual property rights. Furthermore, third parties may assert intellectual property claims against us, and we may be subject to liability, required to enter into costly license agreements, or required to rebrand our offering or prevented from selling our offering if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks or other intellectual property rights. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our offering and proprietary information will likely increase. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive, and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how, and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our proprietary information, know-how, and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offering and platform capabilities. These agreements may be breached, and we may not have adequate remedies for any such breach. Additionally, as a result of the Codecov Breach, certain of our proprietary data and information, including source code, was exfiltrated. This and any future similar incidents may lead to unauthorized use of our intellectual property rights by third parties. Third parties with access to our exfiltrated source code may also glean insights into our proprietary architecture by examining structural elements of the source code. Due to the nature of this incident, our ability to enforce our rights against such unauthorized users may be limited or not possible.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect such rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights, and if such defenses, counterclaims, or countersuits are successful, we could lose valuable intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our offering and platform capabilities, impair the functionality of our offering and platform capabilities, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our offering, or injure our reputation.

We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

We may become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our offering without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our offering is infringing, misappropriating or otherwise violating third-party intellectual property rights, and such third parties may bring claims alleging such infringement, misappropriation or violation. Lawsuits are time-consuming and expensive to

resolve, and they divert management's time and attention. The software industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement, misappropriation or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. We do not currently have a large patent portfolio, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patent applications may provide little or no deterrence as we would not be able to assert them against such entities or individuals. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our offering or cease business activities related to such intellectual property. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition or results of operations. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease selling or using offerings that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate;
- make substantial payments for legal fees, settlement payments, or other costs or damages;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
- redesign the allegedly infringing offerings to avoid infringement, misappropriation or violation, which could be costly, time-consuming, or impossible.

Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and results of operations. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our Class A common stock. We expect that the occurrence of infringement claims is likely to grow as the market for our platform for data in motion and our offering grows. Accordingly, our exposure to damages resulting from infringement claims could increase, and this could further exhaust our financial and management resources.

Risks Related to Our Dependence on Third Parties

We rely on third-party providers of cloud-based infrastructure to host Confluent Cloud. Any failure to adapt our offering to evolving network architecture technology, disruption in the operations of these third-party providers, limitations on capacity or use of features, or interference with our use could adversely affect our business, financial condition, and results of operations.

We outsource all of the infrastructure relating to Confluent Cloud to AWS, Azure, and GCP, as selected by our customers. Customers of our Confluent Cloud service need to be able to access our service at any time, without interruption or degradation of performance, and we provide them with service-level commitments with respect to uptime. Our Confluent Cloud service depends on the ability of the cloud infrastructure hosted by these third-party providers to allow for our customers' configuration, architecture, features, and interconnection specifications, as well as secure the information stored in these virtual data centers, which is transmitted through third-party internet service providers. Any limitation on the capacity of our third-party hosting providers, including due to technical failures, natural disasters, fraud, or security attacks, could impede our ability to

onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition, and results of operations. In addition, our third-party cloud service providers run their own platforms that we access, and we are, therefore, vulnerable to service interruptions at these providers. Any incident affecting our providers' infrastructure, including any incident that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, terrorist or other attacks, and other similar events beyond our control could negatively affect our Confluent Cloud service. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. A prolonged service disruption affecting our service for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party cloud services we use. Features and functionality for Confluent Cloud may also not be available on the same basis or at all on one or more infrastructure platforms, which may hinder adoption of Confluent Cloud, reduce usage, and harm our brand, business, and results of operations. Any of the above circumstances or events may harm our reputation, cause customers to stop using our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, and otherwise harm our business, results of operations, and financial condition.

In the event that our service agreements with our third-party cloud service providers are terminated or amended, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, access to Confluent Cloud could be interrupted and result in significant delays and additional expense as we arrange or create new facilities and services or re-architect our Confluent Cloud service for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition, and results of operations. To the extent that we do not effectively anticipate capacity demands, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations may be adversely affected.

If we are unable to develop and maintain successful relationships with partners to distribute our products and generate sales opportunities, our business, results of operations, and financial condition could be harmed.

We have established, and intend to continue seeking opportunities for, partnership arrangements with certain channel partners to distribute our products and generate sales opportunities, particularly internationally. We believe that continued growth in our business is dependent upon identifying, developing, and maintaining strategic relationships with our existing and potential channel partners that can drive revenue growth in more geographies and market segments, particularly for government customers, and provide additional features and functionality to our customers. Our agreements with our existing channel partners are non-exclusive, meaning our channel partners may offer customers the products of several different companies, including products that compete with ours. They may also cease marketing our products with limited or no notice and with little or no penalty. We expect that any additional channel partners we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our products. As our channel partnerships come to an end or terminate, we may be unable to renew or replace them on comparable terms, or at all. In addition, winding down channel partnerships can result in additional costs, litigation, and negative publicity. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently distributing and deploying our products, our business, results of operations, and financial condition could be harmed. When we enter into channel partnerships, our partners may be required to undertake some portion of sales, marketing, implementation services, engineering services, support services, or software configuration that we would otherwise provide, including due to regulatory constraints. In such cases, our partner may be less successful than we would have otherwise been absent the arrangement and our ability to influence, or have visibility into, the sales, marketing, and related efforts of our partners may be limited. Further, if our channel partners do not effectively market and sell our products, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be harmed.

We depend and rely on SaaS technologies from third parties to operate our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.

We rely on hosted SaaS applications from third parties in order to operate critical functions of our business, including enterprise resource planning, order management, billing, project management, human resources, technical support, and accounting and other operational activities. If these services become unavailable due to extended outages, interruptions or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted and our processes for managing sales of our offering and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business and results of operations.

Risks Related to Our Employees and Culture

We rely on the performance of highly skilled personnel, including senior management and our engineering, services, sales and technology professionals. If we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business will be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management team, particularly Jay Kreps, our Chief Executive Officer and co-founder, as well as our other key employees in the areas of research and development and sales and marketing.

From time to time, there may be changes in our executive management team or other key employees resulting from the hiring or departure of these personnel. Our executive officers and certain other key employees are employed on an at-will basis, which means that these personnel could terminate their employment with us at any time. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our employees and lead our company, could harm our business. We also are dependent on the continued service of our existing software engineers because of the complexity of our offering.

In addition, to execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers experienced in designing and developing cloud-based infrastructure products and for experienced sales professionals. If we are unable to attract such personnel at appropriate locations, we may need to hire in new regions, which may add to the complexity and costs of our business operations. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached certain legal obligations, resulting in a diversion of our time and resources. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility, or increases such that prospective employees believe there is limited upside to the value of our equity awards, it may adversely affect our ability to recruit and retain key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be harmed.

Our company values have contributed to our success. If we cannot maintain these values as we grow, we could lose certain benefits we derive from them, and our employee turnover could increase, which could harm our business.

We believe that our company values have been and will continue to be a key contributor to our success. We have rapidly increased our workforce across all departments, and we expect to continue to hire aggressively across our business. Our anticipated headcount growth, combined with our transition from a privately-held to a publicly-traded company, may result in changes to certain employees' adherence to our core company values. If we do not continue to maintain our adherence to our company values as we grow, including through any future acquisitions or other strategic transactions, we may experience increased turnover in a portion of our current employee base and may not continue to be successful in hiring future employees. Moreover, following this

offering, many of our employees may be eligible to receive significant proceeds from the sale of Class A common stock in the public markets. This may lead to higher employee attrition rates. If we do not replace departing employees on a timely basis, our business and growth may be harmed.

Risks Related to Our International Operations

If we are not successful in expanding our operations and customer base internationally, our business and results of operations could be negatively affected.

A component of our growth strategy involves the further expansion of our operations and customer base internationally. Customers outside the United States generated 34% and 36% of our revenue for the year ended December 31, 2020 and the three months ended March 31, 2021, respectively. We are continuing to adapt to and develop strategies to expand in international markets, but there is no guarantee that such efforts will have the desired effect. For example, we anticipate that we will need to establish relationships with new channel partners in order to expand into certain countries, and if we fail to identify, establish, and maintain such relationships, we may be unable to execute on our expansion plans. As of March 31, 2021, approximately 29% of our full-time employees were located outside of the United States, with 10% of our full-time employees located in the UK. We expect that our international activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources. If we invest substantial time and resources to further expand our international operations and are unable to do so successfully and in a timely manner, our business and results of operations will suffer.

We are subject to risks inherent in international operations that can harm our business, results of operations, and financial condition.

Our current and future international business and operations involve a variety of risks, including:

- slower than anticipated availability and adoption of cloud infrastructure or cloud-native products by international businesses;
- changes in a specific country's or region's political or economic conditions, including in the UK as a result of the UK exiting the EU, or Brexit;
- the need to adapt and localize our offering for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;
- potential changes in trade relations, regulations, or laws;
- unexpected changes in laws, regulatory requirements, or tax laws;
- more stringent regulations relating to privacy, data security, and data localization requirements and the unauthorized use of, or access to, commercial and personal information;
- differing and potentially more onerous labor regulations, especially in Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;
- potential changes in laws, regulations, and costs affecting our UK operations and local employees due to Brexit;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems;
- increased travel, real estate, infrastructure, and legal compliance costs associated with international operations;

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- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we choose to do so in the future;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- laws and business practices favoring local competitors or general market preferences for local vendors;
- limited or insufficient intellectual property protection or difficulties obtaining, maintaining, protecting, or enforcing our intellectual property rights, including our trademarks and patents;
- political instability or terrorist activities;
- health epidemics or pandemics, such as the COVID-19 pandemic;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, or FCPA, U.S. bribery laws, the UK Bribery Act, and similar laws and regulations in other jurisdictions; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

The occurrence of any one of these risks could harm our international business and, consequently, our results of operations. Additionally, operating in international markets requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to operate in other countries will produce desired levels of revenue or profitability.

Legal, political, and economic uncertainty surrounding the exit of the UK from the EU may be a source of instability in international markets, create significant currency fluctuations, adversely affect our operations in the UK and pose additional risks to our business, financial condition, and results of operations.

Following the result of a referendum in 2016, the UK left the EU on January 31, 2020, commonly referred to as Brexit. Following the end of the transitional period on December 31, 2020, during which period EU rules continued to apply in the UK, an agreement outlining the future trading relationship between the EU and the UK, referred to as the Trade and Cooperation Agreement, became effective. The Trade and Cooperation Agreement does not cover financial services in any meaningful way and, while it has been approved by the UK Parliament, remains subject to approval by the EU Parliament. The agreement will apply provisionally until April 30, 2021. Notwithstanding the Trade and Cooperation Agreement, uncertainty concerning the UK's legal, political, and economic relationship with the EU may continue to be a source of instability in the international markets, create significant currency fluctuations, or otherwise adversely affect trading agreements or similar cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory, or otherwise).

These developments have had and may continue to have a significant adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and limit the ability of key market participants to operate in certain financial markets. In particular, it could also lead to a period of considerable uncertainty in relation to the UK financial and banking markets, as well as on the regulatory process in Europe. Asset valuations, currency exchange rates, and credit ratings may also be subject to increased market volatility. The long-term effects of Brexit will depend on any further agreements, in particular on financial services, (or lack thereof) between the UK and the EU.

Such a withdrawal from the EU is unprecedented, and it is unclear how the UK's access to the European single market for goods, capital, services, and labor within the EU, or single market, and the wider commercial, legal, and regulatory environment, will impact our UK operations and customers. Our UK operations service customers in the UK as well as in other countries in the EU and EEA, and these operations could be disrupted by Brexit.

We may also face new regulatory costs and challenges as a result of Brexit that could have an adverse effect on our operations. For example, the UK could lose the benefits of global trade agreements negotiated by the EU on behalf of its members, which, if not replicated by the UK, may result in increased trade barriers. There may continue to be economic uncertainty surrounding the consequences of Brexit that adversely impact customer confidence resulting in customers reducing their spending budgets on our offering, which could harm our business.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our results of operations.

Our subscriptions and services are billed in U.S. dollars, and therefore, our revenue is not subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our offering to our customers outside of the United States, which could adversely affect our results of operations. In addition, an increasing portion of our operating expenses are incurred outside the United States. These operating expenses are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates. While we do not currently hedge against the risks associated with currency fluctuations, if our foreign currency risk increases in the future and we are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected.

Risks Related to Our Tax, Legal, and Regulatory Environment

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our offering is subject to U.S. export controls, including the Export Administration Regulations, and we incorporate encryption technology into our offering. Our offering and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception, or other appropriate government authorizations, including the filing of an encryption classification request or self-classification report, as applicable.

Furthermore, we are required to comply with economic and trade sanctions laws and regulations administered by governments where our offering is provided, including the U.S. government (including regulations administered and enforced by the Office of Foreign Assets Control of the U.S. Treasury Department and the U.S. Department of State). These economic and trade sanctions prohibit or restrict the shipment of most products and services to embargoed jurisdictions or sanctioned parties, unless required export authorizations are obtained. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities.

While we have taken certain precautions to prevent our offering from being provided in violation of export control and sanctions laws, and are in the process of enhancing our policies and procedures relating to export control and sanctions compliance, our products may have been in the past, and could in the future be, provided inadvertently in violation of such laws. Violations of U.S. sanctions or export control regulations can result in significant fines or penalties and possible incarceration for responsible employees and managers.

If our channel partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be adversely affected through reputational harm, as well as other negative consequences, including government investigations and penalties.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our offering or could limit our end-customers' ability to implement our offering in those countries. Changes in our offering or future changes in export and import regulations may create delays in the introduction of our offering in international markets, prevent our end-customers with international operations from deploying our offering globally or, in some cases, prevent the export or import of our offering to certain countries, governments or persons altogether. From time to time, various governmental agencies have proposed

additional regulation of encryption technology. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our offering by, or in our decreased ability to export or sell our offering to, existing or potential end-customers with international operations. Any decreased use of our offering or limitation on our ability to export or sell our offering would adversely affect our business, results of operations, and growth prospects.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition, and results of operations.

We are subject to the FCPA, U.S. domestic bribery laws, the UK Bribery Act, and other anti-corruption and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international sales and business and sales to the public sector, we may engage with business partners and third-party intermediaries to market our offering and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities.

While we have policies and procedures to address compliance with such laws, our employees and agents may take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension, or debarment from contracting with certain persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, financial condition, and results of operations could be harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our software, and could have a negative impact on our business.

The future success of our business, and particularly Confluent Cloud, depends upon the continued use of the internet as a primary medium for commerce, communication, and business applications. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our software in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, resulting in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its

acceptance as a business tool have been adversely affected by “ransomware,” “viruses,” “worms,” “malware,” “phishing attacks,” “data breaches,” and similar malicious programs, behavior, and events, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our subscription offering and related services could suffer.

Changes in tax laws or tax rulings could harm our financial position and results of operations.

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could materially affect our financial position and results of operations. For example, the 2017 Tax Cuts and Jobs Act, or the Tax Act, made broad and complex changes to the U.S. tax code, including changes to U.S. federal tax rates, additional limitations on the deductibility of interest, both positive and negative changes to the utilization of future net operating loss, or NOL, carryforwards, allowing for the expensing of certain capital expenditures, and putting into effect the migration from a “worldwide” system of taxation to a territorial system. The issuance of additional regulatory or accounting guidance related to the Tax Act could materially affect our tax obligations and effective tax rate in the period issued. In addition, many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Shifting Project, and issued a report in 2015, an interim report in 2018, and is expected to continue to issue guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. Similarly, the European Commission and several countries have issued proposals that would change various aspects of the current tax framework under which we are taxed. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. For example, several countries have proposed or enacted taxes applicable to digital services, which could apply to our business.

Due to the large and expanding scale of our international business activities, these types of changes to the taxation of our activities could increase our worldwide effective tax rate and increase the amount of taxes imposed on our business. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our consolidated financial statements. Any of these outcomes could harm our financial position and results of operations.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our results of operations.

An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States recently ruled in *South Dakota v. Wayfair, Inc. et al, or Wayfair*, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer’s state. In response to *Wayfair*, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. A successful assertion by one or more states requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could have a material adverse effect on our business and results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2020, we had NOL carryforwards for federal and state income tax purposes of \$264.5 million and \$145.5 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2034 for federal purposes and 2027 for state purposes if not utilized. In addition, as of December 31, 2020, we had foreign NOL carryforwards of \$6.3 million. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” (as defined under Section 382 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. We may experience a future ownership change (including, potentially, in connection with this offering) under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state tax purposes. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Act;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our results of operations.

Risks Related to Our Accounting Policies and Internal Controls

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

GAAP are subject to interpretation by the Financial Accounting Standards Board, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions already completed before the announcement of a change.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes appearing elsewhere in this prospectus. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting

Policies and Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve revenue recognition, deferred contract costs, and the valuation of our stock-based compensation awards, including the determination of fair value of our Class A common stock, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the year ending December 31, 2023. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company.” We have recently commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our executive officers, employees, and directors and their affiliates, and limiting your ability to influence corporate matters, which could adversely affect the trading price of our Class A common stock.

Our Class B common stock has 10 votes per share, and our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share. Based on shares of common stock held as of March 31, 2021, stockholders who hold shares of Class B common stock, including our executive officers and

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directors and their affiliates, will together hold approximately 99.0% of the voting power of our outstanding capital stock following this offering, and our Chief Executive Officer, Mr. Kreps, will beneficially own approximately 11.5% of our outstanding classes of common stock as a whole, but will control approximately 12.4% of the voting power of our outstanding common stock, following this offering. As a result, our executive officers, directors, and other affiliates and potentially our Chief Executive Officer on his own will have significant influence over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of the company or our assets, for the foreseeable future. Even if Mr. Kreps is no longer employed with us, he will continue to have the same influence over matters requiring stockholder approval.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than 50% of the outstanding shares of our common stock. Because of the 10-to-1 voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock even when the shares of Class B common stock represent as little as 10% of the combined voting power of all outstanding shares of our Class A common stock and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

Future transfers by holders of shares of Class B common stock will generally result in those shares converting to shares of Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. Certain permitted transfers, as specified in our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering, will not result in shares of Class B common stock automatically converting to shares of Class A common stock, including certain estate planning transfers as well as transfers to our founders or our founders' estates or heirs upon death or incapacity of such founder. If, for example, Mr. Kreps (or family trusts to which he were to transfer shares of Class B common stock) retain a significant portion of his holdings of Class B common stock for an extended period of time, he (or such trusts) could, in the future, control a majority of the combined voting power of our Class A common stock and Class B common stock. As a board member, Mr. Kreps owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, Mr. Kreps is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

FTSE Russell and Standard & Poor's do not allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Also, in 2017, MSCI, a leading stock index provider, opened public consultations on its treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track these indices will not be investing in our stock. In addition, we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and would make our Class A common stock less attractive to other investors. As a result, the trading price, volume, and liquidity of our Class A common stock could be adversely affected.

Our stock price may be volatile, and the value of our Class A common stock may decline.

The market price of our Class A common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition or results of operations;

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- variance in our financial performance from our forecasts or the expectations of securities analysts;
- changes in our revenue mix;
- changes in the pricing of our offering;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our offering;
- announcements by us or our competitors of significant business developments, acquisitions, or new offerings;
- significant data breaches, disruptions to or other incidents involving our offering;
- our involvement in litigation;
- future sales of our Class A common stock and Class B common stock by us or our stockholders, as well as the anticipation of lock-up releases;
- changes in senior management or key personnel;
- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic and market conditions.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our Class A common stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

No public market for our Class A common stock currently exists, and an active public trading market may not develop or be sustained following this offering.

No public market for our Class A common stock currently exists. An active public trading market for our Class A common stock may not develop following the closing of this offering or, if developed, it may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

We have not granted the underwriters an option to purchase additional shares of Class A common stock from us and the trading price of our Class A common stock may be more volatile as a result.

We have not granted the underwriters an option to purchase additional shares of Class A common stock from us at the initial public offering price less underwriting discounts and commissions, which is a common feature in initial public offerings. Without this option, the underwriters may choose not to engage in certain transactions that stabilize, maintain, or otherwise affect the market price of our Class A common stock, such as short sales, stabilizing transactions, and purchases to cover positions created by short sales, to the extent they would have engaged in any such transactions had we granted the underwriters such an option. As a result, the price of our Class A common stock may be more volatile than it might have been had we granted the underwriters such an option. These fluctuations could cause you to lose part of your investment in our Class A common stock because you might be unable to sell your shares at or above the price you paid in this offering.

We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds to us from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, our ultimate use may vary substantially from our currently intended use. Investors will need to rely on the judgment of our management with respect to the use of proceeds. Pending use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities, such as money market funds, corporate notes and bonds, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations, and prospects could be harmed, and the market price of our Class A common stock could decline.

Future sales of our Class A common stock in the public market could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market following the closing of this offering, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore, they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our Class A common stock.

All of our directors and officers and holders of substantially all of our common stock and securities exercisable for or convertible into our common stock, are subject to lock-up agreements that restrict their ability to transfer such securities during the period ending on the earlier of (i) 181 days after the date of this prospectus and (ii) the opening of trading on the second trading day after we announce earnings results for the quarter ending September 30, 2021, provided that:

- (A) up to 15% of the vested shares (including shares issuable upon exercise of vested options or settlement of RSUs) held by substantially all current employees (excluding current officers, directors, and contractors and consultants as well as founders and investors) may be sold beginning at the commencement of trading on the first trading day on which our Class A common stock is traded on Nasdaq, which we refer to as the first release period; and
- (B) up to 25% of the vested shares (including shares issuable upon exercise of vested options or settlement of RSUs and in addition to any shares that may be sold pursuant to clause (A) that have not been sold) held by current employees (including officers) and current third-party contractors and consultants, directors, investors and founders (as such terms are defined in the investors’ rights agreement, or IRA) and their respective affiliates, and other investors holding an aggregate of approximately 8.9 million shares may be sold beginning at the opening of trading on the second trading day after we announce earnings results for the quarter ending June 30, 2021, which we refer to as the second release period.

If not earlier released, all of our shares of Class A common stock, other than those sold in this offering which are freely tradable, will become eligible for sale upon expiration of the lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act.

In addition, after this offering, up to 79,638,342 shares of our Class B common stock may be issued upon exercise of outstanding stock options or vesting and settlement of outstanding RSUs as of March 31, 2021, and 38,669,088 shares of our Class A common stock are available for future issuance under our 2021 Plan and our

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2021 ESPP, and will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, exercise limitations, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. We intend to register all of the shares of Class A common stock and Class B common stock issuable upon exercise of outstanding options and RSUs or other equity incentive awards we may grant in the future for public resale under the Securities Act. Shares of Class A common stock will become eligible for sale in the public market to the extent such options are exercised and RSUs settle, subject to the lock-up agreements described above and compliance with applicable securities laws. If these additional shares of Class A common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our Class A common stock could decline.

Further, based on shares outstanding as of March 31, 2021, holders of approximately 115,913,668 shares, or 45.9% of our capital stock after the closing of this offering, will have rights, subject to some conditions and the lock-up agreements described above, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, products or technologies and issue equity securities to pay for any such acquisition or investment. In addition, we intend to donate 250,000 shares of our Class A common stock to our charitable foundation, Confluent.org, upon or after the completion of this offering, which will result in additional dilution to our existing stockholders. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Class A common stock to decline.

You will experience immediate and substantial dilution in the net tangible book value of the shares of Class A common stock you purchase in this offering.

The initial public offering price of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our Class A common stock immediately after this offering. If you purchase shares of our Class A common stock in this offering, you will suffer immediate dilution of \$27.58 per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to the sale of Class A common stock in this offering and the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus. See the section titled “Dilution.”

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an

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emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our Class A common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the first to occur of: (1) the last day of the year following the fifth anniversary of this offering; (2) the last day of the first year in which our annual gross revenue is \$1.07 billion or more; (3) the date on which we have, during the previous rolling three-year period, issued more than \$1.0 billion in non-convertible debt securities; and (4) the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates.

We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future results of operations may not be as comparable to the results of operations of certain other companies in our industry that adopted such standards. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Select Market, or Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect immediately prior to the closing of this offering, may have the effect preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our Class A common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, our chief executive officer, or our president (in the absence of a chief executive officer);

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- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least 66 2/3% of our outstanding shares of voting stock;
- provide that vacancies on our board of directors may be filled only by the affirmative vote of a majority of directors then in office, even though less than a quorum, or by a sole remaining director; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of voting stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our Class A common stock in an acquisition.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware and the federal district courts of the United States of America as the exclusive forums for certain disputes between us and our stockholders, which will restrict our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation, to be effective immediately prior to the closing of this offering, will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders, or any action asserting a claim for aiding and abetting such breach of fiduciary duty; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any action or proceeding as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action or proceeding asserting a claim against us or any of our current or former directors, officers, or other employees that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants. This provision would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other

considerations, our amended and restated certificate of incorporation to be effective immediately prior to the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such provision. Our amended and restated certificate of incorporation, to be effective immediately prior to the closing of this offering, will further provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers, or other employees in a venue other than in the federal district courts of the United States of America. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and we cannot assure you that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.

General Risk Factors

Any future litigation against us could be costly and time-consuming to defend.

We may become subject to legal proceedings and claims that arise in the ordinary course of business, such as intellectual property claims, including trade secret misappropriation and breaches of confidentiality terms, alleged breaches of non-competition or non-solicitation terms, or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, financial condition, and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position, and results of operations.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our Class A common stock could decline.

The market price and trading volume of our Class A common stock following the closing of this offering will be heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our Class A common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our Class A common stock.

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event, power loss, telecommunications failure, software or hardware malfunction, cyber-attack, war, or terrorist attack, explosion, or pandemic could impact our business. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity, and are thus vulnerable to damage in an earthquake. Our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. Additionally, we rely on third-party cloud providers and enterprise applications, technology systems, and our website for our development, marketing, operational support, hosted services, and sales activities. In the event of a catastrophic event, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our product development, lengthy interruptions in our services, and breaches of data security, all of which could have an adverse effect on our future results of operations. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business would be harmed.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “toward,” “will,” “would,” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, revenue mix, expenses, and other results of operations;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase consumption of our offering and expand features and functionalities;
- our ability to achieve or sustain our profitability;
- future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- the costs and success of our sales and marketing efforts and our ability to promote our brand;
- our growth strategies for our offering;
- the estimated addressable market opportunity for our offering;
- our reliance on key personnel and our ability to identify, recruit, and retain skilled personnel;
- our ability to effectively manage our growth, including international expansion;
- our ability to protect our intellectual property rights and any costs associated therewith;
- the effects of the COVID-19 pandemic or other public health crises;
- our ability to compete effectively with existing competitors and new market entrants;
- the growth rates of the markets in which we compete;
- our plan to donate 250,000 shares of Class A common stock to our charitable foundation, Confluent.org, upon or after the completion of this offering; and
- our expected use of proceeds from this offering.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe such information provides a reasonable basis for these statements, such information may be

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limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information, actual results, revised expectations, or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

MARKET, INDUSTRY, AND OTHER DATA

This prospectus contains estimates and information concerning our industry, including market size and growth of the markets in which we participate, that are based on industry publications and reports. In some cases, we do not expressly refer to the sources from which these estimates and information are derived. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in these publications and reports.

The sources of certain statistical data, estimates, and forecasts contained in this prospectus are:

- Gartner, *Forecast: Enterprise Application Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020;
- Gartner, *Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020;
- Gartner, *Competitive Landscape: Cloud Service Brokerage 2020*, October 2020;
- IDC, *Business Models for the Long-Term Storage of Internet of Things Use Case Data*, July 2020;
- IDC, *IDC Semiannual Public Cloud Services Tracker*, November 2020; and
- IDC, *IDC Semiannual Software Tracker*, November 2020.

The Gartner content described herein, or the Gartner Content, represents research opinions or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc., or Gartner, and are not representations of fact. The Gartner Content speaks as of its original publication date (and not as of the date of this prospectus), and the opinions expressed in the Gartner Content are subject to change without notice.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$671.9 million based on an assumed initial public offering price of \$31.00 per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$31.00 per share of Class A common stock would increase (decrease) the net proceeds to us from this offering by approximately \$21.9 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares of Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$29.5 million, assuming the assumed initial public offering price per share remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our Class A common stock. We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. We cannot specify with certainty all of the particular uses for the remaining net proceeds to us from this offering. We may also use a portion of the net proceeds for acquisitions of, or strategic investments in, complementary businesses, products, services, or technologies. However, we do not have any agreements or commitments to enter into any material acquisitions or investments at this time. We will have broad discretion over how we use the net proceeds from this offering. Pending the use of the proceeds from this offering as described above, we intend to invest the net proceeds from the offering that are not used as described above in investment-grade, interest-bearing instruments such as money market funds, corporate notes and bonds, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. In addition, our ability to pay dividends may be restricted by agreements we may enter into in the future.

CAPITALIZATION

The following table sets forth our cash, cash equivalents, and marketable securities and our capitalization as of March 31, 2021 on:

- an actual basis;
- a pro forma basis, to reflect (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock, of which there were 115,277,850 shares outstanding as of March 31, 2021, into an equal number of shares of Class B common stock as if such conversion had occurred on March 31, 2021; (ii) the automatic conversion of all outstanding shares of convertible founder stock, of which there were 635,818 shares outstanding as of March 31, 2021, into an equal number of shares of Class B common stock as if such conversion had occurred on March 31, 2021; (iii) stock-based compensation expense of \$3.1 million as of March 31, 2021 related to stock options subject to service-based and performance-based vesting conditions, for which the performance-based vesting condition will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus, reflected as an increase to additional paid-in capital and accumulated deficit; (iv) stock-based compensation expense of \$0.3 million as of March 31, 2021 related to RSUs subject to service-based and performance-based vesting conditions, which conditions will be satisfied in connection with this offering, as further described in Notes 2 and 11 to our consolidated financial statements included elsewhere in this prospectus, reflected as an increase to additional paid-in capital and accumulated deficit; and (v) the filing and effectiveness of our amended and restated certificate of incorporation, which will occur in connection with this offering; and
- a pro forma as adjusted basis, to reflect the adjustments described above and further reflect (i) the sale and issuance by us of 23,000,000 shares of Class A common stock in this offering, at the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us (excluding \$0.3 million of deferred offering costs that had been paid as of March 31, 2021); and (ii) the issuance of 250,000 shares of our Class A common stock as a donation to our charitable foundation, Confluent.org, upon or after the completion of this offering and an associated non-cash charge of approximately \$7.8 million, estimated based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus.

The pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information together with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

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	March 31, 2021		
	Actual	Pro Forma	Pro Forma as Adjusted ⁽¹⁾
	(in thousands, except share and per share data)		
Cash, cash equivalents, and marketable securities	\$ 280,098	\$ 280,098	\$ 952,212
Redeemable convertible preferred stock, par value \$0.00001 per share; 115,277,850 shares authorized, issued, and outstanding, actual; no shares authorized, issued, and outstanding, pro forma and pro forma as adjusted	\$ 574,634	\$ —	—
Stockholders' (deficit) equity:			
Preferred stock, par value \$0.00001 per share; no shares authorized, issued, and outstanding, actual; 10,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, par value \$0.00001 per share; 323,000,000 shares authorized, 113,451,522 shares issued and outstanding, actual; no shares authorized, issued, and outstanding, pro forma and pro forma as adjusted	1	—	—
Convertible founder stock, par value \$0.00001 per share; 635,818 shares authorized, issued, and outstanding, actual; no shares authorized, issued, and outstanding, pro forma and pro forma as adjusted	—	—	—
Class A common stock, par value \$0.00001 per share; no shares authorized, issued, and outstanding, actual; 1,000,000,000 shares authorized, no shares issued and outstanding, pro forma; 1,000,000,000 shares authorized, 23,250,000 shares issued and outstanding, pro forma as adjusted	—	—	1
Class B common stock, par value \$0.00001 per share; no shares authorized, issued, and outstanding, actual; 500,000,000 shares authorized, 229,365,190 shares issued and outstanding, pro forma and pro forma as adjusted	—	2	2
Additional paid-in capital	120,449	698,475	1,378,074
Accumulated other comprehensive income	43	43	43
Accumulated deficit	(450,579)	(453,972)	(461,722)
Total stockholders' (deficit) equity	(330,086)	244,548	916,398
Total capitalization	\$ 244,548	\$ 244,548	\$ 916,398

- (1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total stockholders' equity, and total capitalization by \$21.9 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total stockholders' equity, and total capitalization by \$29.5 million, assuming the assumed initial public offering price per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 229,365,190 shares of our Class B common stock (including shares of our redeemable convertible preferred stock and convertible founder stock on an as-converted basis) outstanding as of March 31, 2021, and excludes:

- 79,624,342 shares of Class B common stock issuable upon the exercise of stock options outstanding as of March 31, 2021, with a weighted-average exercise price of \$5.40 per share;
- 3,586,053 shares of Class B common stock issuable upon the exercise of stock options granted subsequent to March 31, 2021, with a weighted-average exercise price of \$20.69 per share;
- 14,000 shares of Class B common stock issuable upon the vesting and settlement of RSUs outstanding as of March 31, 2021, subject to a service-based vesting condition as well as a performance-based vesting condition that will be satisfied in connection with this offering;
- 4,070,219 shares of Class B common stock issuable upon the vesting and settlement of RSUs granted subsequent to March 31, 2021;
- 7,237,338 shares of Class B common stock reserved for future issuance under our 2014 Plan as of March 31, 2021 (after giving effect to the issuance of stock options and RSUs granted subsequent to March 31, 2021 for 7,656,272 shares of Class B common stock described above and an increase in the number of shares of Class B common stock reserved for future issuance under the 2014 Plan by 6,600,000 shares subsequent to March 31, 2021), which shares will be transferred to our 2021 Plan at the time it becomes effective upon the execution of the underwriting agreement for this offering;
- 25,812,876 shares of Class A common stock reserved for future issuance under our 2021 Plan, plus (i) the shares that remain available for grant of future awards under our 2014 Plan at the time our 2021 Plan becomes effective as described above, (ii) any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan, and (iii) shares underlying outstanding stock awards granted under our 2014 Plan that expire, or are forfeited, cancelled, withheld, or reacquired;
- 5,162,575 shares of Class A common stock reserved for future issuance under our 2021 ESPP, which will become effective upon the execution of the underwriting agreement for this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- 250,000 shares of our Class A common stock that we plan to donate to our charitable foundation, Confluent.org, upon or after the completion of this offering.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of Class A common stock and the pro forma as adjusted net tangible book value per share of Class A common stock immediately after this offering.

Our historical net tangible book deficit as of March 31, 2021 was \$384.6 million, or \$3.37 per share. Historical net tangible book deficit represents the amount of our total tangible assets less our total liabilities and redeemable convertible preferred stock, divided by the number of shares of common and convertible founder stock outstanding as of March 31, 2021.

Our pro forma net tangible book value as of March 31, 2021 was \$190.0 million, or \$0.83 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2021, after giving effect to the automatic conversion of all 115,277,850 outstanding shares of redeemable convertible preferred stock as of March 31, 2021 into an equal number of shares of Class B common stock, and the automatic conversion of all outstanding shares of convertible founder stock, of which there were 635,818 shares outstanding as of March 31, 2021, into an equal number of shares of Class B common stock immediately prior to the closing of this offering.

After giving further effect to the sale of 23,000,000 shares of Class A common stock that we are offering at an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us and giving effect to the issuance of 250,000 shares of our Class A common stock that we plan to donate to our charitable foundation, Confluent.org, upon or after the completion of this offering, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been \$863.5 million, or \$3.42 per share of Class A common stock. This amount represents an immediate increase in pro forma net tangible book value of \$2.59 per share to our existing stockholders and immediate dilution in pro forma as adjusted net tangible book value of approximately \$27.58 per share to new investors purchasing shares of Class A common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution:

Assumed initial public offering price per share	\$31.00
Historical net tangible book deficit per share as of March 31, 2021	\$(3.37)
Increase per share attributable to the pro forma adjustments described above	4.20
Pro forma net tangible book value per share as of March 31, 2021, before giving effect to this offering	0.83
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering	2.59
Pro forma as adjusted net tangible book value per share after this offering	3.42
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering	<u>\$27.58</u>

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately

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\$0.09 per share and increase (decrease) the dilution in the pro forma as adjusted net tangible book value per share to new investors by approximately \$0.91 per share, in each case, assuming that the number of Class A shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately \$0.10 per share and increase (decrease) the dilution to investors participating in this offering by approximately \$(0.10) per share, in each case assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on the pro forma as adjusted basis described above (but not including the charitable donation of 250,000 shares of Class A common stock described above), as of March 31, 2021, the differences between the number of shares of our Class B common stock purchased from us by our existing stockholders and our Class A common stock purchased from us by new investors purchasing shares in this offering, the total consideration paid to us in cash, the average price per share paid by existing stockholders for shares of common stock issued prior to this offering, and the price to be paid by new investors for shares of common stock in this offering. The calculation below is based on the assumed initial public offering estimated price of \$31.00 per share, the midpoint of the price range set forth on the cover page of the prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	229,365,190	91%	\$ 518,606,983	42%	\$ 2.26
New investors	23,000,000	9	713,000,000	58	31.00
Total	<u>252,365,190</u>	<u>100%</u>	<u>\$1,231,606,983</u>	<u>100%</u>	4.88

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 229,365,190 shares of our Class B common stock (including shares of our redeemable convertible preferred stock and convertible founder stock on an as-converted basis) outstanding as of March 31, 2021, and excludes:

- 79,624,342 shares of Class B common stock issuable upon the exercise of stock options outstanding as of March 31, 2021, with a weighted-average exercise price of \$5.40 per share;
- 3,586,053 shares of Class B common stock issuable upon the exercise of stock options granted subsequent to March 31, 2021, with a weighted-average exercise price of \$20.69 per share;
- 14,000 shares of Class B common stock issuable upon the vesting and settlement of RSUs outstanding as of March 31, 2021, subject to a service-based vesting condition as well as a performance-based vesting condition that will be satisfied in connection with this offering;
- 4,070,219 shares of Class B common stock issuable upon the vesting and settlement of RSUs granted subsequent to March 31, 2021;
- 7,237,338 shares of Class B common stock reserved for future issuance under our 2014 Plan as of March 31, 2021 (after giving effect to the issuance of stock options and RSUs granted subsequent to March 31, 2021 for 7,656,272 shares of Class B common stock described above and an increase in the number of shares of Class B common stock reserved for future issuance under the 2014 Plan by 6,600,000 shares subsequent to March 31, 2021), which shares will be transferred to our 2021 Plan at the time it becomes effective upon the execution of the underwriting agreement for this offering;
- 25,812,876 shares of Class A common stock reserved for future issuance under our 2021 Plan, plus (i) the shares that remain available for grant of future awards under our 2014 Plan at the time our 2021 Plan becomes effective as described above, (ii) any automatic increases in the number of shares of

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Class A common stock reserved for future issuance under this plan, and (iii) shares underlying outstanding stock awards granted under our 2014 Plan that expire, or are forfeited, cancelled, withheld, or reacquired;

- 5,162,575 shares of Class A common stock reserved for future issuance under our 2021 ESPP, which will become effective upon the execution of the underwriting agreement for this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- 250,000 shares of our Class A common stock that we plan to donate to our charitable foundation, Confluent.org, upon or after the completion of this offering.

To the extent any outstanding options are exercised, or new stock options or RSUs are issued under our equity incentive plans, or we issue additional equity or convertible debt securities in the future, there will be further dilution to investors participating in this offering. If all outstanding options and RSUs under our 2014 Plan as of March 31, 2021 were exercised or settled, then our existing stockholders, including the holders of these options would own 93% and our new investors would own 7% of the total number of shares of our Class A common stock and Class B common stock outstanding on the closing of this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. References to 2019 and 2020 refer to the year ended December 31, 2019 and the year ended December 31, 2020, respectively.

Overview

Confluent is on a mission to set data in motion. We have pioneered a new category of data infrastructure designed to connect all the applications, systems, and data layers of a company around a real-time central nervous system. This new data infrastructure software has emerged as one of the most strategic parts of the next-generation technology stack, and using this stack to harness data in motion is critical to the success of every modern company as they strive to compete and win in the digital-first world.

Confluent is designed to be the intelligent connective tissue enabling real-time data, from multiple sources, to constantly stream across the organization and power real-time customer experiences and data-driven operational efficiencies. Our offering enables organizations to deploy production-ready applications that run across cloud infrastructures and data centers, and scales elastically, with enhanced features for security and compliance. Our platform provides the capabilities to fill the structural, operational, and engineering gap that is required for businesses to fully realize the power of data in motion. We enable software developers to easily build their initial applications to harness data in motion, and enable large, complex enterprises to make data in motion core to everything they do. As organizations mature in their adoption cycle, we enable them to build more and more applications that take advantage of data in motion. The results have a dual effect: businesses continuously improve their ability to provide better customer experiences and concurrently drive data-driven business operations. We believe that Confluent, over time, will become the central nervous system for modern digital enterprises, providing ubiquitous real-time connectivity and powering real-time applications across the enterprise.

We were founded in 2014 to pioneer this fundamentally new category of data infrastructure for data in motion and bring it to organizations around the world. Prior to Confluent, our founders created the open source software project Apache Kafka, a technology that has been central to enabling data in motion. Since our founding, we have heavily invested in product development to build a complete, cloud-native platform for data in motion with the features and functionality that organizations need to succeed.

Our consistent focus on innovation has allowed us to achieve the following significant milestones:

- September 2014: Confluent founded by Jay Kreps, Jun Rao, and Neha Narkhede
- January 2015: Announced Confluent Platform 1.0
- November 2017: General availability of Confluent Cloud
- December 2017: First customer over \$1.0 million in ARR
- March 2018: General availability of ksqlDB
- April 2019: Exceeded \$100 million in ARR
- September 2019: 50% of all customers on Confluent Cloud

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- November 2019: Confluent Cloud available on AWS, GCP, and Microsoft Azure
- March 2020: Exceeded 1,000 customers
- August 2020: Confluent Cloud available through the marketplaces of the three leading cloud providers
- December 2020: Completed Project Metamorphosis, which delivered critical new cloud-native product features and capabilities
- March 2021: Reached over 120 pre-built connectors
- March 2021: Exceeded 2,500 customers

We generate the majority of our revenue from the sale of subscriptions to our offering that can be deployed in two different ways. Confluent Platform is an enterprise-ready, self-managed software offering that can be deployed in our customers' on-premise, private cloud, and public cloud environments. Confluent Cloud is a fully-managed, cloud-native SaaS offering available on all of the leading cloud providers. These two core offerings can be leveraged independently or together, spanning the various public cloud, private cloud, and on-premise environments in which our customers operate.

Confluent Platform customers receive access to our proprietary features and various tiers of customer support. We recognize a portion of revenue from sales of Confluent Platform at a point in time, upon delivery and transfer of control of the underlying license to the customer, with post-contract customer support, maintenance, and upgrades, referred to together as PCS, which comprises the substantial majority of the revenue, recognized ratably over the subscription term. The substantial majority of our Confluent Platform subscriptions have one-year terms and are primarily billed annually in advance per software instance. A software instance is a component of Confluent Platform running on a physical or virtual computing machine. Confluent Cloud customers may purchase subscriptions either without a minimum commitment contract on a month-to-month basis, which we refer to as pay-as-you-go, or under a usage-based minimum commitment contract of at least one year in duration, in which customers commit to a fixed minimum monetary amount at specified per-usage rates. Pay-as-you-go customers are billed, and revenue from them is recognized, based on usage. Customers with usage-based minimum commitments are typically billed annually in advance, and we recognize revenue from such subscriptions based on usage by the customer. As a result, our revenue may fluctuate from period to period due to varying patterns of customer consumption. In 2020, revenue from Confluent Platform was \$177.2 million, representing a 53% increase from 2019, and revenue from Confluent Cloud was \$31.4 million, representing a 117% increase from 2019. During the three months ended March 31, 2021, revenue from Confluent Platform was \$54.1 million, representing a 43% increase from the three months ended March 31, 2020, and revenue from Confluent Cloud was \$13.9 million, representing a 124% increase from the three months ended March 31, 2020. Revenue from our pay-as-you-go arrangements represented an immaterial portion of revenue from Confluent Cloud in 2019, 2020, and the three months ended March 31, 2020 and 2021.

We are focused on the acquisition of new customers and expanding within our current customers. Our go-to-market model benefits from our self-service motions driven by our cloud-native platform, our widespread mindshare among developers through Apache Kafka, community downloads, and our enterprise sales force. We are able to acquire new customers through seamless and frictionless self-service cloud adoption and free cloud trials as well as community downloads. For example, after users get started with our free cloud trial, they can easily convert online to become paying customers either on a pay-as-you-go model or with a minimum commitment contract. Once customers see the benefits of our platform for their initial use cases, they often expand into other use cases and lines of business, divisions, and geographies. Our deep technical expertise, coupled with our product capabilities and laser focus on customer outcomes, enable us to form strategic partnerships with our customers on this journey. This expansion often generates a natural network effect in which the value of our platform to a customer increases as more use cases are adopted, more applications and systems are connected, and more data is added. This go-to-market strategy of "land-and-expand" is a key driver for our subscription revenue growth. Subscription revenue, which includes all of our Confluent Platform and Confluent Cloud revenue, accounted for 87% and 88% of our total revenue during 2019 and 2020, respectively,

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representing year-over-year growth of 60%. Subscription revenue accounted for 86% and 88% of our total revenue during the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 55%. The remainder of our revenue comes from professional services and education services.

We have experienced significant growth, with revenue increasing from \$149.8 million in 2019 to \$236.6 million in 2020, representing year-over-year growth of 58%. For the three months ended March 31, 2020 and 2021, our revenue was \$50.9 million and \$77.0 million, respectively, representing year-over-year growth of 51%. In 2019 and 2020, we incurred operating losses of \$98.1 million and \$233.2 million, respectively, and our net loss was \$95.0 million and \$229.8 million, respectively. For the three months ended March 31, 2020 and 2021, we incurred operating losses of \$33.4 million and \$45.1 million, respectively, and our net loss was \$33.6 million and \$44.5 million, respectively.

Impact of COVID-19

The ongoing COVID-19 pandemic has caused general business disruption worldwide. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows, and financial condition will depend on certain developments, including the duration and spread of the pandemic, related public health measures, how national, state, and local governments continue to respond, and the pandemic's impact on the global economy generally and our customers specifically, all of which remain highly uncertain and cannot be accurately predicted.

During 2020 and the three months ended March 31, 2021, we experienced, and may continue to experience, a modest adverse impact on certain parts of our business due to decreases in customer spending on our offering, which resulted in a decrease in our dollar-based net retention rate, delays in delivery of professional services and education services to customers, and a lengthening in the sales cycle for some prospective customers. As certain of our customers or partners experience downturns or uncertainty in their own business operations or revenue resulting from the ongoing COVID-19 pandemic, they may continue to decrease or delay their spending, request pricing discounts, or seek renegotiations of their contracts, any of which may result in decreased revenue, dollar-based net retention rate, and cash receipts for us.

Despite the adverse impacts described above, the pandemic has caused more of our existing and potential customers to accelerate their digital transformation efforts. As a result, we believe the value of our offering is becoming even more evident, which may result in a positive impact on our business over the long term.

We adopted several measures in response to the COVID-19 pandemic to focus on maintaining business continuity and preparing for the long-term success of our business. We have temporarily required employees to work remotely, suspended non-essential travel by our employees, and required events to be held virtually. As a result of these measures and global travel restrictions and stay-at-home or similar orders, we temporarily reduced, and may reduce in the future, certain operating expenses due to reduced business travel and the virtualization or cancellation of customer and employee events. During the second and third quarters of 2020, we also temporarily reduced the pace of our employee hiring across all functions, which resulted in reduced operating expenses for those periods. However, this may have a negative impact on our growth rates, business, and results of operations. In particular, the reduction in employee hiring for our sales and marketing organization may negatively impact our near- to medium-term growth rate and revenue. In addition, the reduction in employee hiring for our research and development organization has caused delays in development and the release of new features and functionality for our offering. By the end of the third quarter of 2020, we ramped up hiring for our sales and marketing and research and development organizations and continue to make investments in research and development to enhance our offering and achieve our business objectives. We may take further actions as may be required by government authorities or that we determine are in the best interests of our business, employees, customers, and business partners.

The global impact of COVID-19 continues to rapidly evolve, and while the broader implications of the ongoing COVID-19 pandemic on our results of operations and overall financial performance remain uncertain, we will continue to monitor the situation and the effects on our business and operations.

Key Factors Affecting Our Performance

Developing Innovative, Market-Leading Offerings and Expanding Developer Mindshare

We are focused on delivering market-leading offerings. We believe it is critical for us to maintain our product leadership position and further increase the strength of our brand and reputation to drive revenue growth. For example, we developed Confluent Cloud, our cloud-native SaaS offering, in 2017 to capitalize on the existing demand for a fully-managed cloud service for Apache Kafka. Confluent Cloud has grown rapidly since launch, as organizations have been making significant investments in digital infrastructure with the goal of both driving efficiencies across their businesses, and better leveraging the data that powers their processes and customer experiences. In addition, we continue to release new product enhancements and features to simplify application development and real-time analytics and enhance security and data governance. We intend to continue investing in our engineering capabilities and marketing activities to maintain our strong position within the developer community. Our results of operations may fluctuate as we make these investments to drive increased customer adoption and usage.

Increasing Adoption of Confluent Cloud

We believe our cloud-native Confluent Cloud offering represents an important growth opportunity for our business. Organizations are increasingly looking for a fully-managed offering to seamlessly leverage data in motion across a variety of environments. In some cases, customers that have been self-managing deployments through Confluent Platform subsequently have become Confluent Cloud customers. We offer customers a free cloud trial and a pay-as-you-go arrangement to encourage adoption and usage over time. We will continue to leverage our cloud-native differentiation to drive our growth. We expect Confluent Cloud's contribution to our subscription revenue to increase over time. Our Confluent Cloud revenue grew 454% from \$2.6 million in 2018 to \$14.4 million in 2019, 117% from \$14.4 million in 2019 to \$31.4 million in 2020, 210% from \$2.0 million in the three months ended March 31, 2019 to \$6.2 million in the three months ended March 31, 2020, and 124% from \$6.2 million in the three months ended March 31, 2020 to \$13.9 million in the three months ended March 31, 2021.

Growing Our Customer Base and Extending Our Global Reach

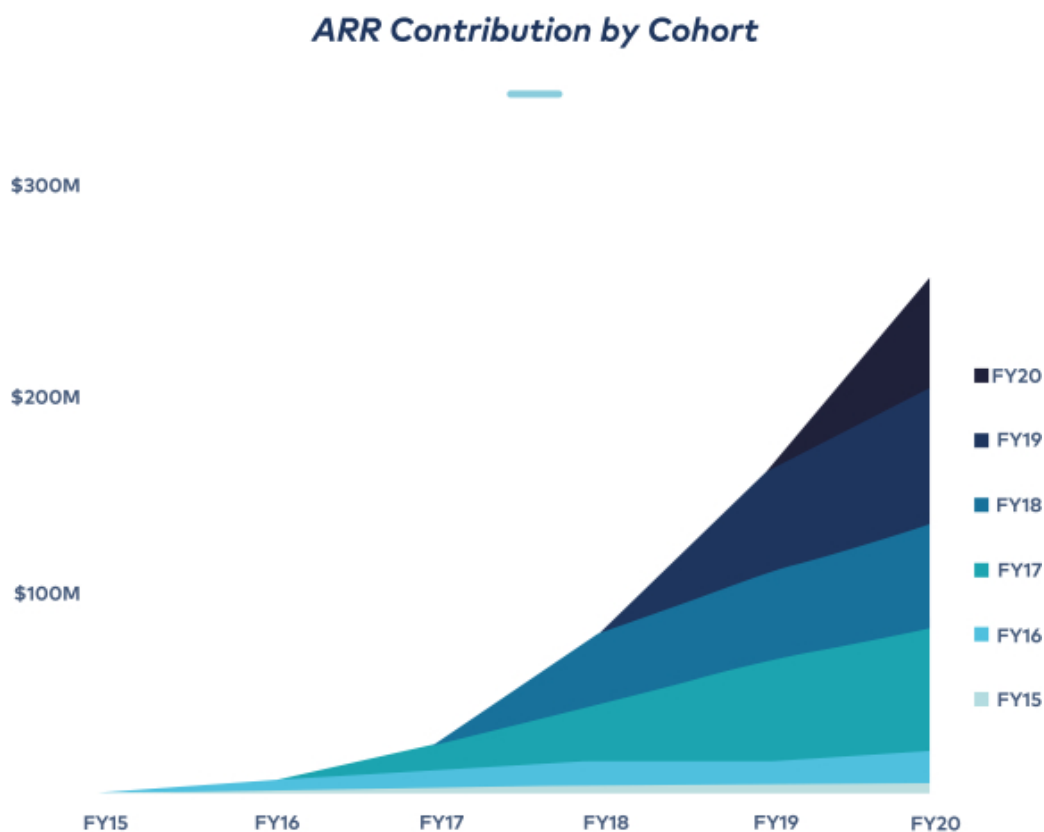
We are intensely focused on continuing to grow our customer base. We have invested and continue to invest heavily in our sales and marketing efforts and developer community outreach, which are critical to driving customer acquisition. We historically focused on large enterprise customers with significant expansion opportunities and built a go-to-market motion around this approach. As we grew our cloud offering and created more self-serve opportunities, we have significantly broadened our reach of customers and are able to attract a greater array of customers. This is evidenced by our significant increase in customer count in recent years, driven by Confluent Cloud customers. Our ability to attract new customers will depend on a number of factors, including our success in recruiting and scaling our sales and marketing organization, our ability to accelerate ramp time of our sales force, the impact of marketing efforts to enhance our brand, and competitive dynamics in our target markets. We estimate that we had approximately 820 customers in 40 countries as of December 31, 2019, compared to 2,100 customers in over 60 countries as of December 31, 2020 and 2,540 customers in nearly 80 countries as of March 31, 2021, spanning organizations of all sizes and industries. Our customer count treats affiliated entities with the same parent organization as a single customer and includes pay-as-you-go customers. No single end customer represented more than 3% of our total revenue for 2020 and the three months ended March 31, 2021, illustrating the diversity of our customer base. During the year ended December 31, 2020 and the three months ended March 31, 2021, 34% and 36%, respectively, of our total revenue came from outside of the United States.

Retaining and Expanding Revenue from Existing Customers

Our business model is driven by customer renewals and increasing existing customer subscriptions over time. We believe that there is a significant opportunity to drive additional sales to existing customers, and we expect to invest in sales and marketing and customer success to achieve additional revenue growth from existing customers. We believe we have significant opportunities to increase our revenue as customers expand their use of our offering in connection with migrating more data to the public cloud, identifying new use cases, and realizing the benefits of data in motion. We have historically experienced significant expansion. The chart below illustrates this by presenting the ARR from each customer cohort over the years presented. The cohort for a given

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year represents customers that acquired their initial subscription purchase from us in that year. For example, the fiscal year 2017 cohort represents all customers that made their initial subscription from us between January 1, 2017 and December 31, 2017. The fiscal year 2017 cohort increased their initial ARR from \$15 million to \$62 million in fiscal year 2020, representing a multiple of 4.1x.



We believe that our dollar-based net retention rate provides useful information about the evolution of our existing customers and our future growth prospects. The decline in our dollar-based net retention rate from December 31, 2018 to March 31, 2021 is primarily driven by the impact of existing customers becoming a larger portion of both our overall customer base and ARR, large initial deal sizes that incorporate potential growth, the impact of the COVID-19 pandemic, and the initial impact of existing customers transitioning to our usage-based Confluent Cloud offering. We expect our dollar-based net retention rate to continue to fluctuate based on customer satisfaction with our subscriptions and services, loss of large customers including the timing of any such loss, and the mix of commercial and enterprise customers. Fluctuations in our dollar-based net retention rate may negatively impact our financial condition and results of operations.

Investing in Growth and Scaling our Business

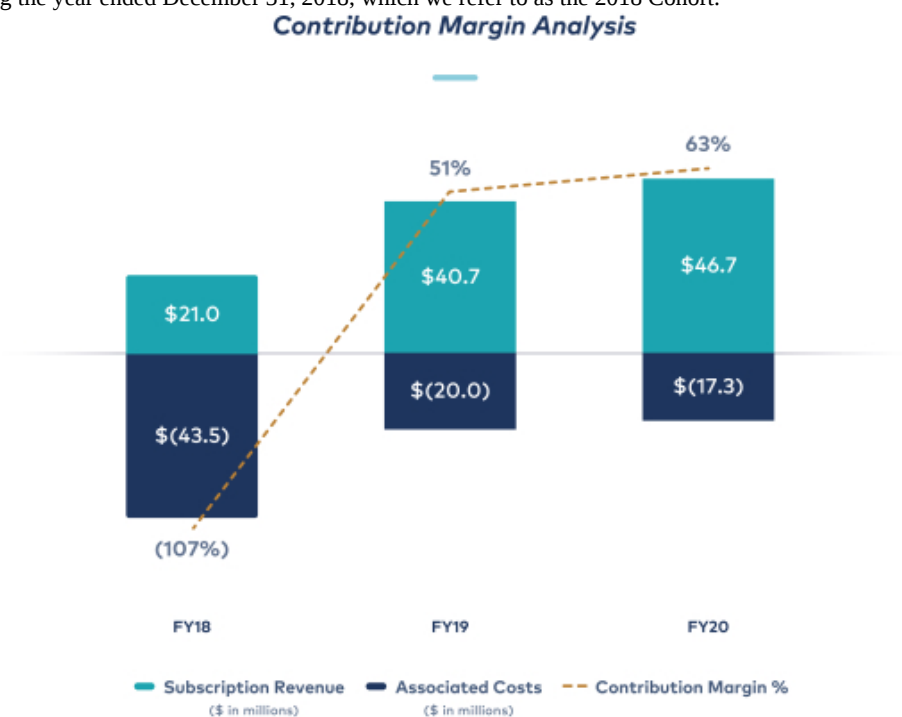
We believe our market opportunity is significant, and we are focused on continuing to make substantial investments in our long-term revenue and profitability potential. We believe it is critical to scale across all organizational functions, including our sales and marketing organization, in order to capture this opportunity. Any investments we make in our sales and marketing organization will occur in advance of experiencing the benefits from such investments, and it may be difficult for us to determine if we are efficiently allocating

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resources within the organization. We have increased our sales and marketing headcount from 415 employees as of December 31, 2019 to 579 employees as of December 31, 2020 and 684 employees as of March 31, 2021. We intend to continue to invest heavily to grow our business to take advantage of our expansive market opportunity rather than optimize for profitability or cash flow in the near future.

Contribution Margin Analysis

To provide a further understanding of the economics of our customer relationships, we are providing a contribution margin analysis of the customers we acquired during the year ended December 31, 2018, which we refer to as the 2018 Cohort.



We believe the 2018 Cohort is a fair representation of our overall customer base because it includes customers across industries and geographies and includes customers that have expanded their subscriptions as well as those who have reduced or not renewed their subscriptions. We define contribution margin as the subscription revenue from the customer cohort less the associated cost of subscription revenue and estimated allocated sales and marketing expenses, which we collectively refer to as associated costs. We define contribution margin percentage as contribution margin divided by the subscription revenue associated with a cohort in a given period. Contribution margin is a non-GAAP financial measure presented for supplemental informational purposes only. See the section titled “—Contribution Margin Reconciliation” for a reconciliation of contribution margin to gross profit - subscription.

Cost of subscription revenue includes the costs of providing ongoing support and costs related to cloud hosting. Cost of subscription revenue for purposes of calculating contribution margin is estimated by multiplying the cost of subscription revenue as a percentage of subscription revenue for 2018 by the subscription revenue in a given period for the cohort. Estimated allocated sales and marketing expenses for purposes of calculating contribution margin include personnel costs, including salaries, sales commissions earned, including the effect of

capitalizing and amortizing commission costs and benefits, and marketing program expenses. The majority of our sales and marketing expenses is typically associated with the newest cohort in a given period. We allocate sales expenses to new and renewal business based on the commissions earned in the relevant period on new business activity (including acquiring new customers and expanding subscriptions with existing customers) and renewal business activity. Marketing expenses for purposes of calculating contribution margin are allocated to new business activity in the period as we believe our marketing programs are associated with new business activity rather than renewal activity. We then allocate sales and marketing expenses associated with new business activity between sales to new customers and expanding subscriptions with existing customers based on the estimated relative effort involved in acquiring new customers as compared to expanding subscriptions with existing customers. This allocation is calculated using the proportion of time that our sales team spends selling to new customers and the associated subscription value as compared to that of expanding subscriptions with existing customers. Associated cost of subscription revenue and estimated allocated sales and marketing expenses included in this contribution margin analysis exclude stock-based compensation expense. In addition, we exclude all research and development and general and administrative expenses from this analysis because these expenses support the growth of our business broadly and benefit all customers.

As of December 31, 2018, the 2018 Cohort accounted for \$21.0 million in subscription revenue and \$43.5 million in associated costs, representing a contribution margin of \$(22.5) million, or a contribution margin percentage of (107)%. As of December 31, 2019, the 2018 Cohort accounted for \$40.7 million in subscription revenue and \$20.0 million in associated costs, representing a contribution margin of \$20.7 million, or a contribution margin percentage of 51%. As of December 31, 2020, the 2018 Cohort accounted for \$46.7 million in subscription revenue and \$17.3 million in associated costs, representing a contribution margin of \$29.4 million, or a contribution margin percentage of 63%.

The performance of the 2018 Cohort may not be representative of the performance of any other group of customers or periods, in particular due to changes in our revenue mix, including between Confluent Platform and Confluent Cloud. We expect that the contribution margin and contribution margin percentage of our customer cohorts will fluctuate from one period to another depending upon the number of customers remaining in each cohort, our ability to increase their subscription revenue, other changes in their subscriptions and changes in our revenue mix, as well as changes in our associated costs. We may not experience similar financial outcomes from future customers. The subscription revenue, associated costs, contribution margins, and contribution margin percentages from other cohorts could vary.

Contribution Margin Reconciliation

We are presenting contribution margin for the 2018 Cohort as a non-GAAP financial measure. Our management uses contribution margin on a cohort basis to understand and evaluate the results of investing to acquire and expand customers. However, as a non-GAAP financial measure, contribution margin by cohort has limitations in its usefulness to investors because it has no standardized meaning prescribed by GAAP and is not prepared under any comprehensive set of accounting rules or principles. Further, the relationship of subscription revenue to associated costs is not necessarily indicative of future performance, and we cannot predict whether future contribution margin analyses will be similar to the above analysis. Contribution margin is not a financial measure of profitability and is not intended to be used as a proxy for the profitability of our business. Other companies may calculate contribution margin differently, and therefore, the analyses of other companies may not be directly comparable to ours. In addition, as discussed above, contribution margin is calculated using allocations for cost of revenue and sales and marketing expenses, and other companies may allocate these costs and expenses in a different manner than we do. These calculations also exclude expenses associated with our 2014 Plan, although equity compensation has been, and will continue to be, an important part of our compensation strategy. We have not yet achieved profitability, and even if our revenue exceeds our associated costs over time, we may not be able to achieve or maintain profitability. As a result, contribution margin by cohort is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for our consolidated financial statements presented in accordance with GAAP. The following table

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presents a reconciliation of our non-GAAP contribution margin for the 2018 Cohort to our gross profit - subscription and should be read together with the description of our calculation of contribution margin for the 2018 Cohort above.

	Year Ended December 31,		
	2018	2019	2020
	(in thousands, except percentages)		
GAAP Gross profit - subscription ⁽¹⁾	\$ 47,093	\$ 101,811	\$ 159,350
Less: Revenue - subscription not associated with the 2018 Cohort ⁽²⁾	(35,393)	(89,515)	(161,942)
Add: Cost of revenue - subscription not allocated to the 2018 Cohort ⁽³⁾	5,964	21,911	41,843
Less: GAAP Sales and marketing expense	(54,531)	(115,792)	(166,361)
Add: Sales and marketing expense not allocated to the 2018 Cohort ⁽⁴⁾	14,362	102,322	156,470
2018 Cohort contribution	<u>\$ (22,505)</u>	<u>\$ 20,737</u>	<u>\$ 29,360</u>
Subscription revenue associated with the 2018 Cohort	<u>\$ 21,012</u>	<u>\$ 40,691</u>	<u>\$ 46,691</u>
2018 Cohort contribution margin	(107)%	51%	63%

(1) GAAP Gross profit - subscription is calculated as follows:

	Year Ended December 31,		
	2018	2019	2020
	(in thousands)		
GAAP Revenue - subscription	\$56,405	\$130,206	\$208,633
Less: GAAP Cost of revenue - subscription	(9,312)	(28,395)	(49,283)
GAAP Gross profit - subscription	<u>\$47,093</u>	<u>\$101,811</u>	<u>\$159,350</u>

(2) Revenue - subscription not associated with the 2018 Cohort is calculated as follows:

	Year Ended December 31,		
	2018	2019	2020
	(in thousands)		
GAAP Revenue - subscription	\$ 56,405	\$130,206	\$208,633
Less: Revenue - subscription associated with the 2018 Cohort	(21,012)	(40,691)	(46,691)
Revenue - subscription not associated with the 2018 Cohort	<u>\$ 35,393</u>	<u>\$ 89,515</u>	<u>\$161,942</u>

(3) Cost of revenue - subscription not allocated to the 2018 cohort is calculated as follows:

	Year Ended December 31,		
	2018	2019	2020
	(in thousands)		
GAAP Cost of revenue - subscription	\$ 9,312	\$28,395	\$49,283
Less: Stock-based compensation expense - cost of revenue - subscription	(327)	(1,161)	(2,572)
Less: Employer taxes on employee stock transactions - cost of revenue - subscription	—	—	(9)
Less: Cost of revenue - subscription allocated to the 2018 Cohort	(3,021)	(5,323)	(4,859)
Cost of revenue - subscription not allocated to the 2018 Cohort	<u>\$ 5,964</u>	<u>\$21,911</u>	<u>\$41,843</u>

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- (4) Sales and marketing expense not allocated to the 2018 Cohort is calculated as follows:

	Year Ended December 31,		
	2018	2019	2020
	(in thousands)		
GAAP Sales and marketing expense	\$ 54,531	\$ 115,792	\$ 166,361
Less: Stock-based compensation expense - sales and marketing	(3,483)	(6,545)	(14,734)
Less: Employer taxes on employee stock transactions - sales and marketing	—	(64)	(271)
Less: Sales and marketing expense allocated to the 2018 Cohort	(36,686)	(6,861)	5,114
Sales and marketing expense not allocated to the 2018 Cohort	<u>\$ 14,362</u>	<u>\$ 102,322</u>	<u>\$ 156,470</u>

Key Business Metrics

We monitor the key business metrics set forth below to help us evaluate our business and growth trends, establish budgets, measure our performance, and make strategic decisions. The calculation of the key metrics discussed below may differ from other similarly titled metrics used by other companies, securities analysts, or investors.

	December 31,		March 31,	
	2019	2020	2020	2021
Remaining performance obligations (in thousands)	\$ 159,595	\$ 261,741	\$ 166,269	\$ 280,911
Customers with \$100,000 or greater in ARR	337	513	374	561
Dollar-based net retention rate	134%	125%	130%	117%

Remaining Performance Obligations

RPO as a metric represents the amount of contracted future revenue that has not yet been recognized as of the end of each period, including both deferred revenue that has been invoiced and non-cancelable committed amounts that will be invoiced and recognized as revenue in future periods. RPO as a metric excludes pay-as-you-go arrangements.

RPO as a metric is not necessarily indicative of future revenue growth because it does not account for the timing of customers' consumption or their consumption of more than their contracted capacity. RPO may also fluctuate due to a number of factors, including the timing of renewals, average contract terms, seasonality, and dollar amount of customer contracts. Due to these factors, it is important to review RPO in conjunction with revenue and other financial metrics disclosed elsewhere in this prospectus.

Customers with \$100,000 or Greater in ARR

We define ARR as the subscription revenue we would contractually expect to receive from customers over the following 12 months assuming no increases or reductions in their subscriptions. ARR excludes services and pay-as-you-go arrangements. Similar to RPO, ARR as a metric is not necessarily indicative of future revenue growth because it does not account for the timing of customers' consumption or their consumption of more than their contracted capacity. Large customer relationships lead to scale and operating leverage in our business model. Compared with smaller customers, large customers present a greater opportunity for us because they have larger budgets, greater potential for migrating more applications over time, and a wider range of potential use cases for data in motion. As a measure of our ability to scale with our customers and attract large enterprises to our offering, we count the number of customers that contributed \$100,000 or greater in ARR as of period end. Our customer count may also fluctuate due to acquisitions, consolidations, spin-offs, and other market activity.

Dollar-Based Net Retention Rate

We calculate our dollar-based net retention rate 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, or Prior Period Value. We then calculate the ARR from these same customers as of the current period end, or Current Period Value, which includes any growth in the value of subscriptions and is net of contraction or attrition over the prior 12 months. Services and pay-as-you-go arrangements are excluded from the calculation of ARR. We then divide the Current Period Value by the Prior Period Value to arrive at our dollar-based net retention rate. The dollar-based net retention rate includes the effect, on a dollar-weighted value basis, of our subscriptions that expand, renew, contract, or attrit, but excludes ARR from new customers in the current period. Our dollar-based net retention rate is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity. We believe that our dollar-based net retention rate provides useful information about the evolution of our existing customers and our future growth prospects.

Components of Results of Operations

Revenue

We derive revenue primarily from subscriptions and, to a lesser extent, services.

Subscription Revenue. Our subscription revenue consists of revenue from term-based licenses that include PCS, which we refer to as Confluent Platform, and our SaaS offering, which we refer to as Confluent Cloud. We recognize a portion of the revenue from our term-based license subscriptions at a point in time, upon delivery and transfer of control of the underlying license to the customer, which is typically the effective start date. Revenue from PCS, which represents a substantial majority of the revenue from our term-based license subscriptions, is recognized ratably over the contract term. The majority of our revenue from Confluent Cloud in 2020 and the three months ended March 31, 2021 was based on usage-based minimum commitments and is recognized on a usage basis, as usage represents a direct measurement of the value to the customer of the subscription transferred as of a particular date relative to the total value to be delivered over the term of the contract. A smaller portion of revenue from Confluent Cloud in 2020 and the three months ended March 31, 2021 was derived from contracts that are not usage-based, with revenue from these contracts recognized ratably over the non-cancelable term of the subscription for such contracts, generally beginning on the date that the service is made available to the customer. In 2019, the majority of our revenue from Confluent Cloud was derived from contracts that are not usage-based, as our usage-based offering for Confluent Cloud became available in late 2019. Our subscriptions are generally non-cancelable and non-refundable, and the substantial majority of them have one-year terms. We also provide pay-as-you-go arrangements, which consist of month-to-month SaaS contracts. These arrangements have historically represented an immaterial portion of our subscription revenue.

Services Revenue. Services revenue consists of revenue from professional services and education services, which are generally sold on a time-and-materials basis. Revenue for professional services and education services is recognized as these services are delivered.

We expect our total revenue may vary from period to period based on, among other things, the timing and size of new subscriptions, the rate of customer renewals and expansions, delivery of professional services, ramp time and productivity of our salesforce, the impact of significant transactions, seasonality, and fluctuations in customer consumption for our usage-based offering.

Cost of Revenue

Cost of Subscription Revenue. Cost of subscription revenue primarily includes personnel-related costs, including salaries, bonuses and benefits, and stock-based compensation, for employees associated with customer support and maintenance, third-party cloud infrastructure costs, amortization of internal-use software, and allocated overhead. We expect our cost of subscription revenue to increase in absolute dollars as our subscription revenue increases.

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Cost of Services Revenue. Cost of services revenue primarily includes personnel-related costs, including salaries, bonuses and benefits, and stock-based compensation, for employees associated with our professional services and education services, travel-related costs, and allocated overhead. We expect our cost of services revenue to increase in absolute dollars as our services revenue increases.

Gross Profit and Gross Margin

Gross Profit. Gross profit represents revenue less cost of revenue.

Gross Margin. Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including the average sales price of our subscriptions and services, changes in our revenue mix, including the mix of revenue between our Confluent Platform, Confluent Cloud, and service offerings, volume-based pricing discounts for purchases of third-party cloud infrastructure costs, and infrastructure optimization. We expect our gross margin to fluctuate over time depending on the factors described above.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel-related costs are the most significant component of each category of operating expenses. Operating expenses also include allocated overhead costs for facilities, information technology, and recruiting.

Research and Development. Research and development expenses consist primarily of personnel-related costs, including salaries, bonuses and benefits, and stock-based compensation, net of capitalized amounts, contractor and professional services fees, software and subscription services dedicated for use by our research and development organization, and allocated overhead. We expect our research and development expenses will continue to increase in absolute dollars as our business grows and we continue to invest in our offering.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel-related costs, including salaries, sales commissions, bonuses and benefits, and stock-based compensation, costs related to marketing programs, travel-related costs, amortization of deferred contract acquisition costs, which consist of sales commissions, and allocated overhead. Marketing programs consist of advertising, events, corporate communications, and brand-building and developer-community activities. We expect our sales and marketing expenses will increase in absolute dollars over time and continue to be our largest operating expense for the foreseeable future as we expand our sales force, increase our marketing resources, and expand into new markets.

General and Administrative. General and administrative expenses consist primarily of personnel-related costs, including salaries, bonuses and benefits, and stock-based compensation for administrative functions including finance, legal, and human resources, professional fees, software and subscription services dedicated for use by our general and administrative functions, and allocated overhead. Following the closing of this offering, we expect to incur additional expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, and increased expenses for investor relations and professional services. We expect that our general and administrative expenses will increase in absolute dollars as our business grows.

As discussed in Note 15 to our consolidated financial statements included elsewhere in this prospectus, we will record a non-cash expense in connection with the donation of 250,000 shares of Class A common stock to our charitable foundation, Confluent.org, upon or after the completion of this offering. We expect to recognize a one-time charge of approximately \$7.8 million related to this donation, estimated based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus. The actual expense recognized may differ as it will be measured based on the fair value of our Class A common stock at the time of donation.

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Interest Income

Interest income consists primarily of interest earned on our cash equivalents and marketable securities.

Other Income (Expense), Net

Other income (expense), net consists primarily of amortization of premiums and accretion of discounts on marketable securities, gains and losses from foreign currency transactions, and realized gains and losses on marketable securities.

Provision for (Benefit from) Income Taxes

Provision for (benefit from) income taxes consists primarily of income taxes in certain foreign and state jurisdictions in which we conduct business. We maintain a full valuation allowance against our U.S. deferred tax assets because we have concluded that it is more likely than not that the deferred tax assets will not be realized.

Results of Operations

The following table sets forth our consolidated results of operations for the periods presented:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Revenue:				
Subscription	\$ 130,206	\$ 208,633	\$ 43,943	\$ 67,992
Services	19,599	27,944	6,961	9,036
Total revenue	<u>149,805</u>	<u>236,577</u>	<u>50,904</u>	<u>77,028</u>
Cost of revenue:				
Subscription ⁽¹⁾	28,395	49,283	11,014	15,757
Services ⁽¹⁾	20,974	26,193	6,799	8,081
Total cost of revenue	<u>49,369</u>	<u>75,476</u>	<u>17,813</u>	<u>23,838</u>
Gross profit	<u>100,436</u>	<u>161,101</u>	<u>33,091</u>	<u>53,190</u>
Operating expenses:				
Research and development ⁽¹⁾	58,090	105,399	19,742	24,313
Sales and marketing ⁽¹⁾	115,792	166,361	38,317	58,509
General and administrative ⁽¹⁾	24,662	122,516	8,415	15,512
Total operating expenses	<u>198,544</u>	<u>394,276</u>	<u>66,474</u>	<u>98,334</u>
Operating loss	<u>(98,108)</u>	<u>(233,175)</u>	<u>(33,383)</u>	<u>(45,144)</u>
Interest income	2,494	4,113	443	844
Other income (expense), net	567	(973)	(307)	(336)
Loss before income taxes	<u>(95,047)</u>	<u>(230,035)</u>	<u>(33,247)</u>	<u>(44,636)</u>
Provision for (benefit from) income taxes	<u>(5)</u>	<u>(207)</u>	<u>388</u>	<u>(110)</u>
Net loss	<u>\$ (95,042)</u>	<u>\$ (229,828)</u>	<u>\$ (33,635)</u>	<u>\$ (44,526)</u>

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(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Cost of revenue - subscription	\$ 1,161	\$ 2,572	\$ 462	\$ 975
Cost of revenue - services	994	1,745	350	544
Research and development	6,268	33,755	2,046	3,511
Sales and marketing	6,545	14,734	2,373	4,976
General and administrative	3,649	90,535	1,220	3,347
Total stock-based compensation expense	<u>\$18,617</u>	<u>\$143,341*</u>	<u>\$ 6,451</u>	<u>\$13,353</u>

* In connection with a tender offer and secondary sales of our common stock and convertible founder stock, stock-based compensation expense for the year ended December 31, 2020 included \$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. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

The following table sets forth our consolidated results of operations expressed as a percentage of revenue for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
Percentage of Revenue Data:				
Revenue:				
Subscription	87%	88%	86%	88%
Services	13	12	14	12
Total revenue	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Cost of revenue:				
Subscription	19	21	22	21
Services	14	11	13	10
Total cost of revenue	<u>33</u>	<u>32</u>	<u>35</u>	<u>31</u>
Gross profit	<u>67</u>	<u>68</u>	<u>65</u>	<u>69</u>
Operating expenses:				
Research and development	39	45	39	32
Sales and marketing	77	70	75	76
General and administrative	16	52	17	20
Total operating expenses	<u>132</u>	<u>167</u>	<u>131</u>	<u>128</u>
Operating loss	(65)	(99)	(66)	(59)
Interest income	2	2	1	1
Other income (expense), net	0	0	0	0
Loss before income taxes	(63)	(97)	(65)	(58)
Provision for (benefit from) income taxes	0	0	1	0
Net loss	<u>(63)%</u>	<u>(97)%</u>	<u>(66)%</u>	<u>(58)%</u>

Comparison of the Three Months Ended March 31, 2020 and 2021

Revenue

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
	(in thousands, except percentages)			
Subscription	\$43,943	\$67,992	\$24,049	55%
Services	6,961	9,036	2,075	30%
Total revenue	<u>\$50,904</u>	<u>\$77,028</u>	<u>\$26,124</u>	51%

Subscription revenue increased by \$24.0 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. Approximately 51% of this increase was from sales to new customers and the remaining increase was attributable to sales to existing customers. Sales to new customers represent the revenue recognized from new customers acquired in the 12 months prior to the reporting date. A further indication of our ability to expand from existing customers is through our dollar-based net retention rate of 117% as of March 31, 2021. We had 561 customers with \$100,000 or greater in ARR as of March 31, 2021, increasing from 374 as of March 31, 2020. Confluent Platform and Confluent Cloud contributed 80% and 20% of our subscription revenue during the three months ended March 31, 2021, respectively, compared to 86% and 14% during the three months ended March 31, 2020, respectively.

Services revenue increased by \$2.1 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This was primarily due to an increase in delivery of professional services as we expanded our professional services organization to help our customers further realize the benefits of our offering.

Cost of Revenue, Gross Profit, and Gross Margin

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
	(in thousands, except percentages)			
Cost of revenue				
Subscription	\$11,014	\$15,757	\$ 4,743	43%
Services	6,799	8,081	1,282	19%
Total cost of revenue	<u>\$17,813</u>	<u>\$23,838</u>	<u>\$ 6,025</u>	34%
Gross profit	\$33,091	\$53,190	\$20,099	61%

	Three Months Ended March 31,	
	2020	2021
Gross margin		
Subscription	75%	77%
Services	2%	11%
Total gross margin	65%	69%

Cost of subscription revenue increased by \$4.7 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily attributable to an increase of \$2.7 million in personnel-related costs, including an increase of \$0.5 million in stock-based compensation expense, as a result of increased headcount, and an increase of \$1.6 million in third-party cloud infrastructure costs.

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Cost of services revenue increased by \$1.3 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily due to an increase of \$1.1 million in personnel-related costs, including an increase of \$0.2 million in stock-based compensation expense, as a result of increased headcount, and an increase of \$0.8 million in consulting services, which were partially offset by a decrease of \$0.4 million in travel-related costs primarily due to COVID-19 travel restrictions.

Our subscription gross margin increased primarily due to higher volume-based discounts for third-party cloud infrastructure costs and infrastructure optimization and the change in our revenue mix. Our services gross margin increased primarily due to the increase in services revenue and decrease in travel-related costs in light of COVID-19 travel restrictions.

Research and Development

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
Research and development	\$19,742	\$24,313	\$4,571	23%
Percentage of revenue	39%	32%		

Research and development expenses increased by \$4.6 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily due to an increase of \$4.2 million in personnel-related expenses, including an increase of \$1.5 million in stock-based compensation expense, net of amounts capitalized, as a result of increased headcount, and an increase of \$0.4 million in internal-use software costs expensed.

Sales and Marketing

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
Sales and marketing	\$38,317	\$58,509	\$20,192	53%
Percentage of revenue	75%	76%		

Sales and marketing expenses increased by \$20.2 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily due to an increase of \$14.1 million in personnel-related expenses, including an increase of \$2.6 million in stock-based compensation expense, as a result of increased headcount, an increase of \$2.7 million of amortization of deferred contract acquisition costs, an increase of \$2.3 million in advertising costs and marketing programs, and an increase of \$1.1 million in sales-related conferences, which were partially offset by a decrease of \$1.1 million in travel-related costs due to COVID-19 travel restrictions.

General and Administrative

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
General and administrative	\$8,415	\$15,512	\$7,097	84%
Percentage of revenue	17%	20%		

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General and administrative expenses increased by \$7.1 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily due to an increase of \$5.7 million in personnel-related expenses, including an increase of \$2.1 million in stock-based compensation expense, as a result of increased headcount, and an increase of \$0.5 million in professional services fees.

Interest Income

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
Interest income	\$ 443	\$ 844	\$401	91%

Interest income increased by \$0.4 million during the three months ended March 31, 2021 compared to the three months ended March 31, 2020 primarily due to the effect of higher marketable securities balances, partially offset by lower returns on marketable securities.

Other Income (Expense), Net

	Three Months Ended March 31,		Change	
	2020	2021	\$	%
Other income (expense), net	\$ (307)	\$ (336)	\$(29)	9%

The change in other income (expense), net during the three months ended March 31, 2021 compared to the three months ended March 31, 2020 was not material.

Comparison of the Years Ended December 31, 2019 and 2020

Revenue

	Year Ended December 31,		Change	
	2019	2020	\$	%
Subscription	\$ 130,206	\$ 208,633	\$78,427	60%
Services	19,599	27,944	8,345	43%
Total revenue	\$ 149,805	\$ 236,577	\$86,772	58%

Subscription revenue increased by \$78.4 million during 2020 compared to 2019. Approximately 33% of this increase was from sales to new customers and the remaining increase was attributable to sales to existing customers. Sales to new customers represent the revenue recognized from new customers acquired in the 12 months prior to the reporting date. A further indication of our ability to expand from existing customers is through our dollar-based net retention rate of 125% as of December 31, 2020. We had 513 customers with \$100,000 or greater in ARR as of December 31, 2020, increasing from 337 as of December 31, 2019. During 2020, we experienced a modest adverse impact on our subscription revenue growth as a result of decreases in customer spending on our offering and a lengthening in the sales cycle for some prospective customers, both primarily due to the effects of the COVID-19 pandemic. Confluent Platform and Confluent Cloud contributed 85% and 15% of our subscription revenue in 2020, respectively, compared to 89% and 11% in 2019, respectively. Our usage-based offering for Confluent Cloud became available in late 2019. As a result, the majority of our revenue from Confluent Cloud in 2020 was derived from usage-based contracts, which is recognized in the period that usage occurs. The majority of our revenue from Confluent Cloud in 2019 was derived from contracts that are not usage-based, which is recognized ratably over the non-cancelable term of the subscription.

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Services revenue increased by \$8.3 million during 2020 compared to 2019. This was primarily due to an increase in delivery of professional services as we expanded our professional services organization to help our customers further realize the benefits of our offering.

Cost of Revenue, Gross Profit, and Gross Margin

	Year Ended December 31,		Change	
	2019	2020	\$	%
(in thousands, except percentages)				
Cost of revenue:				
Subscription	\$ 28,395	\$ 49,283	\$20,888	74%
Services	20,974	26,193	5,219	25%
Total cost of revenue	\$ 49,369	\$ 75,476	\$26,107	53%
Gross profit	\$100,436	\$161,101	\$60,665	60%

	Year Ended December 31,	
	2019	2020
Gross margin:		
Subscription	78%	76%
Services	(7)%	6%
Total gross margin	67%	68%

Cost of subscription revenue increased by \$20.9 million during 2020 compared to 2019. This increase was primarily attributable to an increase of \$9.8 million in personnel-related costs, including an increase of \$1.4 million in stock-based compensation expense as a result of increased headcount, an increase of \$7.3 million in third-party cloud infrastructure costs, and an increase of \$0.8 million in amortization of internal-use software.

Cost of services revenue increased by \$5.2 million during 2020 compared to 2019. This increase was primarily due to an increase of \$6.2 million in personnel-related costs, including an increase of \$0.8 million in stock-based compensation expense as a result of increased headcount, and an increase of \$1.1 million in consulting services, which were partially offset by a decrease of \$1.7 million in travel-related costs primarily due to COVID-19 travel restrictions.

Our subscription gross margin decreased primarily due to the change in our revenue mix as a result of growth in the use of our SaaS offering, Confluent Cloud, and associated increase in third-party cloud infrastructure costs. In addition, our cost of subscription revenue included higher personnel-related costs from headcount growth. Our services gross margin increased primarily due to the increase in services revenue and decrease in travel-related costs in light of COVID-19 travel restrictions.

Research and Development

	Year Ended December 31,		Change	
	2019	2020	\$	%
(in thousands, except percentages)				
Research and development	\$58,090	\$105,399	\$47,309	81%
Percentage of revenue	39%	45%		

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Research and development expenses increased by \$47.3 million during 2020 compared to 2019 primarily due to an increase of \$48.1 million in personnel-related expenses as a result of increased headcount and stock-based compensation expense, partially offset by an increase of \$3.1 million in capitalized internal-use software costs. The increase in personnel-related expenses included an increase of \$27.5 million of stock-based compensation expense, net of amounts capitalized, of which \$23.9 million related to a tender offer and a secondary sale of our common and convertible founder stock during 2020. In these transactions, we facilitated sales by directors, employees, and non-employees to existing and new investors at a per share purchase price in excess of estimated fair value. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

Sales and Marketing

	Year Ended December 31,		Change	
	2019	2020	\$	%
	(in thousands, except percentages)			
Sales and marketing	\$115,792	\$166,361	\$50,569	44%
Percentage of revenue	77%	70%		

Sales and marketing expenses increased by \$50.6 million during 2020 compared to 2019 primarily due to an increase of \$49.5 million in personnel-related expenses as a result of increased headcount and an increase of \$3.3 million in advertising costs and marketing programs, which were partially offset by a decrease of \$5.4 million in travel-related costs due to COVID-19 travel restrictions. The increase in personnel-related expenses included an increase of \$8.5 million of expenses associated with sales commissions, including amortization of deferred contract acquisition costs, as well as an increase of \$8.2 million of stock-based compensation expense, of which \$3.5 million related to the tender offer described under “—Research and Development.” See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

General and Administrative

	Year Ended December 31,		Change	
	2019	2020	\$	%
	(in thousands, except percentages)			
General and administrative	\$24,662	\$122,516	\$97,854	397%
Percentage of revenue	16%	52%		

General and administrative expenses increased by \$97.9 million during 2020 compared to 2019, reflecting an increase of \$95.0 million in personnel-related expenses primarily as a result of an increase of \$86.9 million in stock-based compensation expense, an increase in bad debt expense of \$0.7 million, and an increase of \$0.7 million in professional services fees. The increase in stock-based compensation expense included \$83.9 million related to the tender offer and secondary sales described under “—Research and Development.” See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

Interest Income

	Year Ended December 31,		Change	
	2019	2020	\$	%
	(in thousands, except percentages)			
Interest income	\$2,494	\$4,113	\$1,619	65%

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Interest income increased by \$1.6 million during 2020 compared to 2019 primarily due to the effect of higher cash, cash equivalents, and marketable securities balances, partially offset by lower returns on marketable securities.

Other Income (Expense), Net

	Year Ended December 31,		Change	
	2019	2020	\$	%
Other income (expense), net	\$567	\$(973)	\$(1,540)	(272)%

(in thousands, except percentages)

Other income (expense), net decreased by \$1.5 million during 2020 compared to 2019 primarily due to an increase in net amortization (accretion) of premiums (discounts) on marketable securities, partially offset by gains from foreign currency transactions.

Quarterly Results of Operations

The following tables summarize our selected unaudited quarterly consolidated statements of operations data and the percentage of revenue that each line item represents for each of the nine quarters in the period ended March 31, 2021. The information for each of these quarters has been prepared on the same basis as our audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future.

Consolidated Statements of Operations Data

	Three Months Ended								
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	(in thousands)								
Revenue:									
Subscription	\$ 24,979	\$ 28,906	\$ 34,514	\$ 41,807	\$ 43,943	\$ 46,973	\$ 54,498	\$ 63,219	\$ 67,992
Services	4,196	5,128	3,982	6,293	6,961	6,879	6,999	7,105	9,036
Total revenue	<u>29,175</u>	<u>34,034</u>	<u>38,496</u>	<u>48,100</u>	<u>50,904</u>	<u>53,852</u>	<u>61,497</u>	<u>70,324</u>	<u>77,028</u>
Cost of revenue:									
Subscription(1)	4,900	6,099	7,718	9,678	11,014	11,734	12,373	14,162	15,757
Services(1)	3,918	4,952	5,527	6,577	6,799	5,956	6,683	6,755	8,081
Total cost of revenue	<u>8,818</u>	<u>11,051</u>	<u>13,245</u>	<u>16,255</u>	<u>17,813</u>	<u>17,690</u>	<u>19,056</u>	<u>20,917</u>	<u>23,838</u>
Gross profit	<u>20,357</u>	<u>22,983</u>	<u>25,251</u>	<u>31,845</u>	<u>33,091</u>	<u>36,162</u>	<u>42,441</u>	<u>49,407</u>	<u>53,190</u>
Operating expenses:									
Research and development(1)	10,227	13,202	16,609	18,052	19,742	18,875	44,921	21,861	24,313
Sales and marketing(1)	21,060	25,809	31,037	37,886	38,317	36,447	43,759	47,838	58,509
General and administrative(1)	4,725	5,924	6,398	7,615	8,415	8,334	93,758	12,009	15,512
Total operating expenses	<u>36,012</u>	<u>44,935</u>	<u>54,044</u>	<u>63,553</u>	<u>66,474</u>	<u>63,656</u>	<u>182,438</u>	<u>81,708</u>	<u>98,334</u>
Operating loss	<u>(15,655)</u>	<u>(21,952)</u>	<u>(28,793)</u>	<u>(31,708)</u>	<u>(33,383)</u>	<u>(27,494)</u>	<u>(139,997)</u>	<u>(32,301)</u>	<u>(45,144)</u>
Interest income	656	643	647	548	443	1,303	1,259	1,108	844
Other income (expense), net	435	(75)	(176)	383	(307)	(211)	(153)	(302)	(336)
Loss before income taxes	<u>(14,564)</u>	<u>(21,384)</u>	<u>(28,322)</u>	<u>(30,777)</u>	<u>(33,247)</u>	<u>(26,402)</u>	<u>(138,891)</u>	<u>(31,495)</u>	<u>(44,636)</u>
Provision for (benefit from) income taxes	79	(40)	121	(165)	388	(106)	(750)	261	(110)
Net loss	<u>\$(14,643)</u>	<u>\$(21,344)</u>	<u>\$(28,443)</u>	<u>\$(30,612)</u>	<u>\$(33,635)</u>	<u>\$(26,296)</u>	<u>\$(138,141)</u>	<u>\$(31,756)</u>	<u>\$(44,526)</u>

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(1) Includes stock-based compensation expense as follows:

	Three Months Ended								March 31, 2021
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
	(in thousands)								
Cost of revenue - subscription	\$ 136	\$ 204	\$ 366	\$ 455	\$ 462	\$ 524	\$ 883	\$ 703	\$ 975
Cost of revenue - services	102	160	324	408	350	312	671	412	544
Research and development	1,137	1,310	1,803	2,018	2,046	2,250	26,522	2,937	3,511
Sales and marketing	1,015	1,384	1,914	2,232	2,373	2,735	6,379	3,247	4,976
General and administrative	728	848	993	1,080	1,220	1,251	85,619	2,445	3,347
Total stock-based compensation expense	\$ 3,118	\$ 3,906	\$ 5,400	\$ 6,193	\$ 6,451	\$ 7,072	\$ 120,074	\$ 9,744	\$ 13,353

In connection with a tender offer and secondary sales of our common stock and convertible founder stock, stock-based compensation expense for the three months ended September 30, 2020 included \$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. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for further details.

Percentage of Revenue Data

	Three Months Ended								March 31, 2021
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Revenue:									
Subscription	86%	85%	90%	87%	86%	87%	89%	90%	88%
Services	14	15	10	13	14	13	11	10	12
Total revenue	100	100	100	100	100	100	100	100	100
Cost of revenue:									
Subscription	17	17	20	20	22	22	20	20	21
Services	13	15	14	14	13	11	11	10	10
Total cost of revenue	30	32	34	34	35	33	31	30	31
Gross profit	70	68	66	66	65	67	69	70	69
Operating expenses:									
Research and development	35	40	44	37	39	35	74	31	32
Sales and marketing	72	76	81	79	75	68	71	68	76
General and administrative	16	17	17	16	17	15	152	17	20
Total operating expenses	123	133	142	132	131	118	297	116	128
Operating loss	(53)	(65)	(76)	(66)	(66)	(51)	(228)	(46)	(59)
Interest income	2	2	2	1	1	2	2	1	1
Other income (expense), net	1	0	0	1	0	0	0	0	0
Loss before income taxes	(50)	(63)	(74)	(64)	(65)	(49)	(226)	(45)	(58)
Provision for (benefit from) income taxes	0	0	0	0	1	0	(1)	0	0
Net loss	(50)%	(63)%	(74)%	(64)%	(66)%	(49)%	(225)%	(45)%	(58)%

Quarterly Revenue Trends

Our quarterly subscription revenue increased sequentially for all periods presented due to renewals and expansion of existing customers and the addition of new customers. Our quarterly services revenue generally increased sequentially for all periods presented, other than the three months ended September 30, 2019, primarily as a result of timing of delivery of professional services and education services. We have in the past and expect in the future to experience seasonal fluctuations in our sales from time to time with the fourth quarter historically being our strongest quarter for new customer sales, renewals, and expansion as a result of large enterprise buying patterns. We have also experienced, and expect to continue to experience, fluctuations in revenue from our usage-based offering, as the amount and timing of revenue recognition is driven by customer usage. In addition, we may experience greater variability and reduced comparability of our quarterly revenue with respect to contracts that contain a term-based license, given that revenue associated with such licenses is recognized at a point in time, upon delivery and transfer of control of the underlying license to the customer.

Quarterly Cost of Revenue Trends

Our quarterly cost of revenue generally increased sequentially as a result of increased personnel-related costs as we continued to build out our customer support and services organization and increased third-party cloud infrastructure costs from the increase in usage of Confluent Cloud.

Quarterly Gross Margin Trends

Fluctuations in our quarterly gross margin were primarily driven by changes in our revenue mix. In particular, we experienced a shift in the mix of subscriptions sold to our customers as our revenue from Confluent Cloud as a percentage of our total revenue increased. Despite this shift and resulting increase in associated third-party cloud infrastructure costs, our gross margin generally improved since 2019 primarily due to higher volume-based discounts for third-party cloud infrastructure and infrastructure optimization.

Quarterly Expense Trends

Total operating expenses generally increased sequentially for all periods presented primarily due to the addition of personnel in connection with the expansion of our business. However, as a result of the COVID-19 pandemic, we have seen slower growth in certain operating expenses due to reduced business travel, the virtualization or cancellation of customer and employee events, and a reduced pace of employee hiring during the second and third quarters of 2020, which began ramping up by the end of the third quarter of 2020. Operating expenses also decreased from the three months ended September 30, 2020 to the three months ended December 31, 2020 as a result of stock-based compensation expense recognized in connection with the tender offer and secondary sales during the three months ended September 30, 2020.

Liquidity and Capital Resources

As of December 31, 2020, and March 31, 2021, we had cash, cash equivalents, and marketable securities totaling \$288.5 million and \$280.1 million, respectively. Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our marketable securities consist of corporate notes and bonds, commercial paper, U.S. agency obligations, and municipal bonds.

To date, we have financed our operations principally through proceeds from sales of our redeemable convertible preferred stock and payments received from our customers. We believe our existing cash, cash equivalents, and marketable securities will be sufficient to fund our operating and capital needs for at least the next 12 months.

We have generated significant operating losses and negative cash flows from operations. As of December 31, 2020 and March 31, 2021, we had an accumulated deficit of \$406.1 million and \$450.6 million,

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respectively. We expect to continue to incur operating losses and negative cash flows from operations in the future and may require additional capital resources to execute strategic initiatives to grow our business. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing and international operations, and the continuing market acceptance of our subscriptions and services. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Net cash used in operating activities	\$ (68,834)	\$ (82,057)	\$ (31,031)	\$ (19,989)
Net cash provided by (used in) investing activities	\$ 35,641	\$ (176,859)	\$ (15,046)	\$ 13,845
Net cash provided by financing activities	\$ 13,432	\$ 276,758	\$ 227,025	\$ 13,460

Cash Flows from Operating Activities

We generally invoice our customers annually in advance for our term-based licenses and either annually in advance or monthly in arrears for our SaaS offering. Our largest source of operating cash is payments received from our customers. We have in the past and expect in the future to experience seasonality, with the fourth quarter historically being our strongest quarter for new customer sales, renewals, and expansion as a result of large enterprise buying patterns. Accordingly, the operating cash flow benefit from increased collections from our customers generally occurs in the subsequent one to two quarters after billing. We expect seasonality, timing of billings, and collections from our customers to have a material impact on our cash flow from operating activities from period to period. Our primary uses of cash from operating activities are for personnel-related expenses, sales and marketing expenses, third-party cloud infrastructure costs, and overhead expenses.

Cash used in operating activities mainly consists of our net loss adjusted for certain non-cash items, including depreciation and amortization expense, amortization (accretion) of premiums (discounts) on marketable securities, amortization of deferred contract acquisition costs, non-cash operating lease costs, stock-based compensation expense, net of amounts capitalized, deferred income taxes, and changes in operating assets and liabilities during each period.

Cash used in operating activities of \$20.0 million for the three months ended March 31, 2021 primarily consisted of our net loss of \$44.5 million, adjusted for non-cash charges of \$22.9 million and net cash inflows of \$1.6 million from changes in our operating assets and liabilities. Our non-cash charges included \$13.4 million of stock-based compensation expense, net of amounts capitalized, \$5.5 million of amortization of deferred contract acquisition costs, and \$2.9 million of non-cash operating lease costs. The main drivers of the changes in operating assets and liabilities were a \$9.6 million increase in deferred revenue corresponding with our increased sales and a \$5.7 million decrease in accounts receivable due to timing of billings and collections, particularly from our strong sales in the fourth quarter of 2020, as well as an improvement in our days sales outstanding excluding the impact of unbilled receivables, or DSO, from 109 days in the three months ended March 31, 2020 to 96 days in the three months ended March 31, 2021, partially offset by a \$10.9 million increase in deferred contract acquisition costs due to our increased sales and a \$2.7 million decrease in operating lease liabilities due to payments related to our operating lease obligations.

Cash used in operating activities of \$31.0 million for the three months ended March 31, 2020 primarily consisted of our net loss of \$33.6 million, adjusted for non-cash charges of \$12.9 million and net cash outflows of \$10.3 million from changes in our operating assets. Our non-cash charges included \$6.5 million of stock-based

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compensation expense, net of amounts capitalized, \$3.1 million of non-cash operating lease costs, and \$2.9 million of amortization of deferred contract acquisition costs. The main drivers of the changes in operating assets and liabilities were a \$9.1 million increase in accounts receivable due to overall growth of our sales and our expanding customer base, a \$5.5 million increase in deferred contract acquisition costs due to our increased sales, and a \$5.0 million decrease in accounts payable and accrued expenses and other liabilities due to timing of payments, partially offset by an \$11.4 million increase in deferred revenue corresponding with our increased sales.

Cash used in operating activities of \$82.1 million for 2020 primarily consisted of our net loss of \$229.8 million, adjusted for non-cash charges of \$173.5 million, and net cash outflows of \$25.7 million from changes in our operating assets and liabilities. Our non-cash charges included \$143.3 million of stock-based compensation expense (\$111.9 million of which related to a tender offer and secondary sales transactions involving purchase prices in excess of estimated fair value of the shares sold), net of amounts capitalized, \$16.0 million of amortization of deferred contract acquisition costs, and \$11.9 million of non-cash operating lease costs. The main drivers of the changes in operating assets and liabilities were a \$41.6 million increase in accounts receivable due to our increased sales and expanding customer base, partially offset by a decrease in our DSO excluding the impact of unbilled receivables of 116 days in 2019 to 113 days in 2020, and a \$38.1 million increase in deferred contract acquisition costs due to our increased sales. These amounts were partially offset by a \$64.1 million increase in deferred revenue corresponding with our increased sales.

Cash used in operating activities of \$68.8 million for 2019 primarily consisted of our net loss of \$95.0 million, adjusted for non-cash charges of \$27.8 million and net cash outflows of \$1.6 million from changes in our operating assets and liabilities. Our non-cash charges included \$18.6 million of stock-based compensation expense, net of amounts capitalized, and \$8.9 million of amortization of deferred contract acquisition costs. The main drivers of the changes in operating assets and liabilities were a \$27.1 million increase in accounts receivable and a \$19.7 million increase in deferred contract acquisition costs due to our increased sales and expanding customer base. These amounts were partially offset by a \$41.0 million increase in deferred revenue corresponding with our increased sales.

Cash Flows from Investing Activities

Cash provided by investing activities of \$13.8 million for the three months ended March 31, 2021 was primarily due to maturities of marketable securities of \$56.8 million, offset by purchases of marketable securities of \$41.7 million, purchases of property and equipment of \$0.6 million, and capitalized internal-use software development costs of \$0.6 million.

Cash used in investing activities of \$15.0 million for the three months ended March 31, 2020 was primarily due to net purchases, sales, and maturities of marketable securities totaling \$13.7 million and capitalized internal-use software development costs of \$1.0 million.

Cash used in investing activities of \$176.9 million for 2020 was due to purchases of marketable securities of \$329.6 million, capitalized internal-use software development costs of \$3.6 million, and purchases of property and equipment of \$1.0 million, partially offset by sales and maturities of marketable securities totaling \$157.4 million.

Cash provided by investing activities of \$35.6 million for 2019 was primarily due to net maturities, sales, and purchases of marketable securities totaling \$38.3 million, partially offset by purchases of property and equipment of \$2.0 million and capitalized internal-use software development costs of \$1.0 million.

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Cash Flows from Financing Activities

Cash provided by financing activities of \$13.5 million for the three months ended March 31, 2021 was due to \$13.6 million in proceeds from the issuance of common stock upon exercises of stock options, net of repurchases, offset by payments of deferred offering costs of \$0.2 million.

Cash provided by financing activities of \$227.0 million for the three months ended March 31, 2020 was due to \$225.0 million in net proceeds from the issuance of our Series E redeemable convertible preferred stock and \$2.0 million in proceeds from the issuance of common stock upon exercises of stock options, net of repurchases.

Cash provided by financing activities of \$276.8 million for 2020 was primarily due to \$259.8 million in net proceeds from the issuance of our Series E redeemable convertible preferred stock and \$17.1 million in proceeds from the issuance of common stock upon exercises of stock options, net of repurchases.

Cash provided by financing activities of \$13.4 million for 2019 was due to proceeds from the issuance of common stock upon exercises of stock options, net of repurchases.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2020:

	Payments Due by Period				More than 5 Years
	Total	Less than 1 Year	1-3 Years (in thousands)	3-5 Years	
Operating lease commitments	\$ 56,798	\$ 12,482	\$ 18,406	\$ 18,679	\$ 7,231
Purchase obligations	167,224	44,759	80,965	41,500	—
Total	<u>\$224,022</u>	<u>\$ 57,241</u>	<u>\$ 99,371</u>	<u>\$ 60,179</u>	<u>\$ 7,231</u>

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum, or variable price provisions, and the approximate timing of the actions under the contracts. Our operating lease commitments, net of sublease receipts, relate primarily to our office space. Our purchase obligations relate to non-cancelable agreements for third-party cloud infrastructure agreements, under which we are granted access to use certain cloud services. As of March 31, 2021, there have been no material changes to our contractual obligations and commitments since December 31, 2020. Our long-term purchase commitments may be satisfied earlier than in the payment periods presented above as we continue to grow and scale our business.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. We have operations both within the United States and internationally, and we are exposed to market risk in the ordinary course of our business.

Interest Rate Risk

As of March 31, 2021, we had \$280.1 million of cash, cash equivalents, and marketable securities in a variety of securities, including money market funds, corporate notes and bonds, commercial paper, U.S. agency obligations, and municipal bonds. In addition, we had \$1.0 million of restricted cash as of March 31, 2021 in support of letters of credit in connection with non-cancelable operating lease agreements for our office spaces. Our cash, cash equivalents, and marketable securities are held for working capital purposes. We do not enter into investments for trading or speculative purposes. The effect of a hypothetical 10% relative change in interest rates would not have a material impact on our financial condition, results of operations, or cash flows for the periods presented.

Foreign Currency Risk

Our reporting currency and the functional currency of our wholly-owned foreign subsidiaries is the U.S. dollar. All of our sales contracts are denominated in U.S. dollars, and therefore our revenue is not currently subject to significant foreign currency risk. A portion of our operating expenses is incurred outside the United States and denominated in foreign currencies and is subject to fluctuations due to changes in foreign exchange rates. Additionally, fluctuations in foreign exchange rates may cause us to recognize additional transaction gains and losses in our consolidated statements of operations. The effect of a hypothetical 10% relative change in foreign exchange rates would not have a material impact on our financial condition, results of operations, or cash flows for the periods presented. Given that the impact of foreign exchange rates has not been material to our historical results of operations, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency should become more significant. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign exchange rates.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this prospectus are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our financial condition, results of operations, and cash flows will be affected.

We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We generate revenue from the sale of subscriptions and services. Subscription revenue consists of revenue from term-based licenses that include post-contract customer support, maintenance, and upgrades, referred to together as PCS, which we refer to as Confluent Platform, and our SaaS offering, which we refer to as Confluent Cloud. Confluent Cloud customers may purchase subscriptions either without a minimum commitment contract on a month-to-month basis, which we refer to as pay-as-you-go, or under a usage-based minimum commitment contract of at least one year in duration, in which customers commit to a fixed minimum monetary amount at specified per-usage rates. Our pay-as-you-go arrangements have historically represented an immaterial portion of revenue. We primarily enter into subscription contracts with one-year terms, and subscription contracts are generally non-cancelable and non-refundable, although customers can terminate for breach if we materially fail

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to perform. Services revenue consists of revenue from professional services and education services. We generate sales of our subscriptions and services through our sales teams, self-service channel, and partner ecosystem.

The consolidated financial statements reflect our accounting for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, or ASC 606. Under ASC 606, we recognize revenue when customers obtain control of promised subscriptions or services in an amount that reflects the consideration that we expect to receive in exchange for those subscriptions or services. In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements, the following steps are performed:

(i) identification of the contract with a customer

We generally contract with customers through order forms, which are governed by master sales agreements. We determine that we have a contract with a customer when there is a signed agreement, including by electronic acceptance or acceptance of a purchase order as a contractual agreement, each party's rights regarding the subscriptions or services to be transferred and the payment terms for the services can be identified, we have determined the customer has the ability and intent to pay, and the contract has commercial substance. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, reputation, and financial or other information pertaining to the customer.

When a contract is entered into, we evaluate whether the contract is part of a larger arrangement and should be accounted for with other contracts, and whether the combined or single contract includes more than one performance obligation.

(ii) identification of the performance obligations in the contract

Performance obligations are identified based on the subscriptions and services that will be transferred to the customer that are both (1) capable of being distinct, whereby the customer can benefit from the subscriptions or services either on their own or together with other resources that are readily available from third parties or from us, and (2) are distinct in the context of the contract, whereby the transfer of the subscriptions and services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised subscriptions or services, we apply judgment to determine whether promised subscriptions or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, or if performance obligations follow the same pattern of recognition, the promised subscriptions or services are accounted for as a combined performance obligation. We have concluded that our contracts with customers do not contain warranties that give rise to a separate performance obligation.

(iii) measurement of the transaction price

The transaction price is the total amount of consideration we expect to be entitled to in exchange for the subscriptions and services in a contract. The transaction price in a usage-based SaaS contract is typically equal to the minimum commitment in the contract, less any discounts provided. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Our contracts do not contain a significant financing component.

(iv) allocation of the transaction price to the performance obligations

If a contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, we allocate the transaction price using a relative standalone selling price, or SSP, allocation based on a point estimate of the SSPs of each performance obligation. We also consider if there are any additional material rights inherent in a contract, and if so, we allocate revenue to the material right as a performance obligation. We determine each SSP based on

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multiple factors, including past history of selling such performance obligations as standalone subscriptions and services. In cases where directly observable standalone sales are not available, such as when license and PCS are not sold on a standalone basis, we establish the SSP by considering the license and PCS provided within a bundle and by considering the historical selling price of performance obligations in similar transactions as well as other factors including but not limited to our pricing of similar subscriptions and services, other software vendors' pricing, other aspects of the performance obligations, and current pricing practices, which can require significant judgment and are subject to change based on continuous reevaluation. There is typically more than one SSP for individual subscriptions and services due to the stratification of subscription support tiers and services.

(v) recognition of revenue when we satisfy each performance obligation

We recognize revenue at the time the related performance obligation is satisfied, in an amount that reflects the consideration we expect to be entitled to in exchange for those subscriptions or services. We record revenue net of any withholding, value added, or sales tax, as well as any discounts or marketing development funds.

Subscription Revenue

Our subscription revenue includes revenue from Confluent Platform for licenses sold in conjunction with PCS. The license provides the right to use licensed proprietary software features, which represents significant standalone functionality and is therefore deemed a distinct performance obligation. License revenue is recognized at a point in time, upon delivery and transfer of control of the underlying license to the customer, which is typically the effective start date. Revenue from PCS is based on its continuous pattern of transfer to the customer and therefore is recognized ratably over the contract term.

Our subscription revenue also includes revenue from Confluent Cloud for our usage-based minimum commitment and pay-as-you-go offering, which is recognized on a usage basis, as usage represents a direct measurement of the value to the customer of the subscription transferred as of a particular date relative to the total value to be delivered over the term of the contract. For contracts that are not usage-based, revenue from Confluent Cloud is recognized ratably over the non-cancelable contractual term of the arrangement, generally beginning on the date that the service is made available to the customer.

Services Revenue

Our services revenue includes revenue from professional services and education services, which are generally sold on a time-and-materials basis. We recognize the associated revenue as services are delivered.

Deferred Contract Acquisition Costs

Sales commissions earned by our sales force and the associated payroll taxes are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for new revenue contracts, including incremental sales to existing customers, are deferred and then amortized over an estimated period of benefit, which we have determined to be five years. To determine the period of benefit, we consider our technology development cycle, the cadence of software releases, the nature of our customer contracts, the duration of customer relationships, and the expected renewal period. Sales commissions for renewal contracts (which are not considered commensurate with sales commissions for new revenue contracts and incremental sales to existing customers) are deferred and then amortized over the renewal contract term. Amortization of deferred contract acquisition costs are included in sales and marketing expenses in the consolidated statements of operations. We periodically review the carrying amount of deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred costs.

Stock-Based Compensation

We record stock-based compensation expense in connection with all stock-based awards, including stock options and RSUs, granted to employees and non-employees based on the fair value of the awards granted. The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model. For awards that vest based only on continuous service, stock-based compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of four years. We also grant certain awards that have both a service-based and a performance-based vesting condition. Stock-based compensation expense for such awards is recognized using the accelerated attribution method over the requisite service period when it is probable the performance-based vesting condition will be achieved. The performance-based vesting condition is satisfied upon the sale of our common stock in a firm commitment underwritten public offering. If an award contains a provision whereby vesting is accelerated upon a change in control, we recognize stock-based compensation expense on a straight-line basis, as a change in control is considered to be outside of our control and is not considered probable until it occurs. Forfeitures are accounted for as they occur.

The Black-Scholes option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent management’s best estimates. These estimates involve inherent uncertainties and the application of management’s judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

- *Fair value of the underlying common stock.* Because our common stock is not yet publicly traded, we must estimate the fair value of common stock, as discussed in the section titled “—Common Stock Valuations” below.
- *Expected term.* We determine the expected term for stock options that have only service-based vesting conditions based on the period the stock options are expected to be outstanding using the simplified method, calculated as the average of the time-to-vesting and the contractual life of the options. For other option grants, we estimate the expected term using historical data on employee exercises and post-vesting employment termination behavior, considering the contractual life of the award.
- *Expected volatility.* Since we do not have a trading history of our common stock, we derive the expected volatility at the grant date from the average historical volatilities of public companies within our industry over a period equal to the expected term of the options.
- *Risk-free interest rate.* We use the implied yield available on U.S. Treasury zero-coupon notes with maturities equivalent to the option’s expected term.
- *Expected dividend yield.* We utilize a dividend yield of zero, as we do not currently issue dividends, nor do we expect to do so in the future.

The following table summarizes the weighted-average assumptions used to estimate the fair value of stock options granted during the periods presented:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
Expected term (in years)	6.04	6.17	6.03	6.11
Expected volatility	59.0%	68.3%	60.0%	67.0%
Risk-free interest rate	1.8%	0.5%	1.5%	1.1%
Expected dividend yield	0%	0%	0%	0%

Common Stock Valuations

The fair value of the common stock underlying our stock-based awards has historically been determined by our board of directors, with input from management and contemporaneous independent third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors include:

- the prices, rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the prices paid for common or redeemable convertible preferred stock sold to third-party investors by us and prices paid in tender offers or secondary transactions;
- lack of marketability of our common stock;
- our operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- the history of the company and the introduction of new products;
- our stage of development;
- likelihood of achieving a liquidity event, such as an initial public offering, a merger, or acquisition of our company given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- U.S. and global capital market conditions.

The fair value of our common stock was determined using various valuation methods, including a combination of the income and market approach. The income approach estimates value based on the expectation of future cash flows that we will generate. These future cash flows are discounted to their present values using a discount rate that is derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or those with similar business operations and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of our company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to our financial forecasts to estimate the value of our company.

For each valuation, the fair value, or equity value, of our business determined by the income and market approaches was then allocated to the common stock using either the option-pricing method, or OPM, or a hybrid of the probability-weighted expected return method, or PWERM, and OPM methods. Our valuations prior to December 31, 2020 were allocated based on the OPM. Beginning December 31, 2020, our valuations were allocated based on a hybrid method of the PWERM and the OPM.

Application of these approaches and methodologies involves the use of estimates, judgments, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable public companies, and the probability of and timing associated with possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations and may have a material impact on the valuation of our common stock.

For valuations after the closing of this offering, our board of directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant.

Preliminary Offering Price and Equity Awards Granted Subsequent to March 31, 2021

Based on the assumed initial public offering price per share of \$31.00, which is the midpoint of the price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of March 31, 2021 was \$2,038.2 million, with \$748.8 million related to vested stock options.

Subsequent to March 31, 2021, we granted stock options to purchase up to 3,586,053 shares of Class B common stock with a weighted-average exercise price of \$20.69 per share which generally vest over a period of four years. Based on the grant-date fair value of these stock options, we will recognize approximately \$52.1 million of stock-based compensation expense related to these stock options generally over the requisite service period of approximately four years, during which time the grants will vest periodically, subject to continuous service of the holder with us. We expect to recognize \$2.2 million of stock-based compensation expense for these options on a straight-line basis during the three months ended June 30, 2021.

Subsequent to March 31, 2021, we granted 4,070,219 shares of Class B common stock issuable upon the vesting and settlement of RSUs, subject to a service-based vesting condition as well as a performance-based vesting condition that will be satisfied in connection with this offering. Based on the grant-date fair value of these RSUs, we will recognize approximately \$117.6 million of stock-based compensation expense related to these RSUs using the accelerated attribution method generally over the requisite service period of approximately four years, during which time the grants will vest periodically, subject to continuous service of the holder with us. We expect to recognize \$7.9 million of stock-based compensation expense for these RSUs during the three months ended June 30, 2021, assuming completion of this offering prior to June 30, 2021 resulting in the satisfaction of the performance-based vesting condition. Using the accelerated attribution method in recognizing stock-based compensation expense for these RSUs, expense for each vesting tranche in an award is recognized ratably from the grant date to the vesting date for that tranche, resulting in acceleration of expense recognition as compared to recognition on a straight-line basis. As a result, we expect to recognize a relatively larger amount of stock-based compensation expense relating to these RSUs in upcoming quarters as compared to later quarters in the vesting period. To illustrate, we expect to recognize approximately \$63.6 million of stock-based compensation expense related to these RSUs for the four fiscal quarters ended June 30, 2022, assuming (i) completion of this offering prior to June 30, 2021, (ii) no RSUs are cancelled or forfeited during such period, and (iii) no additional RSUs are granted during such period. The remaining \$46.1 million of stock-based compensation expense would be recognized over the remainder of the four year requisite service period of the RSUs.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and accounting pronouncements not yet adopted.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act for the adoption of certain accounting standards until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Founder's Letter



LETTER FROM JAY KREPS

There is a saying that “a fox knows many things, but a hedgehog knows one big thing.” Confluent is a company that knows a very big thing, and I want to tell you a little bit about how we came to know it.

I got my start in this area while working at LinkedIn, helping them to rebuild their data infrastructure in the late 2000s. At that time there was a revolution happening in the practical knowledge of how to build distributed systems and cloud infrastructure, but there was little available commercially or as open source. We had to build what we needed from scratch.

What struck us at the time was that although there were a hundred different technologies for storing data, our most acute need was not a problem of data storage. What we needed to do was to unite all the different applications and data stores that made up a global social network into one coherent system, one that could react and respond continuously and in real-time to everything that occurred across a complex fabric of interconnected software systems. This need seemed like it would be a common enough problem, so we assumed that surely there must be some product or technology that addressed it and that we must just be ignorant of it. But there wasn't! We spent years trying out existing products, reading through computer science papers, and brainstorming around this topic. What we came to realize was that no off-the-shelf solution existed. Perhaps more surprisingly, though this problem was really at the heart of creating a unified digital business, it hadn't received even a fraction of the commercial or intellectual investment that data storage and databases had. When we realized this, we started to build.

A small team consisting of Jun Rao, Neha Narkhede, and myself, who later became the three co-founders of Confluent, built an initial version of an internal system called Kafka. We rolled it out at scale for early use cases at LinkedIn, handling data streams with billions of messages. But even then, our ambition was bigger. Kafka was built to be open source, and we wanted it to do much more than serve one use case in one company. Over the years we improved the software to handle hundreds and then thousands of use cases, donated it to the Apache Software Foundation, and helped to build the community of users and developers in the Silicon Valley tech world who were the initial adopters.

We found that these other companies were struggling with the same problems, and many of the biggest tech companies started to move to an architecture built around real-time streams—what we'd now call data in motion.

These tech companies were at the forefront of having businesses that are fully represented in software end-to-end. As a result, their applications were really different. They weren't just made up of disjointed, disconnected parts. All the pieces of software had to integrate to carry out the activity of the business—to interact with users and execute the underlying business processes. In a company like that, it isn't enough for data to sit in a pile, it has to flow continuously between all the other software systems that need it all the time.

As we were doing this we started to talk with companies well beyond the world of Silicon Valley tech, and we found that they were facing the same problems. They had the same pressures to evolve the digital side of their businesses, to integrate across existing applications and new initiatives. They, too, lacked the infrastructure to accomplish this. We knew that soon enough the emerging blueprint for tech companies would be the blueprint for all companies. We also knew this would be an opportunity we couldn't let pass by, and we founded Confluent to address it.

Confluent is seen from the outside as a company that has grown very fast, and in some ways that is true. We take very seriously the full scope of the opportunity before us and we want to get to scale as quickly as possible to be able to capture it. But in another sense, we are moving very deliberately against a plan that has existed for longer than the company itself. Much of what we set out to build, and indeed much of what we are still building, was in our initial pitch deck for the company. Creating software systems that can operate at scale and serve in this foundational role in companies is a long-term journey. We are lucky to have a problem worthy of that

attention and a team built carefully over the years to accomplish this goal. We think we are still in the very earliest stages of what is possible.

Today the data architecture of a company is as important in the company's operations as the physical real estate, org chart, or any other blueprint for the business. This is the underpinning of a modern digital customer experience, and the key to harnessing software to drive intelligent, efficient operations. Companies that get this right will be the leaders in their industries in the decades ahead. We know that there is a foundational missing layer at the heart of data infrastructure that allows companies to harness data as it occurs—data in motion—and that this is critical in the next evolution of the architecture of companies. We think this new stack will evolve to be the central nervous system of every company and will be the single most strategic layer in the modern data world.

Confluent is a company created to accomplish that goal. We're here to set data in motion.

Jay Kreps
Chief Executive Officer and Co-Founder

Business



BUSINESS

Overview

Confluent is on a mission to set data in motion. We have pioneered a new category of data infrastructure designed to connect all the applications, systems, and data layers of a company around a real-time central nervous system. This new data infrastructure software has emerged as one of the most strategic parts of the next-generation technology stack, and using this stack to harness data in motion is critical to the success of modern companies as they strive to compete and win in the digital-first world.

Our way of life has shifted to a digital-first paradigm, and the digital realm has become the new competitive battlefield in the global economy. In order to compete and win in today's world, organizations must continually innovate on software systems that are increasingly critical to how they do business.

Being digital-first is not just a matter of adding an application or automating an existing process. It is an end-to-end reimagining of business. It means creating rich, digital front-end customer experiences as a primary way of interacting with customers. It means transitioning to real-time, software-driven back-end operations as a business. In retail, this is the difference between accurate inventory tracking across multiple channels to ensure a consumer can have an up-to-date snapshot of what is actually in-store, versus leaving a consumer disappointed on arrival when the product that they thought was available is out-of-stock. In manufacturing, this is the difference between harnessing a real-time flow of data from IoT sensors to deliver predictive maintenance and reduce downtime, versus episodic, manual inspections of equipment.

This is a matter of life or death for companies. Tech disruptors are delivering rich, digital customer experiences and setting the standard for customer expectations. Businesses in every industry are in full mobilization to rebuild their businesses around the new experiences made possible with software and data. Organizations that get it right can experience stronger growth and improved customer loyalty and gain significant competitive advantage. Conversely, organizations that fail to deliver a real-time customer experience that is intuitive, informed, and reliable can expect frustration, dissatisfaction, and churn.

These innovations in front-end customer experiences and back-end business operations reflect a larger technology trend—the fundamental shift in the role of software in the modern organization. Today, software is no longer simply used as a set of applications to increase employee productivity (such as email and expense reporting). Instead, software is directly orchestrating customer experiences and operations that run the business. It is not just that companies are using more software—in a very real sense, they are actually *becoming* software.

Several waves of technology innovation have driven this changing role of software. Cloud has re-imagined infrastructure as code, making it easier than ever for developers to build applications. Mobile has extended enormous amounts of computing power to fit in the palms of our hands, making usage of technology ubiquitous in our lives. Meanwhile, machine learning is extending the scope and role of software to new domains and processes.

However, in order to complete this transition, another fundamental wave is required. The operation of the business needs to happen in real-time and cut across infrastructure silos. Organizations can no longer have disconnected applications around the edges of their business with piles of data stored and siloed in separate databases. These sources of data need to integrate in real-time in order to be relevant, and applications need to be able to react continuously to everything happening in the business as it occurs. To accomplish this, businesses need data infrastructure that provides connectivity across the entire organization with real-time flow and processing of data, and the ability to build applications that react and respond to that data flow. As companies increasingly *become* software, they need a central nervous system that connects all of their disparate software systems, unifying their business and enabling them to react intelligently in real-time.

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Because of this, we believe that it is no longer enough for an organization to innovate based on the current paradigm of capturing data, storing it, and then querying or analyzing it. Organizations need a strategy, and a foundational data platform, to operate their business in real-time based on data as it is being generated in the moment. This idea of “data in motion” is at least as critical to the operations of a company as “data at rest,” and we believe the new generation of winning organizations will be defined by their ability to take action on it.

Traditional database technologies were not designed for data in motion, but architected for stored data at rest. Despite significant developments in the scalability and speed of analysis in both traditional and more modern databases (such as NoSQL, time-series, and graph databases), they remain limited to data-at-rest use cases and cannot harness data in motion. The leading open source offering for data in motion, Apache Kafka, was originally created by our founders at LinkedIn in 2011 and brought to the mainstream a new paradigm of data processing. However, this was only the beginning. Confluent was founded to create a product that could make data in motion the central nervous system of every company in the world.

Confluent is pioneering this fundamentally new category. Our offering is designed to act as the nexus of real-time data, from every source, allowing it to stream across the organization and enabling applications to harness it to power real-time customer experiences and data-driven business operations. Our offering can be deployed either as a fully-managed, cloud-native SaaS offering available on all major cloud providers or an enterprise-ready, self-managed software offering. Our cloud-native offering works across multi-cloud and hybrid infrastructures, delivering massive scalability, elasticity, security, and global interconnectedness, enabling agile development.

Our open source roots are a key driver of our go-to-market success. Apache Kafka has become the industry standard for data in motion. It is one of the most successful open source projects, estimated to have been used by over 70% of the Fortune 500. Modern applications are expected to integrate with Apache Kafka, and the technical skill set for Kafka has become a critical requirement in the industry. Confluent’s products provide the capabilities of Apache Kafka but do so on a platform built for the cloud, complemented by connectivity to the larger enterprise, and with the ability to process and govern at scale. The developer community understands the benefits of a complete platform for data in motion. Consequently, software developers within our prospective customers’ engineering or IT departments are often very familiar with our underlying technology and value proposition and evangelize on our behalf.

Confluent has built an operationalized customer journey focused on data in motion that ties together product features, go-to-market efforts, and customer success capabilities, and helps take customers from their initial experiments with the technology to organization-wide adoption as one of their most critical data platforms. This starts by landing use cases in a high volume, low-friction manner while projects are still being conceived and the architecture of the solution is being designed. Awareness and use of our offering begin even before our sales efforts, given the widespread adoption of Apache Kafka by developers and the self-service adoption made possible with our cloud product and community downloads. Our enterprise sales force takes these initial engagements and helps users progress to production use cases and paying customers either on a pay-as-you-go model or with a committed contract. Once customers see the benefits of our product for their initial use cases, they often expand into other use cases and lines of business, divisions, and geographies. Our deep technical expertise, coupled with our product capabilities and laser focus on customer outcomes, enable us to form strategic partnerships with our customers on this journey. This expansion is helped by a natural network effect in which the value of our platform to a customer increases as more use cases are adopted, more applications and systems are connected, and more data is added. Over time, by enabling data in motion across the organization, Confluent can become the central nervous system for their entire organization, allowing data to be captured and processed as it is generated in real-time across hundreds of teams, systems, and applications throughout the company. This expansion effect is reflected by our dollar-based net retention rate as of December 31, 2019 and 2020 and March 31, 2021 of 134%, 125%, and 117%, respectively.

Our business has experienced rapid growth around the world. As of March 31, 2021, we had 561 customers with \$100,000 or greater in ARR across a wide range of industries, compared to 374 such customers as of March 31, 2020, representing year-over-year growth of 50%. As of March 31, 2021, we had 60 customers with \$1.0 million or greater in ARR, compared to 33 such customers as of March 31, 2020, representing year-over-year growth of 82%. Our revenue was \$149.8 million and \$236.6 million in 2019 and 2020, respectively, representing year-over-year growth of 58%, and \$50.9 million and \$77.0 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 51%. Our Confluent Cloud revenue was \$14.4 million and \$31.4 million in 2019 and 2020, respectively, representing year-over-year growth of 117%, and \$6.2 million and \$13.9 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 124%, with an immaterial portion of such revenue derived from pay-as-you-go arrangements in each of the periods presented. Our Confluent Platform revenue was \$115.8 million and \$177.2 million in 2019 and 2020, respectively, representing year-over-year growth of 53%, and \$37.7 million and \$54.1 million for the three months ended March 31, 2020 and 2021, respectively, representing year-over-year growth of 43%. In 2020 and the three months ended March 31, 2021, revenue from outside the United States accounted for 34% and 36% of our total revenue, respectively. In 2019 and 2020, we incurred operating losses of \$98.1 million and \$233.2 million, respectively, and our net loss was \$95.0 million and \$229.8 million, respectively. For the three months ended March 31, 2020 and 2021, we incurred operating losses of \$33.4 million and \$45.1 million, respectively, and our net loss was \$33.6 million and \$44.5 million, respectively. As of December 31, 2020 and March 31, 2021, we had an accumulated deficit of \$406.1 million and \$450.6 million, respectively.

Industry Background

Important industry and technology trends are fueling the rise of data in motion and are important tailwinds for our business, including:

- ***Businesses Are Evolving from Using Software to Becoming Software.*** Software is no longer simply used as a set of applications to increase employee productivity in an organization (such as email and expense reporting). Instead, software is directly orchestrating the customer experiences and operations that run the business. It is not just that companies are using more software—in a very real sense, they are actually *becoming* software. For example, a mobile application can serve as the entire customer interface to a global multi-billion dollar ecommerce business. A consumer loan process can be architected from application to approval in a fully automated manner, replacing the existing manual process with software throughout and providing loan approvals in minutes rather than weeks. To enable this level of automation and efficiency, legacy approaches require numerous point-to-point processes to be built through applications and microservices interacting with one another, increasing the complexity of data flow in an organization. Businesses need modern approaches that efficiently and seamlessly connect all types of data and applications at scale, and also process that data continuously as it moves.
- ***Rich and Personalized Experiences Based on Real-Time Data Are the New Imperative.*** With nearly every aspect of life becoming digital, companies and consumers expect digital experiences to be highly available, responsive, and personalized. Historically, running a business on yesterday's data was sufficient to succeed. Today, being unable to respond to customer demand or being even minutes late to integrate current business data can result in customer frustration and business risk. With real-time data, a grocery-delivery company experiencing a sudden surge in demand can immediately access real-time stock inventory data to suggest alternative products instantly, while at the same time providing constantly updated delivery times to the consumer. A retailer can now curate highly personalized clothing recommendations built on machine learning algorithms to connect millions of customers instantly with perfect clothes across brands, styles, and sizes. The result is a truly differentiated customer experience, where a customer can benefit from the expertise and learnings developed over millions of shopping transactions in real time.

- **Data-Driven Back-End Operations Are Driving Efficiency and Speed.** The software powering the back-end operations of business has traditionally been slow, batch oriented, and lacking intelligence. Organizations need to be able to use data in motion to get ahead of issues, react to data as it is generated, and be proactive rather than reactive to future events. For example, car manufacturers can collect sensor data in real time from their production lines, use them to develop machine learning models for predictive maintenance as well as production quality optimization, improving efficiency and safety of the operations. Credit card companies equally need to harness data to block fraudulent transactions in the moment, and immediately notify users of suspicious activity. Core to any solution to accomplish those goals is capturing the massive volumes of data being generated by systems across the organization and analyzing the data while it is in motion. The new generation of winning companies will be defined by how well they leverage data in motion to operate their business in real-time.
- **Machine Learning Applications Require Increasing Amounts of Data at All Times.** Machine learning applications have become an important aspect of competitive differentiation for organizations across industries. Through sophisticated algorithms and large volumes of data, machine learning can uncover insights at a speed and scale far beyond traditional means. The fuel for machine learning is data, but relying on static data at rest can be a significant disadvantage. Today, many of the most powerful insights delivered by machine learning applications and systems depend on massive and continuous volumes of data in motion being processed, connected, and analyzed all at once. For example, a global brand can build and deploy machine learning models to forecast product demand for thousands of product lines at hundreds of geographical locations, and can deliver these predictions and make adjustments in real-time by harnessing data in motion from social media, company websites, and internal applications. Data in motion can deliver a significant advantage to machine learning models and deliver greater actionable insights and recommendations.
- **IoT Is Becoming Ubiquitous.** The growth of IoT and connected sensors is a significant driver of the exponential growth in the volume of data being generated worldwide. Whether through self-driving vehicles, fully connected manufacturing plants, or IoT-enabled medical devices, entire industries are being up-ended by the impact of real-time data being generated from these devices. According to IDC, by 2025 there will be 55.7 billion connected devices worldwide, 75% of which will be connected to an IoT platform. Data generated from connected IoT devices are projected to be 73.1 zettabytes by 2025, almost four times the 18.3 zettabytes generated in 2019. To capture this massive volume of real-time data and build solutions that deliver transformative impact, enterprises need a new foundational data infrastructure designed for data in motion.
- **Proliferation of Microservices Creates an Exponential Increase in Connectivity.** Enterprises are modularizing applications into smaller components through microservices, increasing the complexity of data flow. As applications and microservices have increased in popularity, traditional approaches to microservices have led to an exponential increase in complexity as point-to-point connectivity is needed between every new data store, data warehouse, and application. With this complexity comes even greater delays, unacceptable to the modern enterprise looking to connect all types of data and applications in a seamless fashion.
- **Organizations Are Rapidly Modernizing their Infrastructure to Be Cloud-First and Multi-Cloud.** Organizations across the globe are shifting increasing proportions of their workloads and infrastructure to the cloud. According to IDC, the global public cloud services market is expected to increase from \$292 billion to \$628 billion, from 2020 to 2024, respectively. According to a recent Gartner cloud adoption survey, more than 75% of organizations are using a multi-cloud adoption model.⁵ We believe that companies will adopt a multi-cloud strategy to avoid vendor lock on their cloud adoption journey. The transition to the cloud creates opportunities for companies to reconsider their foundational data architecture, and core to this is ensuring they can harness data in motion to deliver for modern business requirements. The value of cloud-native, fully-managed enterprise SaaS offerings becomes even more important in a cloud-first world where enterprises want to leverage the cloud to focus on delivering applications instead of managing infrastructure.

⁵ Source: Gartner, *Competitive Landscape: Cloud Service Brokerage 2020*, October 2020.

- **The Movement to the Cloud Has Just Begun and the World Will Continue to Be Hybrid.** According to IDC, despite the fast growth in the global cloud computing market, over the past five years, only 17% of the system infrastructure software spend has been made up of spend from public cloud services. Many organizations continue to have massive on-premises deployments. The result is a bifurcated data storage environment with some data stored on-premise and across private clouds and the rest distributed on a variety of public clouds, with data moving between them all. This requires data infrastructure solutions that can support and connect data and applications across both on-premise and cloud environments to give enterprises the ability to deliver consistent customer experiences and improve data-driven business operations regardless of the environment.

Traditional Data Infrastructure Is Not Designed for Data in Motion

The traditional approach to how applications are built and deployed has been to pair applications with a database which stores data that is then retrieved by the applications periodically.

This database-centric approach is common in data warehouses and relational and NoSQL databases. Databases grew out of a heritage of data storage. They manage a repository of stored data and allow an application to access that point-in-time dataset on demand through querying. They are, in short, a platform designed for managing *data at rest*. Although there are countless flavors of databases, and they comprise a category worth over \$94 billion in annual spend, all databases are rooted in the paradigm of data at rest and share the resulting limitations.

Databases remain an important category but are no longer sufficient as the central data platform in a company.

The systems that carry out the operation of the business and deliver customer experiences must be integrated and real-time. They must cut across infrastructure silos and continually react, respond, and adapt to an ever-evolving business as events unfold. To accomplish this, data infrastructure must support continuous flows of data from across the organization and enable the building of applications that react, process, and respond to that flow of data in real-time. In other words, to address these challenges, companies need a data platform built for data in motion.

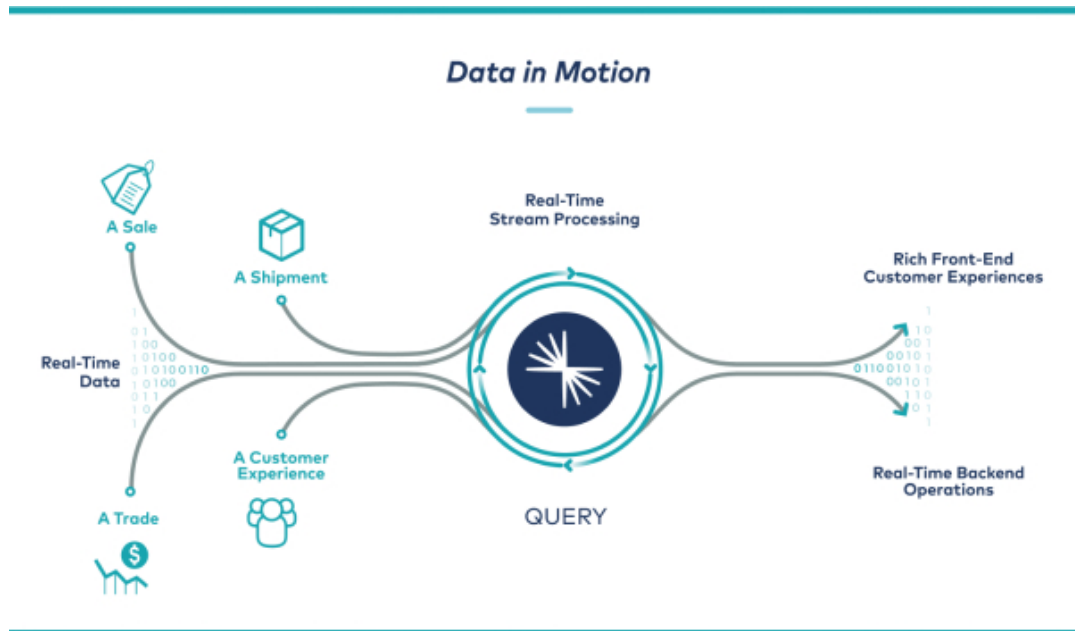


This is a fundamental paradigm shift and cuts to the heart of how we think about data and architect applications. Data in motion is not just a missing feature in databases, it is a bottoms-up rethinking of the computer science underlying data systems.

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At their core, databases are designed to bring queries to stored data at rest. The challenge with this construct is that when asked to handle data in motion, the whole paradigm crumbles. Traditional databases allow processing only at a point in time and compute an answer which is immediately out of date as the business continues to evolve around it. Building systems using only the infrastructure for data at rest means businesses must build separate point-to-point connections for every system that needs to be connected, resulting in an overwhelming proliferation of point-to-point connections. This results in an “n-squared” problem as every new system needs to separately connect to every existing system and forces companies to resort to periodic data dumps and “batch” processing. Databases are simply too slow to serve the real-time nature of modern customer experiences and operational needs.

Data in motion flips this design 180 degrees. Rather than bringing queries to data at rest, our platform is architected to stream data in motion through the query. This continuous stream makes the data always available and is what fundamentally enables companies to tap into flows of data being generated anywhere in the company and continually process it.



Our Solution

Confluent is pioneering a fundamentally new category of data infrastructure focused on data in motion for developers and enterprises alike. In order for enterprises to deliver rich customer experiences, it is critical for all of their business functions, departments, teams, applications, and data stores to have complete connectivity, be thoroughly integrated, and be able to analyze data as it is generated. Confluent is designed to be this intelligent connective tissue by having real-time data from multiple sources constantly streamed across an enterprise for real-time analysis.

Our offering enables organizations to deploy production-ready applications that run across cloud infrastructures and data centers, and scales elastically, with enhanced features for security and compliance. Our platform provides the capabilities to fill the structural, operational, and engineering gap that is required for businesses to fully realize the power of data in motion. We enable software developers to easily build their initial applications to harness data in motion, and enable large, complex enterprises to make data in motion core to everything they do. As organizations mature in their adoption cycle, we enable them to build more and more

applications that take advantage of data in motion. The results have a dual effect: businesses continuously improve their ability to provide better customer experiences and concurrently drive data-driven business operations. We believe that, over time, Confluent can become the central nervous system for modern digital enterprises, providing ubiquitous real-time connectivity and powering real-time applications across the enterprise.

Confluent's solution can be deployed either as a fully-managed cloud-native SaaS offering available on-demand, Confluent Cloud, or an enterprise-ready, self-managed software offering, Confluent Platform.

A high-performance, low-latency infrastructure for harnessing data in motion requires operating wherever a customer's applications and systems reside. Customers with applications in a particular cloud would use Confluent Cloud in that cloud provider and region. Customers with applications on premises, or on a private cloud, would use Confluent Platform in that data center. Customers with both on premises and cloud, or even multiple clouds, need Confluent in each of these environments. Together, these solutions can act as one unified fabric for data streams that connect all of these customer environments.

Our solution has three differentiated elements:

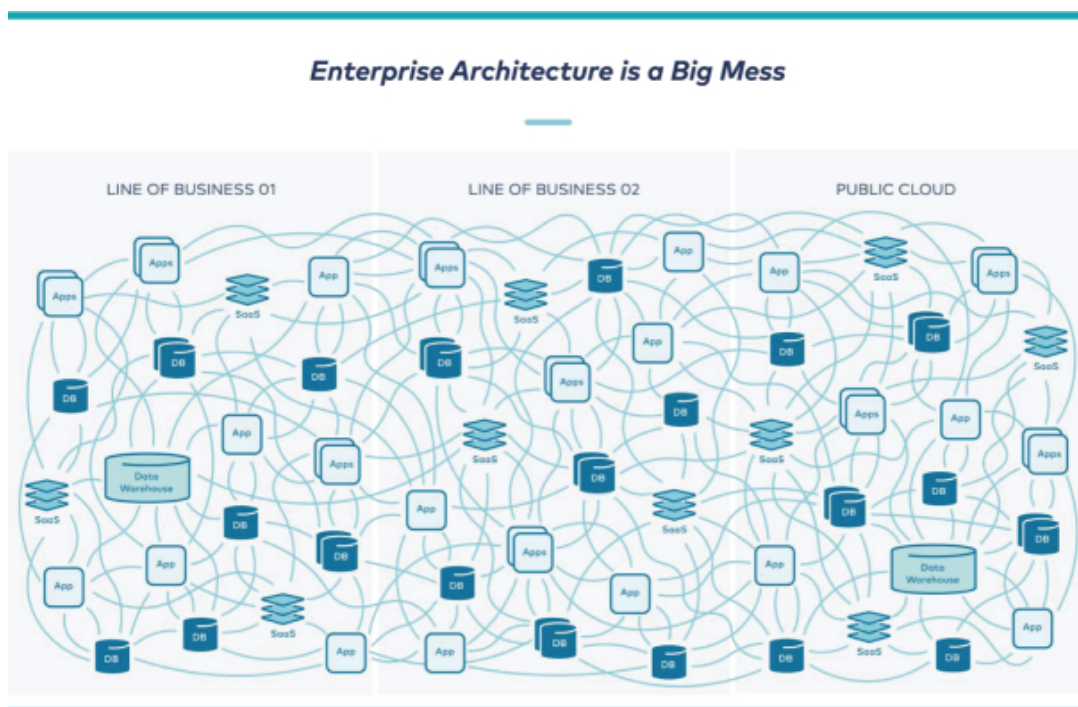
- **Cloud-Native.** Confluent offers true cloud functionality for data in motion. We offer a fully-managed, cloud-native service that is massively scalable, elastic, secure, and globally interconnected, enabling agile development. This is a completely different experience than what would result from taking on premise software and simply offering it on cloud virtual machines, which are virtualized environments that mimic the behavior of an on-premise experience in the cloud. It requires a feature set to enable elasticity and scalability that cuts right to the heart of the design of data systems. We had to completely re-architect the technologies underlying data in motion, including Apache Kafka, for the cloud to make a truly cloud-native offering. We offer a high-velocity, frictionless pay-as-you-go model, allowing developers to easily set up, experience, and see the value of Confluent while only being billed for what is used. The combination of these capabilities and features creates a compelling and simple solution for developers looking to build upon data in motion in the cloud and for enterprises looking for a secured, governed enterprise solution. With Confluent, developers and enterprises alike can focus on their applications and drive value without worrying about the operational overhead of managing data infrastructure.
- **Complete.** We created a complete platform for data in motion, by leveraging capabilities from open source Apache Kafka with our significant proprietary capabilities. Our technology moves and processes data concurrently, with specific tools such as ksqlDB, a native data-in-motion database that allows users to build data-in-motion applications using just a few SQL statements, as well as over 100 connectors. Our robust capabilities dramatically enhance developer productivity, increase ease of operations, and provide enterprise-level security, governance, resilience, and expertise in a complete platform, providing significant benefits over companies trying to build these complex features on their own.
- **Everywhere.** We have built a truly hybrid and multi-cloud offering. We can support customers in their cloud and multi-cloud environments, on-premises, or a combination of both. From early on, we recognized that the journey to the cloud is not overnight or simple, and in order for our customers to effectively digitally transform, they require a fundamental platform for data in motion that can integrate seamlessly across their entire technology environment. We offer this essential capability and enable organizations to seamlessly leverage data in motion across their public cloud, private cloud, and data center environments, ensuring total connectivity throughout an organization. For enterprises that are increasingly expanding internationally, Confluent's multi-cloud support also enables organizations to leverage data in motion across multiple data centers and providers, stretched around the world. For enterprises that want to be hybrid cloud, we are able to extract information from the entirety of their infrastructure, allowing us to act as the bridge that unites legacy systems in older environments with modern applications in the cloud. This ability to let customers embrace the new without having to fully replace everything that is old is a critical point of differentiation and a critical element in the cloud adoption strategy of many of our customers.

Confluent Is Becoming the Central Nervous System of Organizations

As Confluent grows within an organization, the network effects we generate create even more value to the organization as a whole. By fundamentally re-architecting how data flows, we are able to replace complexity with simplicity, delays with real-time, and disparate data with a unified view across the modern enterprise software stack.

Most organizations start off with a complex mess of point-to-point connections between their applications, databases, and data warehouses. This is unavoidable when data is primarily at rest, held in storage across the organization, and requiring these connections to be built. Adopting a new technology to connect this mess would be prohibitively slow if there were not an underlying force driving this change. Fortunately, our platform has a unique network effect that helps speed its adoption. The first application that utilizes our platform generally does so for the capabilities in harnessing data in motion. In doing so, it brings into the platform the data streams needed for its usage. However, although these data streams are brought for one application, they are usable by all future applications and bring value to the entire ecosystem. As a result, future applications can connect to the platform to access these data streams, bringing with them their own data streams. As a result, there is a clear virtuous cycle: applications bring data streams, which in turn attract more applications.

As customers expand with our foundational platform, we set more and more data in motion across the organization and replace the various point-to-point connections with our complete platform. This means data can intelligently be made available in real-time to more and more of the organization as applications connect to a single platform. We are able to hold a highly strategic position to create greater value to existing applications and databases as data in motion across the entire organization begins to flow, be directed, and be processed through Confluent. We believe that this eventually leads to Confluent becoming the central nervous system of an organization, allowing data to be captured and processed as it is generated around the whole organization, enabling organizations to react intelligently in real-time.



Confluent as the Central Nervous System of the Modern Enterprise



Key Benefits to Our Customers

Our platform delivers the following key business benefits to our customers:

- **Ability to Deliver Rich Customer Experiences and Data-Driven Business Operations.** The world is increasingly demanding applications that are responsive in real time to data in motion. By harnessing the power of data in motion, our customers can deliver differentiated customer experiences, such as suggesting the next show to watch in real time or providing live information on the status of a grocery order. Enterprises can also enable data-driven operations such as real-time, preventive maintenance, IoT analytics, and diagnostics.
- **Accelerated Time-to-Market.** Speed is essential for our customers, as they seek to disrupt established industries or innovate to fend off emerging disruptors. Our fully-managed cloud-native service enables our customers to start developing instantly, without any internal or external operational barriers. And, with the ability to pay-as-you-go, our customers can begin using Confluent without commitment or delay from internal procurement processes. Furthermore, our offering comes with a rich, pre-built ecosystem, making it simple, quick and efficient to integrate Confluent into the enterprise. This enables greater engineering organization efficiency and an accelerated time-to-market.
- **Reduced Total Cost of Ownership.** Confluent significantly reduces the operational barriers and costs associated with shifting to a data-in-motion architecture. Coupled with accelerated time to market, our customers benefit from both reduction in total cost of ownership as well as rapid ROI.
- **Freedom of Choice.** Confluent is hybrid and multi-cloud compatible so customers can deploy on premises or in the cloud. We recognize that enterprises have their data stored in many places and that an effective solution must be able to connect to various data sources.

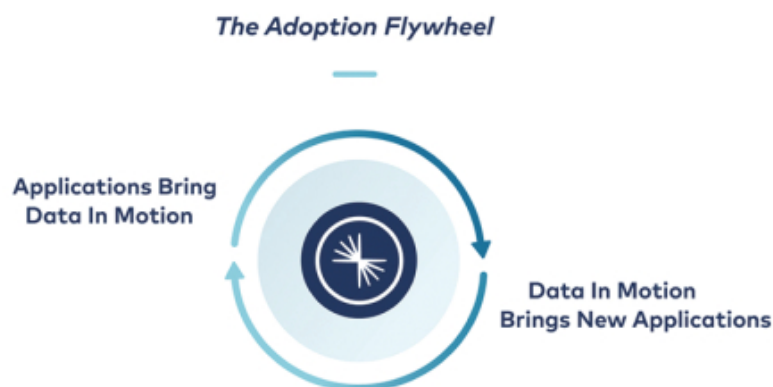
- **Mission Critical Security and Reliability.** Confluent has enterprise-grade security and governance capabilities to provide confidentiality of critical information. We enable mission-critical reliability and resiliency, allowing data persistence, dynamic backing up of data across replicated partitions, fault-tolerance, and automated client failover.
- **Robust Developer Community.** Apache Kafka has an extremely robust developer community. It is one of the most successful open source projects, with more than 60,000 meet-up members across over 200 global meetup groups, estimated to have been used by over 70% of the Fortune 500. Confluent continues to add to open source Apache Kafka and has helped build an ecosystem of contributors. This means that developers outside of Confluent are building connectors, more functionality, and deploying patches to Apache Kafka while Confluent continues to also add features both to Apache Kafka and to Confluent's proprietary offering. This leads to a positive feedback loop as it strengthens the Apache Kafka offering, attracting more developers, who in turn further strengthen Apache Kafka, which benefits us, as users see the benefit of a data-in-motion platform, and the wider Apache Kafka community. In addition, we make available many features that we have developed at Confluent under our Confluent Community License, which means developers can access, benefit from, and modify the source code for such features, further increasing our reach and mindshare in the developer community.

Competitive Strengths

Our competitive strengths include the following:

- **Our Founders Are the Original Creators of Apache Kafka.** Our founding team members are the original creators of Apache Kafka and worked on the underlying technology at LinkedIn, prior to founding our company. We are a significant contributor to the open source Apache Kafka platform, and our expertise in and experience with the technology are unrivaled. Apache Kafka has become the industry standard for the underlying technology to handle data in motion, and there is a robust developer ecosystem developing software and connectors to optimize working with Apache Kafka. We believe that our background and expertise in data in motion as a category will serve as a significant competitive advantage for us.
- **Our Business Model Protects Our Innovation and Fosters Our Developer Community.** We offer our software under licenses intended to protect our innovation. This includes our Confluent Community License and a traditional proprietary commercial license. Our Confluent Community License allows developers to access our source code to give them a chance to utilize some of our platform features, but explicitly restricts others, including cloud vendors, from taking this source code and using it to offer a competing SaaS offering. The result is that we benefit greatly from developer mindshare and adoption while also protecting our proprietary offering.
- **We Serve Leading Enterprises and Disruptive Innovators.** We started by enabling new forms of innovation for some of the most disruptive tech companies and have now become equally integral to the modern digital stack of large global enterprises. We serve a wide range of industries, including consumer and retail, financial services, industrial, transportation, healthcare, media and entertainment, telecommunications, gaming, and technology, among others. These companies and enterprises have exacting requirements that are mission-critical to their business success. They trust us and continue to expand their use of our platform into larger and more complex use cases as we become embedded in their modern digital stack. As of March 31, 2021, our customers included 136 of the Fortune 500 companies. Our 136 Fortune 500 customers contributed approximately 35% of our revenue for the three months ended March 31, 2021.

- **We Benefit from Network Effects.** Our business benefits from powerful network effects, which create accelerated demand for our offering and provide us with significant competitive advantages. Our deep technical expertise, coupled with our product capabilities and laser focus on customer outcomes, enable us to form strategic partnerships with our customers on this journey. Our customers typically start with an initial use case, see the benefits of our platform, then often expand into other use cases and lines of business, divisions, and geographies. This expansion often generates a natural network effect. As more use cases are adopted, more applications and systems become connected, which then leads to more data in motion being processed by our platform. Streams of data naturally attract more applications which brings even more streams of data which creates a virtuous expanding flywheel. This network effect increases value to both individual participants and the whole organization. Over time, we not only enable our customers to harness data in motion but can become the central nervous system for their entire organization, allowing data to be captured and processed by the whole organization as it is generated in real-time.



- **End-to-End Approach to Go-To-Market Built for the Unique Customer Journey of Data in Motion.** Data in motion has a unique customer adoption and expansion journey within organizations and our go-to-market mirrors this distinct journey. The widespread adoption of Apache Kafka by developers, and the self-service adoption possible with our cloud product and community downloads, ensure that awareness, mindshare, and adoption begin as new applications are conceived, often long before our sales efforts begin. Our enterprise sales force takes these many initial engagements and helps them progress to production use cases and paying customers with a committed contract. We then drive expansion across the company and help the platform transition from serving individual disconnected projects to being used as a cross-enterprise platform. We believe our expertise is vital to companies who wish to successfully navigate this transition as they reorient their business for data in motion.

Our approach to supporting this end-to-end customer journey is a significant competitive moat for us. Legacy technology vendors cannot easily rebuild their go-to-market to support high volume, low-friction open source and SaaS lands. Startup companies cannot muster the full spectrum of go-to-market tactics and resources needed to support this journey or the heavy investment in customer success required to take customers to scale. Even though large cloud providers have broad go-to-market capabilities, these capabilities are generally focused on the broader transition to the cloud addressing hundreds of products and services. We believe they take a broad but shallow approach that is not built to focus and support the specifics of the data-in-motion customer adoption journey and cannot easily be repurposed without a larger remaking of their go-to-market strategy.

- **We Have Deep Technology Expertise Focused on Data in Motion.** Unlike the vast swath of databases which are built to harness the value of data at rest, our offering is built to harness the value of data in motion. Our construct of streaming data through queries, rather than bringing queries to stored data, enables us to offer differentiated value from other forms of data infrastructure. We leveraged our technical expertise to provide a cloud-native offering, building additional technologies to create a complete platform, and enabling it to work across both cloud and on-premises environments at scale. Our cloud-native service is differentiated from other providers who simply try to deliver their offering in the cloud as a partially-managed service. We have built deep proprietary technology designed to enable data in motion, from the most complex enterprise to the individual developer.
- **Mission-Oriented Values and Team.** Our most important asset is our people. As Confluent continues to evolve and grow, we strive to have our core values remain constant. We are obsessive about the user experience and focused on earning our customers' love by solving backwards from a fantastic customer experience to arrive at the right solution. Our people are empathetic towards our customers, partners, and each other. We strive to have a team-first mindset and foster an environment where each employee feels valued and respected.

Our Market Opportunity

Confluent is well-positioned to succeed in the large and growing market for data infrastructure. Unlike existing databases, integration tools, application infrastructure and middleware that can only harness data at rest, our technology can harness the value of data in motion. As a result, we are deeply valued by our customers and the broader developer community. We have intentionally built our technology to support both cloud and on-premises environments because enterprises today are in different stages of their journey to the cloud. This strategy has positioned us to be able to serve every type of company, in every industry, and in every geography.

Today, we believe our product roadmap targets each of the following four core Gartner-defined market segments: Application Infrastructure & Middleware, Database Management Systems, Data Integration Tools and Data Quality Tools,⁶ and Analytics and Business Intelligence.⁷ According to Gartner's 2021 estimates, the aggregate of these four markets represents a total market size of approximately \$149 billion. We estimate that we serve approximately \$50 billion of this total market today, broken down as approximately \$31 billion in Application Infrastructure & Middleware (excluding Full Life Cycle API Management, BPM Suites, TPM, RPA, and DXPs), \$7 billion in Database Management Systems (excluding Prerelational-era DBMS), \$7 billion in Analytics and Business Intelligence (excluding Traditional BI Platforms), and \$4 billion in Data Integration Tools and Data Quality Tools (excluding other Data Integration Software). Based upon the above Gartner data and Gartner's estimates for 2024 total market size in these four segments, we have estimated that our total market opportunity will increase to \$91 billion in these four market segments by 2024, representing a 22% compounded annual growth rate⁸. We believe our strategic investments in cloud and building out specific product features across our platform will drive our three-year market size growth. Additionally, we believe that as more enterprises focus on data in motion, build streaming applications, and mature in their journey to adopting the cloud, these will serve as additional tailwinds supporting our estimated market opportunity and ability to gain additional market share in the future.

Our Growth Strategy

We are pursuing our substantial market opportunity with growth strategies that include:

- **Easy and Frictionless Land with Cloud Pay-As-You-Go.** Due to the cloud-native nature of Confluent Cloud, we are able to acquire new customers through a seamless and frictionless self-service motion. Customers can get started via our free cloud trial and easily convert online to become paying customers. Our cloud-native capabilities allow us to land customers at low entry points, with no commitment, and seamlessly expand via increased usage. We will continue to leverage our cloud-native differentiation to create an easy buying motion and drive our growth.

⁶ Source: Gartner, *Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020.

⁷ Source: Gartner, *Forecast: Enterprise Application Software, Worldwide, 2018-2024, 4Q20 Update*, December 2020.

⁸ Calculations performed by Confluent.

- **Continue our Focus on Customer Centric Go-To-Market Motion.** Our integrated go-to-market motion is designed to drive business growth by mapping the customer journey from initial interest, to pilot, to first production project, to an integrated platform across the enterprise. We intend to develop our strategy of garnering customer signups, converting to paid customers, expanding through additional use cases and rapidly delivering customer value. We will continue to offer a range of services and training offerings, partnering with our customers to increase the value they realize from our solution and thereby increase their consumption of our offering.
- **Enterprise-Wide Expansion via Solutions Selling.** After acquiring a new customer, we seek to grow our footprint by solving additional use cases for that customer. Since we are a fundamental data infrastructure platform, the use cases we can address are wide-ranging, from industry-specific use cases such as real-time fraud detection for financial services and real-time customer insights for a retailer, to industry-agnostic use cases such as accelerating cloud migration or enabling microservices. We enjoy a powerful network effect as we enter organizations; once one application is connected to Confluent, our customers often connect other applications to that first application, which can result in a flywheel where Confluent can permeate the enterprise. We believe Confluent can become the central nervous system of modern enterprises at scale. Our dollar-based net retention rate of 125% and 117% as of December 31, 2020 and March 31, 2021, respectively, reflects our ability to rapidly demonstrate our value and address a vast array of use cases for our customers.
- **Extend our Product Leadership and Innovation.** We pioneered the category of harnessing the power of data in motion and are committed to innovating to extend our product leadership. We will continue to build out our platform, add more capabilities, build more applications, and invest in developing technology that increases developer productivity and promotes rapid customer success. From ksqlDB, which is a native data-in-motion database that allows users to build data-in-motion applications using just a few SQL statements, to Project Metamorphosis, where we delivered critical new cloud-native product features and capabilities every month from May 2020 to December 2020, we have continued to innovate and make it easier for any organization to harness data in motion.
- **Continue to Invest in the Open Source Community.** Our open source roots provide a large pool of targeted developers and enterprises who are interested in or have already adopted open source Apache Kafka. These developers are readily able to use and benefit from our cloud-native service or enterprise-ready software. We will continue to invest in delivering features to open source Apache Kafka in order to continue adding value to the Apache Kafka community, maintain our leadership standing in the new data-in-motion paradigm, and ensure that the open source benefits to our business continue.
- **Grow and Harness our Partner Ecosystem.** We have built a powerful partner ecosystem encompassing the major cloud providers, global and regional systems integrators, and ISVs. Our partners include Accenture, AWS, Microsoft, GCP, IBM, MongoDB, Elastic, and Snowflake. We intend to continue to invest in these relationships and build further partnerships to ensure our software is widely sold, distributed, and supported.
- **Expand Internationally.** We believe markets outside of the United States present a significant opportunity for additional growth of our business. During the year ended December 31, 2020 and the three months ended March 31, 2021, our international revenue represented 34% and 36% of our total revenue, respectively. We expect to continue to make significant investments to support our growth in our existing international markets and in penetrating additional international markets.
- **Expand the Scope of our Platform with ksqlDB and Other Investments.** We believe that the rise of real-time stream processing of data in motion is still in the early stages of adoption. Our investment in ksqlDB positions us to succeed in this emerging area as it gains adoption with customers. This adoption is expected to lead to significant displacement of batch data processing on traditional databases and a corresponding shift in spend to data in motion technologies, such as Confluent. We believe our investment in ksqlDB positions us to capture this shift and use it to fuel further growth.

- **Grow Further Use Cases Up-The-Stack Leveraging our Strategic Position for Data in Motion.** Data in motion is a disruptive new platform technology, and as such there are countless use-case focused opportunities up the stack. As we grow into our role as a central nervous system within companies, we believe we have an incredibly strategic position from which to grow into use-case specific adjacencies that apply data in motion. We see the potential for broad, cross-industry customer adoption of use cases around machine learning, IoT, data integration, real-time analytics, real-time logistics, customer data unification, cloud migration, microservices, data sharing, as well as countless others. We believe we are strategically positioned to understand what these use cases are when reimaged around data in motion and to partner and/or build pre-packaged solutions purpose-built for these use cases.

Our Product Offering

Our software offering provides a complete solution for working with data in motion, including the ability to read, write, store, capture, validate, secure, and process continuous streams of data. It also has features designed to fulfill the requirements of modern cloud infrastructure: it is a modern distributed system built to be secure, fault tolerant, and scalable elastically from a single application to hundreds or thousands of applications within an organization. Our software can be consumed in two ways, Confluent Cloud and Confluent Platform, that our customers can leverage independently or together. Regardless of where our customers have their technology environments, we are able to deliver an integrated platform for data in motion that can become their central nervous system.

- **Confluent Cloud is our fully-managed cloud-native offering**, available on all of the major cloud providers (AWS, GCP, and Microsoft Azure). Confluent Cloud is offered to our customers via a pay-as-you-go model with no commitment, or via an annual, or multi-year, subscription model where customers draw down upon a committed dollar amount. Key attributes of Confluent Cloud include:
 - **Serverless.** Confluent Cloud offers self-serve provisioning with no complex cluster sizing, zero downtime, upgrades and bug fixes, elastic scaling, and the ability for customers to pay only for what they actually use.
 - **Complete.** Confluent Cloud offers data compatibility with fully-managed Schema Registry, rapid development through fully-managed connectors, real-time processing with fully-managed ksqlDB, virtually infinite data retention, and committer-led support with contractual response times of 60 minutes or less for severe-impact issues.
 - **Flexible.** Confluent Cloud offers the ability to build a persistent bridge from on-premises to cloud, and the ability to stream across public clouds for multi-cloud data pipelines.
 - **Highly Available.** Confluent Cloud offers a guaranteed 99.95% uptime SLA, ability to scale to 10s of GBps with dedicated capacity, ability to achieve sub 30ms latency at scale, and multi availability-zone (AZ) replication.
 - **Secure.** Confluent Cloud offers at-rest and in-transit data encryption, SAML/SSO for user authentication, private networking via VPC peering or AWS Transit Gateway, and monitoring visibility with topic- and cluster-level metrics.
- **Confluent Platform is our enterprise-grade self-managed software offering**, able to be deployed on-premises as well as across public and private cloud environments. Confluent Platform is offered to our customers via an annual or multi-year subscription. Key attributes of Confluent Platform include:
 - **Unrestricted Developer Productivity.** Confluent Platform offers developers the ability to build across multiple development languages, utilize a rich pre-built ecosystem of over 100 connectors, and benefit from a fully integrated data-in-motion database.
 - **Efficient Operations at Scale.** Confluent Platform enables our customers to minimize operational complexity while ensuring high performance and scalability.

- *Production-Stage Prerequisites.* Confluent Platform offers foundational enterprise-level features needed to implement data in motion in production.
- *Freedom of Choice.* Confluent Platform can be deployed on-premises or in public or hybrid cloud environments.

Our offering offers a full set of features and functionality to enable adoption of data in motion throughout an organization. Key features include:

- **Rich Pre-Built Ecosystem**
 - *Over 100 Pre-Built Connectors.* We develop and work with partners who develop enterprise-ready connectors to easily integrate data and build applications. Connectors are supported by either Confluent or our partners.
 - *ksqlDB.* ksqlDB is a database that unifies the processing of data in motion and data at rest. This enables customers to build applications that compute new stored data sets off continuous data streams or enrich data streams with stored data. It translates the near-universal SQL interface of traditional databases to the world of data in motion, making it accessible for the vast majority of software developers with minimal learning time.
 - *Schema Registry.* Schema Registry is a central repository with a RESTful interface for developers to define standard schemas and register applications to enable compatibility.
- **Management, Monitoring, and Global Resilience**
 - *Confluent Control Center (C3).* Offers a simple way to manage and monitor data in motion as it scales across the enterprise. Control Center is a web-based graphical user interface to understand the data-in-motion environment, meet SLAs, and control key components of the data-in-motion platform.
 - *Multi-Region Clusters.* Multi-Region Clusters automate disaster recovery, allowing customers to run a single cluster across multiple data centers and automate disaster recovery with operational simplicity.
- **Dynamic Performance and Elasticity**
 - *Self-Balancing Clusters.* Self-Balancing Clusters automate partition rebalances to optimize throughput, accelerate broker scaling, and reduce the operational burden of managing a large cluster. Partition rebalances are completed quickly and without any risk of human error.
 - *Tiered Storage.* Tiered Storage allows deployments to recognize two tiers of storage: local disks and cost-efficient object stores (Amazon S3 or GCP Storage). Brokers can offload older topic data to object storage, enabling virtually infinite retention.
 - *Scalability.* Confluent offers the ability to scale to trillions of events as well as scale across business units in order to become an enterprise standard.
- **Enterprise-Grade Security**
 - *Structured Audit Logs.* Structured Audit Logs capture authorization logs in a set of dedicated topics, on a local or a remote cluster.
 - *Role-based Access Control (RBAC).* RBAC is a centralized implementation for secure access to resources with fine-tuned granularity and platform-wide standardization. Customers can control permissions by users/groups to clusters, topics, consumers groups, and even individual connectors.

- **Data Compatibility and DevOps Automation**

- **Schema Validation.** Schema Validation provides a direct interface between the broker and Schema Registry to validate and enforce schemas programmatically. Schema Validation can be configured at the topic level.
- **Confluent Operator.** Confluent Operator simplifies running Confluent Platform as a cloud-native system on Kubernetes, whether on-premises or in the cloud. It delivers an enterprise-ready implementation of the Kubernetes Operator API to automate deployment and key lifecycle operations.

Our offering is designed to serve as fundamental data infrastructure for our customers and solve an enormous variety of use cases across both front-end customer experiences and back-end business operations.

In addition to our core offering, we offer several services offerings:

- **Professional Services.** Professional Services provides expertise and tools that help our customers accelerate platform adoption and achieve successful business outcomes. We offer packaged and residency offerings focused on helping customers plan, implement, manage/monitor, and optimize their platform and applications.
- **Education.** Our offering includes training and certification guidance, technical resources, and access to hands-on training and certification exams. Education offerings are targeted at different types of users and delivery modalities to suit end customer needs. We have instructor-led training, self-paced on demand courses, and certification.
- **Certification Program.** Technical expertise in data in motion is highly sought after and a highly-paid skill set. Our certification program enables technical personnel to demonstrate and validate in-depth knowledge of data in motion.

Our Licensing

Our software products are protected by our licensing policies, which include either our full proprietary license as well as our community license, which restricts others from offering our technology as a competing SaaS offering.

Instead of opting for a traditional “open core” model, our core offering (Confluent Server) is substantially differentiated from Apache Kafka and was fundamentally re-architected to operate at cloud-scale, while being interoperable with existing Apache Kafka systems.

Our Confluent Community License makes available many features that we have developed at Confluent. This gives developers the functionality needed to get started with Confluent, but excludes some of the core features of our commercial platform. Developers can access and modify the source code for such features but cannot take these features and use them to provide a competing SaaS offering.

We focus on converting Confluent Community License users to paying customers by demonstrating the value of the fully-managed Confluent Cloud offering and the self-managed Confluent Platform offering, where developers get proprietary features such as Confluent control center, Confluent operator, self-balancing clusters, tiered storage, structured audit logs, RBAC, schema validation, and multi-region clusters, as described in “—Our Product Offering” above.

Our Values

Our company values are extremely important to us. Our six core values form the foundation of our company culture that we use to guide our actions:

- **Earn Our Customers' Love.** Our customers are the lifeblood of our business and our most important stakeholders. We strive to earn their love with everything we do. Whether we are thinking through how to evolve our products, figuring out how we interact with prospects, or even designing aspects of our internal operations, we want to start by solving backwards from a fantastic customer experience to arrive at the right solution. We believe that our customers' love is something we have to earn on an ongoing basis.
- **To Build a Great Company, Build a Great Team.** We believe that an important part of building a great company is making sure that our employees are the best they can be. There are three cornerstones to this: hiring, relationships, and growth and development. Each Confluent employee is tasked with helping the company to hire the strongest candidates possible. The relationships we build among teams across the company allow us to effectively solve hard problems. Moreover, our employees learn and grow from working through exceedingly difficult challenges. We are proud that Confluent employees have the opportunity to work with a diverse group of amazing colleagues and can learn from as well as help one another.
- **Smart, Humble, and Empathetic.** These three attributes are essential to building a strong team. Our employees appreciate, benefit, and learn from working with other smart, humble, and empathetic people. We strive to hire those who care deeply about others and interact with empathy towards our customers, partners, and employees.
- **Be Fired Up and Get It Done.** As much as we benefit from working with smart, humble, and empathetic employees, we also need to “get it done” to pursue our enormous market opportunity. We are in hyper-growth mode and are scaling to fill the demands of the market and our current and future customers. We are building the team, products, and customer journeys to be number one in our market, which of course is difficult work. We hire people who want to be part of this intense experience, know that they are signing up to execute on our mission, and are fired up to go after this market opportunity in a meaningful and passionate way. This passion is a huge source of energy both individually and collectively. As a company we treasure this passion, and help to fuel it throughout our employees' journey at Confluent.
- **Tasteful not Wasteful.** We want to invest in areas that matter the most—in other words, spend “tastefully,” not wastefully. We believe that thoughtful spending is essential to building a high-quality business. Building a strong business enables us to attract the best employees, invest in innovation, and ultimately create a company that endures. The largest cost that we incur is in our people. As equity holders, we expect our employees to take to heart the concept of tasteful spending and to think and act as owners.
- **One Team.** It is critical that we act as and make decisions as a unified company, doing our best to optimize globally rather than locally. This means doing our best to avoid the politics, misalignment, and tribalism companies can be prone to. It means recognizing that we succeed individually and as teams, only if Confluent succeeds as a whole.

Our Customers

Our platform is used across the globe by organizations of all sizes, across a vast range of industries. We have achieved the following customer milestones:

- The total number of customers increased from an estimated 820 to 2,100 as of December 31, 2019 and 2020, respectively, and from 1,050 to 2,540 customers as of March 31, 2020 and 2021, respectively. Our customer count treats affiliated entities with the same parent organization as a single customer and includes pay-as-you-go customers.
- Our customers included 136 of the Fortune 500 companies as of March 31, 2021. Our 136 Fortune 500 customers contributed approximately 35% of our revenue for the three months ended March 31, 2021.

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- The number of customers that contributed \$100,000 or greater in ARR increased from 337 to 513 as of December 31, 2019 and 2020, respectively, representing a year-over-year growth rate of 52%, and from 374 to 561 as of March 31, 2020 and 2021, respectively, representing a year-over-year growth rate of 50%.
- The number of customers that contributed \$1.0 million or greater in ARR increased from 27 to 56 as of December 31, 2019 and 2020, respectively, representing a year-over-year growth rate of 107%, and from 33 to 60 as of March 31, 2020 and 2021, respectively, representing a year-over-year growth rate of 82%.
- The percentage of revenue generated by customers outside of the United States increased from 32% to 34% during the years ended December 31, 2019 and 2020, respectively, and from 32% to 36% during the three months ended March 31, 2020 and 2021, respectively.

Customer Names Across Industries

Financial Services	Government	Insurance	Manufacturing & Energy
BNP Paribas	Centers for Medicare & Medicaid Services	CSAA Insurance Group, a AAA Insurer	Contact Energy
Goldman Sachs	The Department of Veterans Affairs	Highmark Health Solutions	E.ON
homepoint	NASA Jet Propulsion Laboratory	Ladder	Michelin
KeyBank		Mercury Insurance Services LLC	SmartThings
Morgan Stanley		Prudential Assurance Company Singapore	SunPower
PNC Financial Services Group, Inc.		Sara Assicurazioni	
Media, Entertainment, and Communication	Retail	Technology	Transportation
Intrado	ADEO SERVICES SAS	AppDirect	Avis Budget Group
Lumen	Advance Auto Parts	Grab	Baader
MyPizza Technologies, Inc.	Amway	Instacart	Beam Mobility Holdings Pte. Ltd.
	DICK'S Sporting Goods, Inc.	ServiceNow	TRAILAR
	Domino's Pizza LLC	10x Future Technologies	
	J Sainsbury plc		
	Urban Outfitters, Inc.		

CASE STUDY

Advance Auto Parts

Challenge

With more than 5,200 stores, multiple online brands, and tens of thousands of suppliers, Advance Auto Parts is the largest automotive aftermarket parts provider in North America. The company's active growth, spurred in part by a series of acquisitions, had begun to put a strain on the IT infrastructure. Merchandising, pricing, and other core systems operated in silos and relied on batch-oriented processes that ran overnight after stores had closed. As a result, business-driving reports and analytics were not available until the next morning, providing executives with little insight into intraday events and trends. Further, legacy messaging systems that underpinned many of the business processes lacked the reliability the company needed, and costly manual interventions were frequently required, costing them time and expensive resources.



Solution

To address cost inefficiencies and gaps in productivity, and align the company's multiple brands under a unified operating model, Advance Auto Parts undertook a major technology and business transformation that incorporates a cloud-first, data in motion strategy with Confluent, which the company adopted in August 2019. Confluent enables more targeted pricing based on the specific region, incorporating real-time data from both internal consumer purchasing and third party vendors. For example, if a specific region was more prone to rain and thunderstorms, it would dynamically increase the price of associated auto parts. Confluent also enabled Advance Auto Parts to streamline their supply chain process, enabling engineers to build functionalities that automatically placed purchase orders with the respective merchants when inventory was close to being depleted.

Results

Significant cost savings. With Confluent, Advance Auto Parts did not need to hire specialized engineers to build an in-house solution. Advance Auto Parts estimates that they will realize more than a million dollars in cost savings over the next two years.

Dynamic pricing. Through Confluent, Advance Auto Parts built a sophisticated pricing strategy by optimizing item price based on regional market conditions. This allowed them to capture meaningful top-line growth.

Robust supply chain management. With Confluent as their central nervous system for all data in motion, Advance Auto Parts has a unified view across all their disconnected systems and manages their supply chain and inventory efficiently and in real-time. Now, once merchandise is close to being out of stock, a purchase order is automatically sent to the third-party vendor supplying that product, significantly increasing customer satisfaction.

Conclusion

Retiring legacy systems and rethinking technology infrastructure does not happen overnight. With Confluent, Advance Auto Parts transformed its data infrastructure and leveraged the power of data in motion to enhance operational efficiencies, build its topline, and create a more robust customer experience.



CASE STUDY

DICK'S Sporting Goods

Challenge

DICK'S Sporting Goods, an American sporting goods retail company, is focused on helping athletes achieve their personal best by making it easy to find the products and services they want and need. To deliver on this mission, DICK'S Sporting Goods needed a technology architecture that would allow them to build services incrementally, deploy new applications more quickly and reshape the way athletes gain access to the product information in real-time for a more seamless purchasing experience. Previously, the data for pricing, promotions, and athletes' purchases were siloed and DICK'S relied on batch processing to connect the various data feeds. This meant athletes could see a certain price or promotion on their phone in the parking lot, and then have an entirely different in-store experience. And the store service agent had an entirely different view into inventory, resulting in poor athletes' interactions. DICK'S adopted multiple software solutions for a more integrated real-time view of their inventory but ran into issues of complexity, scalability, and resiliency that it could not solve on its own. DICK'S needed a fully-managed data-in motion-platform that was scalable, secure and resilient and met the real-time needs of their business.



Solution

In July 2020, DICK'S selected Confluent's cloud managed service to connect their previously siloed data feeds to provide a real-time view of all their merchandise, while also reducing the burden of managing and operating the platform. With Confluent, DICK'S handles pricing and promotions, marketing, and athletes' service in real-time to ensure a consistent omnichannel experience and positive athletes' service interaction.

Results

It no longer takes hours to make changes across DICK'S omnichannel environment. Data in motion allows them to fix conflicting promotions in real time and ultimately prevent lost athletes and lost revenue.

Athletes service representatives now have a full, up to date view of the athletes when they call in about orders, drastically reducing resolution times.

DICK'S minimizes downtime by deploying Confluent across multiple cloud providers and keeps the data in sync across the different environments, in real-time. This enables rapid recovery from disasters and failures, business continuity and an integrated resilience strategy.

Conclusion

Today, exceptional shopping experiences are no longer an option; they are paramount to any retailer's success. Confluent's platform for data in motion has given DICK'S the power of real-time data to ensure they meet the needs of their athletes from products to information and beyond. By removing the technical burdens of other software solutions, they are able to accomplish their goals for continuous innovation and improvement and stay focused on creating more delightful ways to stay connected with their athletes.



CASE STUDY

Domino's Pizza

Challenge

Domino's is the recognized world leader in pizza delivery, driven by a data-first approach and relentless customer focus in everything it does. Domino's operates more than 6,000 stores in the United States, 17,000 globally, and offers many different ordering channels, including smart devices, mobile apps, and social media. In order to improve its store operational real-time analytics, support global expansion goals and implement more personalized marketing campaigns, Domino's needed a robust enterprise data intake infrastructure that could simplify its data pipelines and provide robust data streaming capabilities through a single pane of glass.



Solution

Domino's was already leveraging Apache Kafka for some key customer behavioral messaging data pipelines but chose to upgrade to Confluent to enable more enterprise grade capabilities for applications across the organization. Its first Confluent use case for the Enterprise Information Management team was to build a real-time store operations analytics platform so that franchise owners can observe what is happening at their stores at any given time. Domino's then expanded its use of Confluent to enhance targeted marketing opportunities as it receives responses from various campaign activities through its numerous digital channels.

Results

Real-time analytics. Domino's Store Operations teams and franchise owners will now have a real-time view of their store operations including order volume by channel as well as store efficiency metrics.

Resilience. To enable an always-on commerce, the Domino's team expects 100% uptime and relies on Confluent to help achieve this.

Global expansion. The legacy solution was not robust enough to support Domino's plans to expand its operations platform internationally. Switching to Confluent will help Domino's to effectively scale the U.S. operations to global markets which contributes to leading in the global QSR industry.

Conclusion

Domino's market strength is underpinned by its transformation from a traditional pizza company to an ecommerce-driven organization, with a focus on technology innovation enabled by data in motion. What started out as a use case within a single team has grown to become an enterprise solution capable of unlocking use cases across the business as more teams see the value of Confluent. Everything from the connectors to Confluent's built-in resilience helps Domino's remain operationally nimble and focus on what it does best, deliver great pizza to its customers worldwide.



CASE STUDY

Instacart

Summary

Instacart is the leading online grocery platform in North America, partnering with nearly 600 national, regional and local retailers to offer delivery and pickup services from more than 45,000 stores across North America. At the onset of the COVID-19 pandemic in early 2020, Instacart experienced its highest customer demand in history. Its customer-facing applications, backend systems, and business processes were all put to the test as millions of people turned to Instacart as an essential service to safely get the groceries and goods they need. Instacart required a true cloud-native service that could elastically scale and deliver the resilience needed for an always-on service to support its growing business. Confluent's data-in-motion platform was chosen to connect disparate systems and applications necessary to update inventory in real-time, and support Instacart's end-to-end order fulfillment process from the time an item is added to a cart to when it's delivered to a customer. By leveraging Confluent's fully managed cloud service to support its underlying data infrastructure, Instacart is able to better allocate valuable technical resources towards innovating on core products and offerings for customers, shoppers and partners.



CASE STUDY

KeyBank

Challenge

KeyBank is one of the largest bank-based financial services companies in the United States, with assets of approximately \$170.5 billion. Following the acquisition of a digital consumer lending business, KeyBank launched a national digital bank initiative focused on doctors, dentists, and other healthcare professionals seeking to refinance student loans and buy homes. Like many large banks that have acquired other banks and companies, KeyBank has a variety of applications and systems that rely on siloed data and point-to-point integrations, which slows down innovation. KeyBank wanted to modernize this infrastructure and migrate to the cloud to quickly launch the national digital bank initiative and reduce time to market for new products and apps.



Solution

Confluent is underpinning KeyBank's national digital bank initiative and supporting its cloud migration by providing the data in motion to cloud-based applications. With Confluent, KeyBank created a center of excellence to help teams throughout the bank access data in motion. Confluent's complete, cloud-native service is helping fuel KeyBank's commitment to remaining a technology innovator in banking.

Results

Accelerate time to market. Integration between systems requires significantly less effort now that data has been made available via Confluent's platform, and KeyBank estimates that time to market for developing new customer-facing apps has been significantly reduced.

Reduce costs. KeyBank expects to reduce its mainframe and legacy message queue costs as it implements more use cases on Confluent. KeyBank expects to see a measurable reduction in mainframe MIPS, IBM MQ usage, and in its use of ETL process software, as it implements more use cases on Confluent.

Mitigate risks. Implementing open source products such as Apache Kafka without enterprise support can be difficult, especially for a business-critical platform. Leveraging its expertise and experience with other financial institutions and organizations, Confluent helped the KeyBank engineering team develop their own expertise for this new platform.

Conclusion

KeyBank continues to roll out Confluent in support of its ongoing digitization initiative and plans to use real-time data to introduce use cases in fraud detection, sales lead management and microservice communication.



CASE STUDY

Lumen

About Lumen

Lumen Technologies is a multinational technology company dedicated to furthering human progress through technology. It aims to deliver the fastest, most secure platform for applications and data to help businesses, government and communities adopt the emerging technologies of the 4th Industrial Revolution and deliver amazing experiences around the world. The Lumen Platform leverages a unique combination of global network, edge cloud, security and collaboration assets to establish a unified application delivery solution. The company is a member of the S&P 500 index and the Fortune 500.

Challenge

Lumen is continuously working to enhance its critical data-driven operations to better serve internal stakeholders and customers. The key challenge was to consolidate data from various sources for better analysis and insights, across siloed and distributed hosting environments. This handicapped the organization from having the best, holistic data to inform business decisions and improve key operations that affect customer experience.

Solution

Lumen chose Confluent to supplement its data infrastructure and workload capabilities. To do this, Confluent connected Lumen's previously disparate data sources regardless of where they were hosted—centralized public cloud, its own edge cloud, or its private cloud—enabling the creation of a data mesh that helped facilitate real-time event analysis to drive predictive analytics across its business. This, coupled with Lumen's domain-oriented "data-as-a-product" strategy, is changing how they manage data. In doing so, Lumen leveraged Confluent to create a central, API-enabled data marketplace, which empowers downstream consumers and services with real-time data sharing.



Results

By having an improved real-time view of the entire network, Lumen can better route network traffic, with the expected result of giving users more bandwidth and stronger network performance—saving end-customers from having multiple buffering experiences while watching their favorite shows.

By enabling real-time integration across their various customer and billing systems, Lumen is in a better position to provide a unified view of services to their customers across the organization— Driving data trust, measurable data quality and secure access controls across their services. Lumen has prioritized more than eight data domains to follow similar real-time integration patterns as part of their overall Data Governance and Data Marketplace strategy.

Using Confluent, Lumen was able to significantly accelerate the development of its data marketplace—a key element of its strategy to deliver a single source of truth for its data-driven operations. Moreover, Lumen was able to deliver the marketplace in a matter of months versus the years that such projects can potentially take.

Conclusion

By using Confluent to supplement its data infrastructure and develop its data marketplace, Lumen believes it has increased the value of its data assets and data-driven decisions. This pivot reduces data sprawl and drift, accelerating its journey towards domain mastery and single sources of truth. Lumen has scaled its use of Confluent from its initial use case as a means of combining real-time data sources and has grown it to be foundational to everything in its data strategy from customer support tickets to launching a differentiated data marketplace.



CASE STUDY

Nuuly

Challenge

Urban Outfitters, Inc is a leading retailer with brands that include Anthropologie, Free People, and its recently launched subscription-based clothing rental service, Nuuly. The Nuuly business model requires constant user engagement assessment to continually improve the customer experience, as well as complex logistics to handle garment tracking across multiple rent, return, clean, and repeat cycles. This requires dynamic updates and tracking across product catalogs, inventory, and web and mobile systems continuously throughout the day, meaning Nuuly needed to architect its systems around data in motion. Adding to the challenge, the competitive landscape and inherent seasonality of the fashion industry meant they challenged themselves to fully develop and launch the business as quickly as possible.



Solution

In 2019, Nuuly selected Confluent as the ideal solution to underpin their innovative business model after evaluating several options including several major Cloud providers. Confluent beat out the other alternatives because it enabled Nuuly to design, build, and deploy both a warehouse management and an order management system in just six months, eliminating the need to hire hard-to-find Kafka engineers.

Results

Seamless launch. By using Confluent, Nuuly was able to meet their anticipated timeline, while avoiding system and engineering issues that could have prevented or delayed their rapid deployment of a new solution that was required to serve a fundamental role in supporting their business model.

Stable production operations. With Confluent, Nuuly has benefited from a stable and reliable system capable of reliably handling spikes in usage and growth in subscribers.

Reduced administrative overhead. Nuuly benefited from the ease of deployment of Confluent and the expertise of Confluent engineers, enabling Nuuly to avoid the additional overhead that would have been required if they had been required to manage everything themselves.

Conclusion

Today, Confluent enables Nuuly to provide highly personalized customer experiences, to the degree where no two customers see the same catalog, while efficiently managing quality assurance of its garments, label management, and tracking and shipping. Confluent serves as the central nervous system of Nuuly's business, spanning everything from customer-facing applications to distribution center operations. In addition to Nuuly's front-end experiences, Confluent also powers their back-office operations—including warehouse management systems, order management systems, and real-time inventory—in addition to all of their machine learning and data science use cases, and their reporting and analytical solutions.



CASE STUDY

SmartThings

Challenge

SmartThings, a wholly owned subsidiary of Samsung, is the easy way to turn your home into a smart home. It helps your living room go to sleep when you do, keeps your home safe when you are away, and turns the lights off when you don't need them. SmartThings had been using self-managed Kafka for more than five years as the backbone to route and process data from their complex ecosystem of applications and to support the wireless connections across thousands of smart devices. With the rapid rate of business growth, SmartThings needed a partner that could offer a highly reliable managed service with dependable enterprise support and expertise so its team could focus on further innovating core products.



Solution

From the very first moments of the engagement in September 2020, Confluent demonstrated scale, scope and vision for the global Kafka environment at SmartThings. With Confluent's complete, cloud-native service, SmartThings can leverage the full power of data in motion while avoiding the headaches of infrastructure management and use critical headcount to focus on building differentiated features for its customers. In addition, SmartThings has instant access to enterprise support and training to ensure its team can stay up to date and knowledgeable on emerging technologies.

Results

With Confluent, SmartThings maintained a comparable infrastructure and lowered its total cost of ownership, reducing the number of dedicated Kafka headcount by 80%, and directing those resources to developing value-added and differentiated capabilities that matter most to their users.

With a robust set of feature capabilities, Confluent's managed service supports critical security updates, patches, monitoring, and sizing, giving SmartThings more peace of mind over data security and helping their business scale to meet user demands.

Conclusion

Connecting devices to the Internet is table stakes. Being able to remotely monitor and control devices and environments is something that consumers are coming to expect as basic building blocks of their smart home. Now, users are looking beyond simple monitoring and control towards home automation with applications that make their lives easier and better, like automatically reducing energy usage, enabling better safety and security measures, and lifestyle applications such as cooking and caring for the elderly, family members, and pets. By moving to Confluent, SmartThings has been able to continue to innovate on meaningful, differentiated experiences for their users.



CASE STUDY

SunPower

Challenge

SunPower is a leading residential and commercial solar energy company with 285,000 monitored systems and 6 million devices worldwide as of April 2021. SunPower is building differentiation by creating a software offering for consumers that pairs with their solar installations to let consumers have rich access to their own energy usage data, and allows SunPower to better optimize its own service and offering. However, this requires SunPower to collect, aggregate and provide access to data from real-time feeds from 6 million devices, a significant challenge and well beyond the capabilities of its existing systems. SunPower wanted to utilize the vast amount of data it generated on energy usage across its existing fleet to build more efficient products, make data more accessible and actionable by different parts of the business, and offer customers a richer and more holistic energy management experience.



Solution

SunPower selected Confluent to be the backbone of its data platform, allowing it to unlock a new set of architectural capabilities and use cases. With Confluent, SunPower could build a real-time monitoring platform that allows homeowners and commercial customers to better understand and control their energy usage. Confluent enables SunPower's engineers to ingest all the energy data flowing from its products, such as solar panels, solar energy systems, and storage solutions. This helps customers understand and track their power usage, rate of energy consumption, and state of their various batteries in real-time, enabling them to better optimize their behavior, save energy, and use SunPower's products more efficiently. In addition, SunPower can improve fleet management by better measuring and predicting the performance of its fleet to catch potential issues before they occur. For example, engineers can understand how a weather event may affect SunPower's fleet in a specific region, and subsequently alert its homeowners to modify their behavior based on this real-time data.

Results

Increase in referral-based sales. After adopting Confluent in 2020, SunPower saw customer satisfaction improve dramatically, as demonstrated by the increase in user rating. This improvement boosted referral-based sales, further driving business growth.

High velocity. With its legacy data infrastructure, engineers were constantly in a "tug-of-war" with other disparate systems on SunPower's platform. Since data was siloed separately across multiple systems, additional lead time was required for each department to make their data accessible for other teams to use. By serving as the central nervous system of the organization, Confluent enabled engineers to process and make actionable insights from their data much more quickly and facilitate bringing new features to market rapidly.

Conclusion

Leveraging data in motion with Confluent, SunPower has been able to enhance their value proposition to their customers and increase their sales by enabling their customers to better manage their energy usage, boosting customer satisfaction and referral-based sales, deriving actionable insights from data more quickly, and enhancing its ability to bring new features to market rapidly.



Sales and Marketing

In order to fully capitalize on our large market opportunity, our sales and marketing teams are tightly integrated to execute upon a cohesive go-to-market motion. The sales and marketing teams prioritize the core value of driving customer success and value in all strategies to acquire new customer accounts and grow our presence within existing customer accounts.

Our go-to-market model is centered around the customer journey, from initial interest, to pilot, to first production project, to an integrated platform across the enterprise. Through mapping to the customer journey, we are able to drive customer value in a highly targeted manner.

Our strategy to expand within accounts has two fundamental aspects: first, to convert additional pockets of Apache Kafka interest and deployments within a given customer into a Confluent deployment, and second, to expand into additional use cases within a given customer through solutions selling with horizontal and vertical solutions. We believe there is a strong opportunity for growth as we solve a wide array of use cases.

Our focus on customer success is critical to our sales and marketing success. We offer a wide range of training, professional services, education, and support offerings to enable our customers to rapidly onboard, adopt, and ultimately realize value from data in motion.

Partnerships with the leading cloud providers (AWS, Azure, and GCP), as well as global and regional systems integrators and technology ISVs (IBM, MongoDB, Elastic, and Snowflake) are also central to our sales and marketing strategy. We believe through these partnerships we will significantly expand the reach of our technology.

We believe in offering the ability for customers to engage with us in the manner best suited to them. We offer a fully self-service motion, where developers can learn and purchase in a completely online manner. We offer direct sales engagement, where customers can interact with experienced and knowledgeable field teams. We also offer the ability to engage and transact through our partner ecosystem, including the major cloud provider marketplaces, system integrators, technology ISVs, and resellers.

Our open source roots are a key driver to our go-to-market success. The expansive Apache Kafka technical community is fervently devoted to this technology, and often advocates for our technology even when we are not engaged in an organization. They see the value of Apache Kafka and the opportunity to benefit from a complete platform for data in motion with Confluent. Consequently, our prospective customers are often very familiar with our underlying technology and value proposition, and are capable of evangelizing on our behalf.

Executive-level engagements are also a key facet of our growth strategy. As our customer engagements progress from project to platform to enterprise-wide deployments, our customer relationships often include business as well as technology leaders. Through this wide set of customer relationships, we believe we will be more rapidly able to evolve into enterprise-wide customer deployments.

Our sales and marketing organization includes sales development, inside sales, field sales, sales engineering, and marketing personnel. As of March 31, 2021, we had 684 employees in our sales and marketing organization.

Research and Development

Our research and development efforts are focused on enhancing our platform features and functionalities and expanding the services we offer to increase market penetration and deepen our relationships with our customers. We believe that the timely development of new, and the enhancement of our existing, platform features and services is essential to maintaining our competitive position. We continually incorporate feedback and new use cases from our community and customers into our platform. Our development teams foster greater agility, which enables us to develop innovative products and make rapid changes to our technologies that increase resiliency and operational efficiency.

Competition

Our market is highly competitive and characterized by rapid changes in technology, customer needs, frequent introductions of new offerings, and improvements to existing service offerings.

Our primary competition, especially on premise, is internal IT teams that are attempting to “do it themselves” using open source software. Our offering is substantially differentiated from Apache Kafka, and therefore companies using only open source tools do not benefit from our full product offering. As the move to the cloud increases, we expect that competition from open source alternatives will decrease as companies increasingly adopt fully-managed cloud solutions.

Our principal competitors in the cloud are the well-established public cloud providers such as AWS that generally compete in all of our markets. These enterprises are developing and have released fully-managed, data ingestion, and data streaming products, such as, Azure Event Hubs (Microsoft Corporation), Amazon Kinesis and Amazon DynamoDB Streams (AWS), and Cloud Pub/Sub and Cloud Dataflow (Google).

On premise there are a number of vendors with legacy products that have pivoted into this space including TIBCO Streaming, Cloudera Dataflow, Redhat (IBM) AMQ Streams, and Oracle Cloud Infrastructure Streaming.

We believe the principal competitive factors for companies in our industry include the following:

Focus on data in motion, characterized by:

- the ability to provide an end-to-end operationalized customer journey;
- mindshare and ability to drive innovation in the category of data in motion; and
- the ability to support customers at scale with mission critical use cases.

Product differentiation, characterized by:

- Cloud-native capabilities
 - operate at significant scale;
 - offer elasticity;
 - offer end-to-end security; and
 - offer flexible pricing, including pay-as-you-go delivery.
- Completeness of offering
 - a complete platform for data in motion (not just low-level streaming);
 - rich SQL-based stream processing;
 - integrated data governance capabilities; and
 - ease of integration with connectors to a wide variety of existing applications and IT and cloud infrastructure.
- Availability of offering
 - as a fully-managed service in the three leading public clouds;
 - as a Kubernetes-based software offering for the private cloud;
 - in legacy on-premise data centers as a software product; and
 - ability to span all of these customer environments in one unified data-in-motion platform.

General competitive factors, including:

- size of customer base and level of market adoption;
- price and total cost of ownership;
- brand awareness and reputation;
- quality of professional services and customer support;
- strength of sales and marketing efforts; and
- adherence to industry standards and certifications.

On the basis of the factors above, we believe that we compare favorably to our competitors. However, some of our actual and potential competitors have advantages over us, such as substantially greater financial, technical, and other resources, such as larger sales forces and marketing budgets, greater brand recognition, broader distribution networks and global presence, longer operating histories, more established relationships with current or potential customers and commercial partners, and more mature intellectual property portfolios. They may be able to leverage these resources to gain market share and prevent potential customers from purchasing our products. Additionally, we expect the industry to attract new entrants, who could compete with our business and introduce new offerings. As we scale and expand our business, we may enter new markets and encounter additional competition.

Our Employees and Human Capital Resources

As of March 31, 2021, we had 1,473 employees operating across 20 countries. We also engage contractors and consultants. None of our employees are represented by a labor union. Some individual employees outside of the United States may be members of trade unions or participate in staff representative bodies, including in France where we have assisted employees in forming a Social Economic Committee as required by local law. We have not experienced any work stoppages. We have invested substantial time and resources in building our team. We are highly dependent on our management, highly-skilled software engineers, sales personnel, and other professionals, and it is crucial that we continue to attract and retain valuable employees. To facilitate attraction and retention, we strive to make Confluent a diverse, inclusive, and equitable workplace, with opportunities for our employees to grow and develop in their careers. We believe that our employee relations are strong.

Intellectual Property

Intellectual property rights are important to the success of our business. We rely on a combination of copyright, trademark, trade secret laws and patents in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual protections, to protect our intellectual property rights, including rights in our proprietary technology, software, know-how and brand. We use open source software in our offering.

As of March 31, 2021, we hold two U.S. patents and have no patent applications or non-U.S. patents. The patents are scheduled to expire in 2037. As of March 31, 2021, we own three registered trademarks in the United States, one trademark application pending in the United States, 16 registered trademarks in various non-U.S. jurisdictions, and 13 trademark applications pending in various non-U.S. jurisdictions.

Although we rely on intellectual property rights, including contractual protections, to establish and protect our intellectual property rights, we believe that factors such as the technological and creative skills of our personnel, creation of new services, features and functionality, and frequent enhancements to our platform are essential to establishing and maintaining our technology leadership position.

We control access to and use of our proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers,

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and partners. We require our employees, consultants, independent contractors, and other third parties to enter into confidentiality and proprietary rights agreements and we control and monitor access to our software, documentation, proprietary technology, and confidential information. Our policy is to require all employees, consultants, and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of authorship, developments, processes, and other intellectual property generated by them on our behalf and under which they agree to protect our confidential information. In addition, we generally enter into confidentiality agreements with our customers and partners. See the section titled “Risk Factors” for a more comprehensive description of risks related to our intellectual property.

Our Facilities

Our headquarters are located in Mountain View, California, where we lease approximately 75,475 square feet pursuant to a lease which expires in 2029. We also lease other offices including in Austin, Texas, Bengaluru, India, London, England, and Dubai, United Arab Emirates. Additionally, we hold many short-term service leases in numerous other locations globally. We do not own any real property. We believe that our facilities are adequate to meet our current needs.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising from activities in the normal course of business. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, cash flows or financial condition. Defending any legal proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Management



MANAGEMENT

The following table sets forth information for our executive officers and directors as of May 31, 2021:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Executive Officers		
Jay Kreps*	41	Chief Executive Officer and Director
Steffan Tomlinson	49	Chief Financial Officer
Erica Schultz	47	President, Field Operations
Non-Employee Directors		
Lara Caimi ⁽²⁾	44	Director
Jonathan Chadwick ⁽¹⁾⁽³⁾	55	Director
Alyssa Henry	50	Director
Matthew Miller ⁽¹⁾⁽²⁾	41	Director
Neha Narkhede	36	Director
Greg Schott ^{(2)(3)**}	56	Director
Eric Vishria ⁽¹⁾	41	Director
Mike Volpi ⁽³⁾	54	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and governance committee.

* Chairperson

** Lead Independent Director

Executive Officers

Jay Kreps. Mr. Kreps is a co-founder of our company and has served as Chief Executive Officer and a member of our board of directors since our inception in September 2014. From July 2009 to September 2014, he served as an engineer, engineering manager, and software architect at LinkedIn Corp., an employment-oriented online service company. He was one of the original creators of Apache Kafka while at LinkedIn. Mr. Kreps holds a B.S. in Computer Science and an M.S. in Computer Science from the University of California, Santa Cruz. We believe Mr. Kreps is qualified to serve on our board of directors because of his experience as co-founder of our company and co-creator of Apache Kafka.

Steffan Tomlinson. Mr. Tomlinson has served as our Chief Financial Officer since June 2020. From April 2019 to June 2020, Mr. Tomlinson served as Chief Financial Officer of Google Cloud and Technical Infrastructure at Google LLC, an Alphabet Inc. company. From February 2012 to March 2018, Mr. Tomlinson served as Executive Vice President and Chief Financial Officer of Palo Alto Networks Inc., a cybersecurity company. Previously, Mr. Tomlinson served as Chief Financial Officer at Arista Networks, Inc., a provider of cloud networking solutions and as a Partner and Chief Administrative Officer at Silver Lake Kraftwerk, a private investment firm, and as Chief Financial Officer of Aruba Networks, Inc., a provider of intelligent wireless LAN switching systems. Mr. Tomlinson has served on the board of directors of Cornerstone OnDemand, Inc., a cloud-based learning and talent management company, since May 2017, and Eventbrite, Inc., an event management and ticketing platform, since February 2016. Mr. Tomlinson also previously served on the boards of directors of Qlik Technologies, Inc., a data analytics platform, from January 2013 to June 2016, and Riverbed Technology Inc., a network performance company, from September 2014 to April 2015. Mr. Tomlinson holds a B.A. in Sociology from Trinity College and an M.B.A. from Santa Clara University.

Erica Schultz. Ms. Schultz has served as our President, Field Operations since October 2019. Before joining us, Ms. Schultz served at New Relic, Inc., a cloud-based observability software company, as Chief Revenue

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Officer from April 2018 to October 2019, as Executive Vice President of Sales and Customer Success from April 2017 to April 2018, as Executive Vice President of Commercial and Enterprise from August 2015 to April 2017, and as Senior Vice President of Global Enterprise Sales from June 2014 to August 2015. From February 2012 to March 2014, Ms. Schultz served as Executive Vice President of Global Sales and Customer Success at LivePerson, Inc., a digital engagement company. From November 1995 to January 2012, Ms. Schultz served in various leadership roles at Oracle Corporation, a computer technology company. Ms. Schultz has served as a director of a privately-held company since January 2021. Ms. Schultz holds a B.A. in Spanish and Latin American Studies from Dartmouth College, where she also serves as Vice Chair of the Board of Trustees.

Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

Non-Employee Directors

Lara Caimi. Ms. Caimi has served as a member of our board of directors since December 2020. Since December 2017, she has served in various leadership positions, including Chief Customer and Partner Officer, at ServiceNow, Inc., a service management software company. From October 2000 to November 2017, she served as a Partner at Bain & Company Inc., a management consulting firm. Ms. Caimi holds a B.A. in English Literature and Economics from St. Olaf College, an M.I.B. from the University of Sydney as a Fulbright Scholar, and an M.B.A. from Harvard Business School. We believe Ms. Caimi is qualified to serve as a member of our board of directors because of her significant knowledge of the software industry and her leadership experience.

Jonathan Chadwick. Mr. Chadwick has served as a member of our board of directors since August 2019. From November 2012 to April 2016, Mr. Chadwick served as Chief Financial Officer and Executive Vice President of VMware, Inc., a virtualization and cloud infrastructure solutions company, and also served as VMware's Chief Operating Officer from August 2014 to April 2016. Previously, Mr. Chadwick served in various leadership positions at Skype Communication S.á.r.l., a voice over IP service, and Microsoft Corporation after its acquisition of Skype in October 2011. He has served as a director of Elastic N.V., a search and data analysis company, since August 2018, Zoom Video Communications, Inc., a video conferencing company, since September 2017, ServiceNow, Inc., a service management software company, since October 2016, and various private companies. He previously served on the board of directors of Cognizant Technology Solutions Corporation, an IT business services provider, from April 2016 to December 2019, and F5 Networks, Inc., an application networking delivery company, from August 2011 to June 2019. Mr. Chadwick was previously qualified as a Chartered Accountant in England and holds a B.Sc. degree in Electrical and Electronic Engineering from the University of Bath, UK. We believe Mr. Chadwick is qualified to serve as a member of our board of directors because of his significant financial expertise as a chief financial officer of other companies and service on the boards of directors of various public companies.

Alyssa Henry. Ms. Henry has served as a member of our board of directors since May 2021. Since May 2014, she has served in various leadership roles, including Seller Lead, at Square, Inc., a public software and financial services company. From 2006 to 2014, Ms. Henry served in various positions, including as Vice President of Amazon Web Services and Storage Services, for Amazon.com Inc., an e-commerce company. Ms. Henry has served as a director of Intel Corporation, a semiconductor and technology company, since January 2020, and Unity Software Inc., a video game software development company, since October 2018. Ms. Henry holds a B.S. in Mathematics and Applied Science with a specialization in computing from the University of California, Los Angeles. Ms. Henry was selected to serve on our board of directors because of her experience working in the software and technology industries and her expertise in computer science and engineering.

Matthew Miller. Mr. Miller has served as a member of our board of directors since March 2017. Since March 2012, Mr. Miller has served as a Partner at Sequoia Capital, a venture capital firm. Mr. Miller currently serves on the boards of directors of a number of privately-held companies. Mr. Miller holds a B.S. in Finance from Brigham Young University. We believe Mr. Miller is qualified to serve on our board of directors due to his extensive experience in the data analytics and cloud services industries, including as a venture capital investor and a member of the boards of directors of other data analytics and cloud services companies.

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Neha Narkhede. Ms. Narkhede is a co-founder of our company and has served as a member of our board of directors since our inception in September 2014. She also served as our Chief Technology and Product Officer from 2015 through December 2019. From February 2010 to September 2014, she served as a software engineer and more recently as Lead, Streams Infrastructure at LinkedIn Corp., an employment-oriented online service company. Ms. Narkhede holds a B.E. in Computer Science from the University of Pune and an M.S. in Computer Science from the Georgia Institute of Technology. We believe Ms. Narkhede is qualified to serve on our board of directors due to her experience as co-founder of our company and her expertise and experience as a software engineer.

Greg Schott. Mr. Schott has served as a member of our board of directors since June 2020. From June 2018 to March 2020, Mr. Schott served in various leadership positions at Salesforce.com, Inc., a cloud-based software company. From 2009 to 2018, Mr. Schott served as Chairman and Chief Executive Officer of MuleSoft, LLC. Mr. Schott holds a B.S. in Mechanical Engineering from North Carolina State University and an M.B.A. from the Stanford University Graduate School of Business. We believe Mr. Schott is qualified to serve on our board of directors due to his extensive experience in leadership roles at technology and cloud computing companies.

Eric Vishria. Mr. Vishria has served as a member of our board of directors since September 2014. Since July 2014, Mr. Vishria has served as a General Partner at Benchmark Capital. From August 2013 to August 2014, Mr. Vishria served as Vice President of Digital Magazines and Verticals at Yahoo Inc., a web services and digital media company. Previously, Mr. Vishria served as co-founder and Chief Executive Officer of RockMelt, Inc., a social media web browser. Mr. Vishria also serves on the boards of directors of a number of privately-held companies. Mr. Vishria holds a B.S. in Mathematical and Computational Science from Stanford University. We believe Mr. Vishria is qualified to serve on our board of directors because of his experience as a venture capital investor and a member of the boards of directors of other data analytics and cloud services companies.

Mike Volpi. Mr. Volpi has served as a member of our board of directors since April 2015. Since July 2009, Mr. Volpi has served as a Partner at Index Ventures, a venture capital firm. Mr. Volpi has served as a director of Elastic N.V., a search and data analysis company, since January 2013, and Sonos, Inc., a consumer electronics company, since March 2010. Mr. Volpi has previously served as a director of various public companies, including Fiat Chrysler Automobiles N.V., an automotive company, from April 2017 to January 2021, Zuora, Inc., an enterprise software company, from November 2011 to June 2020, Hortonworks, Inc. (now a subsidiary of Cloudera, Inc.), a data software company, from October 2011 to January 2019, Pure Storage, Inc., an all-flash data storage company, from April 2014 to October 2018, and Exor N.V., a holding company, from April 2012 to May 2018. Mr. Volpi holds a B.S. in Mechanical Engineering, an M.S. in Manufacturing Systems Engineering, and an M.B.A. from Stanford University. We believe Mr. Volpi is qualified to serve on our board of directors because of his extensive experience in the venture capital industry and his knowledge of technology companies.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Composition of our Board of Directors

Our business and affairs are managed under the direction of our board of directors. Pursuant to our certificate of incorporation and our amended and restated voting agreement, our directors were elected as follows:

- Mr. Kreps was elected in his capacity as our current Chief Executive Officer;
- Ms. Narkhede was elected as the designee nominated by holders of our common stock;
- Mr. Vishria was elected as the designee nominated by holders of our Series A redeemable convertible preferred stock;
- Mr. Volpi was elected as the designee nominated by holders of our Series B redeemable convertible preferred stock;
- Mr. Miller was elected as the designee nominated by holders of our Series C redeemable convertible preferred stock;

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- Mr. Chadwick, Ms. Henry, and Mr. Schott were elected as the designees nominated by a majority of the directors then in office; and
- Ms. Caimi was elected as the designee nominated by unanimous vote of the common stock directors, Mr. Kreps and Ms. Narkhede, and approved by the redeemable convertible preferred stock directors, Mr. Vishria, Mr. Volpi, and Mr. Miller.

Immediately prior to the closing of this offering, our amended and restated voting agreement will terminate, our certificate of incorporation, along with our bylaws, will be amended and restated, and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors. After the closing of this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation, or removal.

In accordance with our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering, immediately after this offering our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Ms. Henry and Messrs. Kreps and Schott, and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be Messrs. Miller, Vishria, and Volpi, and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be Ms. Caimi, Mr. Chadwick, and Ms. Narkhede, and their terms will expire at our third annual meeting of stockholders following this offering.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment, and affiliations, our board of directors has determined that Mses. Caimi and Henry and Messrs. Chadwick, Miller, Schott, Vishria, and Volpi do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under Nasdaq listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence. In addition, our board of directors considered the beneficial ownership of our shares held by each non-employee director and the transactions described in the section titled “Certain Relationships and Related Party Transactions.”

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee, and a nominating and governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our audit committee consists of Messrs. Chadwick, Miller, and Vishria. The chairperson of our audit committee is Mr. Chadwick. Our board of directors has determined that each member of our audit committee satisfies the independence requirements under the listing standards of Nasdaq and Rule 10A-3(b)(1) of the

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Exchange Act. Our board of directors has determined that Mr. Chadwick is an “audit committee financial expert” within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member’s scope of experience and the nature of his or her employment.

The primary purpose of our audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control, and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence, and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements and the effectiveness of our internal control over financial reporting, when required;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and the independent registered public accounting firm, our interim and year end results of operations;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related party transactions;
- overseeing our investment policy to govern our cash investment program;
- reviewing our policies on risk assessment and risk management, including cybersecurity matters and information security policies and practices;
- approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Our audit committee will operate under a written charter, to be effective in connection with the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

Compensation Committee

Our compensation committee consists of Ms. Caimi and Messrs. Miller and Schott. The chairperson of our compensation committee is Mr. Schott. Our board of directors has determined that each member of our compensation committee is independent under the listing standards of Nasdaq, and a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans, and programs, and to review and determine the compensation to be paid to our executive officers, directors, and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- approving the retention of compensation consultants and outside service providers and advisors;
- reviewing and recommending to the independent members of our board of directors the compensation of our chief executive officer;

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- in consultation with our chief executive officer, reviewing and approving the compensation of our other executive officers;
- together with the other independent members of our board of directors, evaluating the performance of our chief executive officer;
- reviewing and recommending to our board of directors the compensation of our non-employee directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending, and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change of control protections, and any other compensatory arrangements for our executive officers and other senior management; and
- reviewing and evaluating succession plans for our executive officers (and, with respect to our chief executive officer, together with the other independent members of our board of directors) and making recommendations to our board of directors with respect to the selection of appropriate individuals to succeed these positions;
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective in connection with the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

Nominating and Governance Committee

Our nominating and governance committee consists of Messrs. Chadwick, Schott, and Volpi. The chairperson of our nominating and governance committee is Mr. Volpi. Our board of directors has determined that each member of our nominating and governance committee is independent under the listing standards of Nasdaq.

Specific responsibilities of our nominating and governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairpersons of the committees of our board of directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors.

Our nominating and governance committee will operate under a written charter, to be effective in connection with the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

Code of Conduct

We have adopted a code of conduct that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Immediately prior to the closing of this offering, our code of conduct will be available under the Corporate Governance section of our website at www.confluent.io. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of Nasdaq concerning any

amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee are currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

During the year ended December 31, 2020, we did not pay any cash compensation to our directors for their service on our board of directors. We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

The following table sets forth information regarding the compensation earned or paid to our directors during the year ended December 31, 2020, other than Mr. Kreps, our Chief Executive Officer, who did not receive any additional compensation for his service as a director. See the section titled “Executive Compensation” for additional information regarding the compensation earned by Mr. Kreps as an executive officer.

Name	Option Awards ⁽¹⁾ (\$)	All Other Compensation (\$)	Total ⁽⁷⁾ (\$)
Lara Caimi ⁽²⁾	3,009,277 ⁽³⁾	—	3,009,277
Jonathan Chadwick	—	—	—
Matthew Miller	—	—	—
Neha Narkhede	—	57,193,878 ⁽⁴⁾	57,193,878
Greg Schott ⁽⁵⁾	1,571,755 ⁽⁶⁾	—	1,571,755
Eric Vishria	—	—	—
Mike Volpi	—	—	—

- (1) The amounts reported in this column do not reflect dollar amounts actually received by the non-employee director. Instead, the amounts reflect the aggregate grant-date fair value of the stock options granted to the non-employee directors during 2020 under our 2014 Plan, computed in accordance with Accounting Standards Codification Topic 718, or ASC 718. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the non-employee directors upon the exercise of the stock options or any sale of the underlying shares of Class B common stock. The assumptions used in the calculation of these amounts in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus.
- (2) Ms. Caimi joined our board of directors in December 2020.
- (3) Represents options to purchase shares of Class B common stock granted in December 2020. The assumptions used in the calculation of this amount in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus.
- (4) The amount disclosed represents the stock-based compensation expense, computed in accordance with ASC 718, attributed to sales by (i) Ms. Narkhede of 2,640,000 shares of convertible founder stock in a tender offer to entities affiliated with new and existing investors in our company in July 2020 in connection with our Series E redeemable convertible preferred stock financing at a purchase price in excess of the fair value of such shares, and (ii) Ms. Narkhede and certain affiliated trusts of 4,721,223 shares of common stock to new and existing investors in our company in September 2020 at purchase prices in excess of the fair value of such shares. The amount disclosed in the table is calculated for financial accounting purposes under

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GAAP. The assumptions used in the calculation of these amounts in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus. The transfers were not intended to be compensation paid by us to Ms. Narkhede and are described further in the section titled “Certain Relationships and Related Party Transactions—Secondary Transactions.”

- (5) Mr. Schott joined our board of directors in May 2020.
- (6) Represents options to purchase shares of Class B common stock granted in May 2020. Assumptions used in the calculation of this amount in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus.
- (7) The following table sets forth information on the aggregate number of shares of Class B common stock underlying outstanding stock options held by our non-employee directors as of December 31, 2020 and the aggregate number of shares of Class B common stock underlying outstanding unvested stock options held by our non-employee directors as of December 31, 2020:

<u>Name</u>	<u>Number of Shares Underlying Stock Options Held as of December 31, 2020(1)</u>	<u>Number of Shares Underlying Unvested Stock Options Held as of December 31, 2020(2)</u>
Lara Caimi	301,297(3)	301,297
Jonathan Chadwick	665,000(4)	443,334
Matthew Miller	—	—
Neha Narkhede	2,300,204(5)	1,677,233
Greg Schott	450,944(6)	450,944
Eric Vishria	—	—
Mike Volpi	—	—

- (1) All of the option awards were granted with a per share exercise price equal to the fair value of one share of our Class B common stock on the date of grant, as determined in good faith by our board of directors.
- (2) Each stock option is early exercisable and, to the extent shares subject to the applicable option are issued and unvested as of a given date, such shares will remain subject to a right of repurchase held by us. As of December 31, 2020, other than Mr. Chadwick, the directors had not early exercised any such options.
- (3) Consists of a stock option to purchase 301,297 shares of our Class B common stock at an exercise price per share of \$7.34, which was granted in December 2020. Twenty-five (25%) of the total shares subject to this option will vest one year after the vesting commencement date, December 28, 2020, and the remaining shares vest in 36 equal monthly installments thereafter, subject to continuous service through each applicable vesting date. In the event of a change in control, 100% of the unvested shares subject to the option will vest immediately prior to such change in control.
- (4) Consists of a stock option to purchase 665,000 shares of our Class B common stock at an exercise price per share of \$3.17, which was granted in September 2019. Twenty-five (25%) of the total shares subject to this option vested one year after the vesting commencement date, August 22, 2019, and the remaining shares vest in 36 equal monthly installments thereafter, subject to continuous service through each applicable vesting date. In the event of a change in control, 100% of the unvested shares subject to the option will vest immediately prior to such change in control.
- (5) Consists of (i) a stock option to purchase 1,150,102 shares of our Class B common stock at an exercise price per share of \$2.24, which was granted in October 2018, and which shares vest in a series of 48 successive equal monthly installments from the vesting commencement date, October 1, 2018, subject to continuous service through each such date, and (ii) a stock option to purchase 1,150,102 shares of our

Class B common stock at an exercise price per share of \$2.24, which was granted in October 2018, and which shares will vest in a series of 48 successive equal monthly installments commencing upon the pricing of this offering, subject to continuous service through each such date. In the event of a change in control, (i) 25% of the unvested shares underlying the option will vest immediately prior to such change in control, and (ii) if Ms. Narkhede resigns or is otherwise removed from the board of directors in connection with or following a change in control, 100% of the unvested shares subject to the option will vest immediately prior to such resignation or removal.

- (6) Consists of a stock option to purchase 450,944 shares of our Class B common stock at an exercise price per share of \$4.71, which was granted in May 2020. Twenty-five (25%) of the total shares subject to this option will vest one year after the vesting commencement date, May 15, 2020, and the remaining shares vest in 36 equal monthly installments thereafter, subject to continuous service through each applicable vesting date. In the event of a change in control, 100% of the unvested shares subject to the option will vest immediately prior to such change in control.

Non-Employee Director Compensation Policy

In April 2021, we adopted a non-employee director compensation policy which will be effective upon the execution of the underwriting agreement related to this offering. Pursuant to this policy, our non-employee directors will be eligible to receive the compensation described below.

Annual Retainer Grant

At the close of business on the date of each annual meeting of stockholders that occurs following the closing of this offering, each non-employee director will automatically be granted an RSU award covering the number of shares of our Class A common stock equal to (i) \$175,000, divided by (ii) the closing sales price per share of our Class A common stock on the date of the applicable annual meeting. For a non-employee director who was appointed to our board of directors less than 365 days prior to the applicable annual meeting, the \$175,000 will be prorated based on the number of days from the date of appointment until such annual meeting. Each annual grant will fully vest on the earlier of (i) the first anniversary of the applicable grant date and (ii) the date of the first annual meeting following the applicable grant date, subject to the non-employee director's continuous service through the vesting date.

Annual Cash Award

Under our non-employee director compensation policy, each non-employee director is entitled to receive the following cash compensation for services on our board of directors and committees of our board of directors, as follows:

- \$30,000 annual cash retainer for service as a member of our board of directors and an additional \$15,000 annual cash retainer for service as lead independent director of our board of directors;
- \$10,000 annual cash retainer for service as a member of the audit committee and \$20,000 annual cash retainer for service as chairperson of the audit committee (in lieu of the committee member service retainer);
- \$6,000 annual cash retainer for service as a member of the compensation committee and \$12,000 annual cash retainer for service as chairperson of the compensation committee (in lieu of the committee member service retainer); and
- \$4,000 annual cash retainer for service as a member of the nominating and governance committee and \$8,000 annual cash retainer for service as chairperson of the nominating and governance committee (in lieu of the committee member service retainer).

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The annual cash compensation amounts are payable in equal quarterly installments, in arrears following the end of each quarter in which the service occurred, pro-rated for any partial quarters.

Initial Grant

Under our non-employee director compensation policy, each non-employee director elected or appointed to our board of directors after the closing of this offering will automatically, upon the date of his or her initial election or appointment as a non-employee director (or, if such date is not a business day, the first business day thereafter), be granted an RSU award covering the number of shares of our Class A common stock equal to (i) \$350,000 divided by (ii) the closing sales price per share of our Class A common stock on the applicable grant date, rounded down to the nearest whole share. Each initial grant will vest in a series of successive equal annual installments over the three-year period measured from the applicable grant date, subject to the non-employee director's continuous service through each applicable vesting date.

Acceleration

Our non-employee director compensation policy provides that for each non-employee director who remains in continuous service with the company until immediately prior to the closing of a Change in Control (as defined in the 2021 Plan), the shares subject to his or her then-outstanding equity awards that were granted pursuant to the non-employee director compensation policy, as well as any other then-outstanding equity awards held by such non-employee director, will become fully vested immediately prior to the closing of such Change in Control.

Expenses

We will also continue to reimburse each non-employee director for ordinary, necessary, and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in board and committee meetings.

Executive Compensation



EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2020, consisting of our principal executive officer and the next two most highly compensated executive officers, were:

- Jay Kreps, our Chief Executive Officer;
- Steffan Tomlinson, our Chief Financial Officer; and
- Erica Schultz, our President, Field Operations.

Summary Compensation Table

The following table presents all of the compensation awarded to, earned by, or paid to our named executive officers during the year ended December 31, 2020.

Name	Year	Salary (\$)	Bonus (\$)	Option Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽²⁾ (\$)	All Other Compensation (\$)	Total (\$)
Jay Kreps <i>Chief Executive Officer</i>	2020	350,000	—	—	—	21,962,080 ⁽³⁾	22,312,080
Steffan Tomlinson ⁽⁴⁾ <i>Chief Financial Officer</i>	2020	218,182 ⁽⁵⁾	—	14,080,071 ⁽⁶⁾	135,927	452	14,434,632
Erica Schultz <i>President, Field Operations</i>	2020	350,000	—	—	400,446	685	751,131

- (1) The amount reported in this column does not reflect dollar amounts actually received by the named executive officer. Instead, the amount reflects the aggregate grant-date fair value of the stock options granted to the named executive officer during 2020 under our 2014 Plan, computed in accordance with ASC 718. The amount reported in this column reflects the accounting cost for these stock options and does not correspond to the actual economic value that may be received by the named executive officer upon the exercise of the stock options or any sale of the underlying shares of Class B common stock. The assumptions used in the calculation of this amount in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus.
- (2) Amounts reported in this column represent total cash bonuses earned during 2020 by each named executive officer based on achievement of company performance goals as determined by our compensation committee. Mr. Tomlinson's total cash bonus was prorated from his start date.
- (3) The amount disclosed includes \$21,961,368 in stock-based compensation expense, computed in accordance with ASC 718, attributed to the sale by Mr. Kreps and his spouse of 2,640,000 shares of convertible founder stock in a tender offer to entities affiliated with new and existing investors in our company in July 2020 in connection with our Series E redeemable convertible preferred stock financing at a purchase price in excess of the fair value of such shares. This amount is calculated for financial accounting purposes under GAAP. The assumptions used in the calculation of this amount in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus. The transfers were not intended to be compensation paid by us to Mr. Kreps or his spouse and are described further in the section titled "Certain Relationships and Related Party Transactions—Secondary Transactions."
- (4) Mr. Tomlinson joined our company in June 2020.
- (5) Represents the prorated amount of Mr. Tomlinson's annual salary for 2020. His annualized base salary for 2020 was \$400,000.
- (6) Represents options to purchase shares of Class B common stock granted in August 2020. See "—Outstanding Equity Awards at Fiscal Year End." The assumptions used in the calculation of this amount in accordance with ASC 718 are included in Note 11 to our consolidated financial statements included elsewhere in this prospectus.

Agreements with Our Named Executive Officers

We have entered into employment agreements with our named executive officers setting forth the terms and conditions of such executive's employment with us. The employment agreements generally provide for at-will employment, have no specific term, and set forth the named executive officer's annual base salary. Each of our named executive officers has executed our standard proprietary information and inventions agreement.

Jay Kreps. In May 2021, we entered into a confirmatory employment agreement with Jay Kreps, our Chief Executive Officer. The agreement provides for an annual base salary of \$350,000. The agreement also provides that Mr. Kreps is eligible for severance benefits under the terms of our Executive Officer Change in Control/Severance Benefit Plan, the terms of which are described below. The confirmatory employment agreement supersedes all existing agreements and understandings Mr. Kreps may have concerning his employment relationship with us.

Mr. Kreps' annual base salary as of December 31, 2020 was \$350,000. In October 2018, we granted Mr. Kreps an option to purchase 3,450,306 shares of Class B common stock with an exercise price of \$2.24 per share, with 1,725,153 shares vesting monthly over 48 months commencing in October 2018 and 1,725,153 shares vesting monthly over 48 months commencing upon the pricing of this offering. In March 2021, we granted Mr. Kreps an option to purchase 2,347,999 shares of Class B common stock with an exercise price of \$15.68 per share. The shares underlying the option vest in 48 equal monthly installments commencing on March 19, 2021.

Steffan Tomlinson. In June 2021, we entered into a confirmatory employment agreement with Steffan Tomlinson, our Chief Financial Officer. The agreement provides for an annual base salary of \$400,000 and an annual discretionary bonus at a target amount of \$250,000 under our Cash Incentive Bonus Plan, the terms of which are described below. The agreement also provides that Mr. Tomlinson is eligible for severance benefits under the terms of our Executive Officer Change in Control/Severance Benefit Plan, the terms of which are described below. The confirmatory employment agreement generally supersedes all existing agreements and understandings Mr. Tomlinson may have concerning his employment relationship with us.

For 2020, Mr. Tomlinson's annual base salary was \$400,000, and his target bonus was 62.5% of his 2020 annual base salary. In August 2020, we granted Mr. Tomlinson an option to purchase 3,457,234 shares of Class B common stock with an exercise price of \$6.65 per share. Twenty-five (25%) of the total shares subject to this option will vest on June 15, 2021 and 1/48th of the shares will vest monthly thereafter over the following three years.

Erica Schultz. In May 2021, we entered into a confirmatory employment agreement with Erica Schultz, our President, Field Operations. The agreement provides for an annual base salary of \$400,000 and an annual discretionary bonus at a target amount of \$400,000 under our Cash Incentive Bonus Plan, the terms of which are described below. The agreement also provides that Ms. Schultz is eligible for severance benefits under the terms of our Executive Officer Change in Control/Severance Benefit Plan, the terms of which are described below. The confirmatory employment agreement supersedes all existing agreements and understandings Ms. Schultz may have concerning her employment relationship with us.

For 2020, Ms. Schultz's annual base salary was \$350,000, and her target bonus was 100% of her 2020 annual base salary. In December 2019, we granted Ms. Schultz an option to purchase 3,059,000 shares of Class B common stock with an exercise price of \$3.41 per share. Twenty-five percent (25%) of the total shares subject to this option vested on October 28, 2020, and 1/48th of the shares vest monthly thereafter over the following three years.

Potential Payments Upon Termination or Change in Control

In April 2021, we adopted the Confluent, Inc. Executive Officer Change in Control/Severance Benefit Plan, or the Severance Plan, that applies to all officers designated thereunder, including Mr. Kreps, Mr. Tomlinson,

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and Ms. Schultz, our named executive officers. In the event of an involuntary termination, including resignation for good reason, as those terms are used in the Severance Plan, that occurs during the time period commencing three months prior to and ending 12 months following a change in control, we will provide the following severance benefits, contingent upon the conditions set forth in the Severance Plan, including receiving a release of claims in favor of the company, compliance with any existing confidentiality agreement, and return of all company property: (i) a lump sum cash payment equal to six months of the officer's base salary, (ii) a lump sum cash payment equal to 50% of the officer's target bonus for the applicable fiscal year, (iii) up to six months COBRA coverage and, (iv) 50% of the officer's unvested equity awards will vest in full and become immediately exercisable.

The Severance Plan also provides that, in the event of an involuntary termination that is not a change in control termination, we will provide the following severance benefits, contingent upon the conditions set forth in the Severance Plan: (i) a severance payment equal to six months of the officer's base salary and (ii) up to six months of COBRA coverage.

The benefits provided under the Severance Plan supersede any similar change in control or severance benefits described in a participant's offer letter, employment agreement, equity award agreement, or other agreement, except to the extent such agreement expressly supersedes or supplements the Severance Plan or, in the case of an equity award, more favorable vesting provisions are specified in such award.

Outstanding Equity Awards at Fiscal Year End

The following table presents the outstanding equity awards held by each named executive officer as of December 31, 2020.

Name	Grant Date ⁽¹⁾	Vesting Commencement Date	Option Awards				Stock Awards	
			Number of Securities Underlying Unexercised Options Exercisable ⁽²⁾	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested (\$)
Jay Kreps	10/22/2018	10/01/2018	1,725,153 ⁽³⁾	—	2.24	10/21/2028	—	—
Chief Executive Officer	10/22/2018	(4)	1,725,153 ⁽⁴⁾	—	2.24	10/21/2028	—	—
Steffan Tomlinson	08/06/2020	06/15/2020	3,306,809 ⁽⁵⁾	—	6.65	08/05/2030	150,425 ⁽⁶⁾	1,940,483 ⁽⁷⁾
Chief Financial Officer								
Erica Schultz	12/05/2019	10/28/2019	2,609,000 ⁽⁸⁾	—	3.41	12/04/2029	—	—
President, Field Operations								

- (1) All of the option awards were granted under the 2014 Plan. All of the option awards were granted with a per share exercise price equal to the fair value of one share of our Class B common stock on the date of grant, as determined in good faith by our board of directors.
- (2) Each stock option is early exercisable and, to the extent shares subject to the applicable option are issued and unvested as of a given date, such shares will remain subject to a right of repurchase held by us. As of December 31, 2020, the named executive officers had not early exercised any such options, except for the early exercise of 150,425 shares by Mr. Tomlinson in September 2020.
- (3) The shares subject to this option vest in 48 equal monthly installments, subject to continuous service through each applicable vesting date. As of December 31, 2020, 934,457 shares have vested.

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- (4) The shares subject to this option will vest in 48 equal monthly installments commencing upon the pricing of this offering, subject to continuous service through each applicable vesting date. As of December 31, 2020, no shares have vested.
- (5) Twenty-five (25%) of the total shares subject to this option will vest one year after the vesting commencement date, and the remaining shares vest in 36 equal monthly installments thereafter, subject to continuous service through each applicable vesting date. As of December 31, 2020, no shares have vested.
- (6) The shares were acquired pursuant to an early exercise provision and will remain subject to a right of repurchase held by us until the applicable vesting date.
- (7) This amount reflects the fair value of our Class B common stock of \$12.90 per share as of December 31, 2020 as determined by our board of directors in good faith.
- (8) Twenty-five (25%) of the total shares subject to this option vested one year after the vesting commencement date, and the remaining shares vest in 36 equal monthly installments thereafter, subject to continuous service through each applicable vesting date. As of December 31, 2020, 892,208 total shares have vested, of which 450,000 shares have been previously issued upon exercise of the option.

Emerging Growth Company Status

We are an emerging growth company, as defined in the JOBS Act. As an emerging growth company, we will be exempt from certain requirements related to executive compensation, including, but not limited to, the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Pension and Defined Benefit Plan Retirement Benefits

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or defined benefit retirement plan sponsored by us during 2020.

Cash Incentive Bonus Plan

We have adopted a Cash Incentive Bonus Plan for certain of our executive officers and other eligible employees. Each participant is eligible to receive cash bonuses based on the achievement of certain performance goals, as determined in the sole discretion of the compensation committee of our board of directors. Each participant's target award may be a percentage of such participant's annual base salary as of the beginning or end of a performance period or a fixed dollar amount. To be eligible to earn a bonus under the Cash Incentive Bonus Plan, a participant must be employed by us on the date the bonus is paid.

Other Compensation and Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, life, disability, and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability, and accidental death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide prerequisites or personal benefits to our named executive officers.

Employee 401(k) Plan

U.S. full-time employees qualify for participation in our 401(k) plan, which is intended to qualify as a tax-qualified defined contribution plan under the Code. We do not currently provide a matching contribution under the 401(k) plan.

Employee Benefit and Stock Plans

2021 Equity Incentive Plan

Our board of directors adopted our 2021 Plan in April 2021, and our stockholders approved our 2021 Plan in June 2021. Our 2021 Plan is a successor to and continuation of our 2014 Plan. Our 2021 Plan will become effective at the time of the execution of the underwriting agreement related to this offering. Our 2021 Plan came into existence upon its adoption by our board of directors, but no grants will be made under our 2021 Plan prior to its effectiveness. Once our 2021 Plan is effective, no further grants will be made under our 2014 Plan.

Awards. Our 2021 Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code, to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, RSU awards, performance awards, and other forms of awards to employees, directors, and consultants, including employees and consultants of our affiliates.

Authorized Shares. Initially, the maximum number of shares of Class A common stock that may be issued under our 2021 Plan after it becomes effective will not exceed 114,817,392 shares, which is the sum of (1) 25,812,876 new shares, plus (2) an additional number of shares not to exceed 89,004,516, consisting of (A) shares that remain available for the issuance of awards under our 2014 Plan as of immediately prior to the time our 2021 Plan becomes effective and (B) shares of our common stock subject to outstanding stock options or other stock awards granted under our 2014 Plan that, on or after the date our 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time. In addition, the number of shares of Class A common stock reserved for issuance under our 2021 Plan will automatically increase on January 1st of each calendar year, starting on January 1, 2022 through January 1, 2031, in an amount equal to (i) 5% of the total number of shares of Class A and Class B common stock outstanding on December 31st of the fiscal year before the date of each automatic increase, or (ii) a lesser number of shares determined by our board of directors prior to the applicable January 1st. The maximum number of shares of Class A common stock that may be issued upon the exercise of ISOs under our 2021 Plan is 344,452,176 shares.

Shares subject to stock awards granted under our 2021 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares do not reduce the number of shares available for issuance under our 2021 Plan. Shares withheld under a stock award to satisfy the exercise, strike, or purchase price of a stock award or to satisfy a tax withholding obligation do not reduce the number of shares available for issuance under our 2021 Plan. If any shares of Class A common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (1) because of a failure to meet a contingency or condition required for the vesting of such shares, (2) to satisfy the exercise, strike or purchase price of an award or (3) to satisfy a tax withholding obligation in connection with an award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2021 Plan. Any shares previously issued which are reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under our 2021 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2021 Plan and is referred to as the “plan administrator”. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under our 2021 Plan, our board of directors has the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

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Stock Options. ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of our 2021 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of Class A common stock on the date of grant. Options granted under our 2021 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under our 2021 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written agreement between us and the recipient approved by the plan administrator, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of Class A common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft, or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of Class A common stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO, or (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options or stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the plan administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement, or other divorce or separation instrument.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of Class A and Class B common stock with respect to ISOs that become exercisable by an award holder during any calendar year under all of our stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (2) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards. RSU awards are granted under RSU award agreements adopted by the plan administrator. RSU awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A RSU award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the RSU award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a RSU award. Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient approved by the plan administrator, RSU awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft, or money order, past or future services to us, or any other form of legal consideration that may be

acceptable to our board of directors and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Class A common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the purchase price or strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. A stock appreciation right granted under our 2021 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. Stock appreciation rights may be settled in cash or shares of Class A common stock or in any other form of payment as determined by our board of directors and specified in the stock appreciation right agreement.

The plan administrator determines the term of stock appreciation rights granted under our 2021 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability or event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. Our 2021 Plan permits the grant of performance awards that may be settled in stock, cash, or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our Class A common stock.

The performance goals may be based on any measure of performance selected by the board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the board of directors at the time the performance award is granted, the board of directors will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (i) to exclude restructuring or other nonrecurring charges; (ii) to exclude exchange rate effects; (iii) to exclude the effects of changes to GAAP; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under GAAP; (vi) to exclude the dilutive effects of acquisitions or joint ventures; (vii) to assume that any portion of our business which is divested achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (viii) to exclude the effect of any change in the outstanding shares of Class A or Class B common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (ix) to exclude the effects of stock-based compensation and the award of bonuses under our bonus plans; (x) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under GAAP; and (xi) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under GAAP.

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Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our Class A common stock. The plan administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed \$750,000 in total value; provided that such limit will increase to \$1,500,000 for the first year for newly appointed or elected non-employee directors.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under our 2021 Plan, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and maximum number of shares that may be issued on the exercise of ISOs, and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. The following applies to stock awards under our 2021 Plan in the event of a corporate transaction (as defined in our 2021 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, any stock awards outstanding under our 2021 Plan may be assumed, continued, or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue, or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction), and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the per share amount payable to holders of Class A common stock in connection with the corporate transaction, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out, or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Class A common stock.

Change in Control. Awards granted under our 2021 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control (as defined in our 2021 Plan) as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend, or terminate our 2021 Plan, provided that such action does not materially impair the existing rights of any participant without

such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2021 Plan. No stock awards may be granted under our 2021 Plan while it is suspended or after it is terminated.

2021 Employee Stock Purchase Plan

Our board of directors adopted our 2021 ESPP in April 2021, and our stockholders approved our 2021 ESPP in June 2021.

Share Reserve. The maximum number of shares of Class A common stock that may be issued under our 2021 ESPP is 5,162,575 shares. Additionally, the number of shares of Class A common stock reserved for issuance under our 2021 ESPP will automatically increase on January 1st of each year, beginning on January 1, 2022 and continuing through and including January 1, 2031, by the lesser of (1) 1% of the total number of shares of Class A and Class B common stock outstanding on December 31st of the preceding calendar year, (2) 7,743,863 shares of Class A common stock, or (3) such lesser number of shares of Class A common stock as determined by our board of directors. Shares subject to purchase rights granted under our 2021 ESPP that terminate without having been exercised in full will not reduce the number of shares available for issuance under our 2021 ESPP.

Administration. Our board of directors, or a duly authorized committee thereof, will administer our 2021 ESPP. Our board of directors has delegated its authority to administer our 2021 ESPP to our compensation committee under the terms of the compensation committee's charter.

Limitations. Our employees, including executive officers, and the employees of any of our designated affiliates, will be eligible to participate in our 2021 ESPP, provided they may have to satisfy one or more of the following service requirements before participating in our 2021 ESPP, as determined by the administrator: (1) customary employment with us or one of our affiliates for more than 20 hours per week and five or more months per calendar year or (2) continuous employment with us or one of our affiliates for a minimum period of time, not to exceed two years, prior to the first date of an offering. An employee may not be granted rights to purchase stock under our 2021 ESPP (a) if such employee immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of all classes of our stock or (b) to the extent that such rights would accrue at a rate that exceeds \$25,000 worth of our stock for each calendar year that the rights remain outstanding.

Our 2021 ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. The administrator may specify offerings with a duration of not more than 27 months and may specify one or more shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our Class A common stock will be purchased for the employees who are participating in the offering. The administrator, in its discretion, will determine the terms of offerings under our 2021 ESPP.

A participant may not transfer purchase rights under our 2021 ESPP other than by will, the laws of descent and distribution, or as otherwise provided under our 2021 ESPP.

Payroll Deductions. Our 2021 ESPP permits participants to purchase shares of Class A common stock through payroll deductions of up to 15% of their earnings. Unless otherwise determined by the administrator, the purchase price of the shares will be 85% of the lower of the fair market value of Class A common stock on the first day of an offering or on the date of purchase. Participants may end their participation at any time during an offering and will be paid their accrued contributions that have not yet been used to purchase shares. Participation ends automatically upon termination of employment with us.

Corporate Transactions. In the event of certain specified significant corporate transactions, such as a merger or change in control, a successor corporation may assume, continue, or substitute each outstanding purchase right. If the successor corporation does not assume, continue, or substitute for the outstanding purchase rights, the offering in progress will be shortened and a new exercise date will be set. The participants' purchase rights will be exercised on the new exercise date and such purchase rights will terminate immediately thereafter.

Amendment and Termination. Our board of directors has the authority to amend, suspend, or terminate our 2021 ESPP, at any time and for any reason, provided certain types of amendments will require the approval of our stockholders. Our 2021 ESPP will remain in effect until terminated by our board of directors in accordance with the terms of our 2021 ESPP.

2014 Stock Plan

Our board of directors adopted our 2014 Plan in September 2014, and our stockholders approved our 2014 Plan in September 2014. Our 2014 Plan was also amended in March 2021 and June 2021. The 2014 Plan will terminate on the date the 2021 Plan becomes effective. However, any outstanding awards granted under the 2014 Plan will remain outstanding, subject to the terms of the 2014 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

Authorized Shares. We will no longer grant awards under our 2014 Plan when the 2021 Plan becomes effective. As of March 31, 2021, options to purchase 79,624,342 shares and RSUs for 14,000 shares were outstanding and 8,293,610 shares of Class B common stock remained available for future issuance under our 2014 Plan. The options outstanding as of March 31, 2021 had a weighted-average exercise price of \$5.40 per share. Subsequent to March 31, 2021, we granted options to purchase an additional 3,586,053 shares of Class B common stock and RSUs for 4,070,219 shares under this plan and increased the number of shares of Class B common stock reserved for future issuance under this plan by 6,600,000. We expect that any shares remaining available for issuance under the 2014 Plan at the time the 2021 Plan becomes effective will become available for issuance under the 2021 Plan.

Stock Awards. Our 2014 Plan provides for the grant of ISOs within the meaning of Section 422 of the Code to our employees and employees of certain of our affiliates, and for the grant of NSOs, restricted stock and RSUs to such employees, our directors, and consultants engaged by us or any of our affiliates.

Plan Administration. Our board of directors administers and interprets the 2014 Plan. The board may delegate its authority to a committee of the board, referred to as the “plan administrator”. The plan administrator may additionally delegate authority to an officer to make grants under the 2014 Plan to certain employees and consultants within parameters specified by the plan administrator. Under our 2014 Plan, the plan administrator has the authority to, among other things, (i) determine the fair market value, number and type, recipients, and the provisions of stock awards, including the period of their exercisability and their vesting schedule; (ii) amend any stock award or agreement related to a stock award; (iii) determine if an option may be settled in cash; (iv) implement an option exchange program; and (v) construe and interpret the 2014 Plan and awards granted thereunder.

Stock Options. Our 2014 Plan provides for the grant of both ISOs and NSOs to purchase shares of our Class B common stock. The plan administrator determines the exercise price for stock options within the terms and conditions of the 2014 Plan, provided that the exercise price of a stock option generally will not be less than 100% of the fair market value of our Class B common stock on the date of grant (or in the case of 10% stockholders, not less than 110% of the fair market value of our Class B common stock).

Restricted Stock Units. RSUs represent the right to receive shares of our Class B common stock at a specified date in the future. RSUs are settled on the date or dates determined by the plan administrator and may be settled in shares of our Class B common stock, cash, or a combination thereof. The plan administrator determines the vesting conditions of RSUs, which are generally based on the achievement of company-wide, business unit, or individual goals, although the plan administrator may determine other vesting conditions in their discretion.

Changes to Capital Structure. In the event of any stock dividend, recapitalization, stock split, reverse stock split, reorganization, merger, combination, reclassification or similar change in our capital structure, the plan

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administrator will adjust as appropriate (i) the number of shares that may be delivered under the 2014 Plan and the number of shares covered by each outstanding award, (ii) the exercise or purchase price per share under each outstanding award, and (iii) any applicable repurchase price per share.

Corporate Transactions. In the event of (i) a transfer of all or substantially all of our assets, (ii) a merger or consolidation or other similar transaction, or (iii) a transaction in which any person becomes the beneficial owner of more than 50% of our then outstanding capital stock, each outstanding award will be treated as the plan administrator determines. The plan administrator may provide for the continuation, assumption or substitution of awards by the surviving corporation, or the cancellation of awards (vested or unvested) in exchange for a payment equal to the fair market value of the shares subject to the awards over the exercise or purchase price of such awards.

Plan Amendment or Termination. Our board of directors may at any time amend or terminate the 2014 Plan. Certain material amendments to the 2014 Plan may require the written consent of holders of outstanding awards or our stockholders, as applicable. As discussed above, we will terminate our 2014 Plan prior to the closing of this offering and no new awards will be granted thereunder following such termination.

Limitations of Liability and Indemnification Matters

Immediately prior to the closing of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law allows a corporation to provide that its directors will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering will authorize us to indemnify our directors, officers, employees, and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect immediately prior to the closing of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect immediately prior to the closing of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered into, or will enter into in connection with this offering, agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines, and settlement amounts incurred by any of these individuals in connection with any action, proceeding, or investigation. We believe that our amended and restated certificate of incorporation and these amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

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The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers, or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Certain Relationships and Related Party Transactions

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2018 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers, or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities had or will have a direct or indirect material interest.

We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's length transactions.

Series D Redeemable Convertible Preferred Stock Financing

In November 2018, we sold an aggregate of 12,106,303 shares of our Series D redeemable convertible preferred stock at a purchase price of \$10.3252 per share for an aggregate purchase price of approximately \$125.0 million. The following table summarizes purchases of our Series D redeemable convertible preferred stock by related persons:

<u>Stockholder</u>	<u>Shares of Series D Redeemable Convertible Preferred Stock</u>	<u>Total Series D Redeemable Convertible Preferred Stock Purchase Price</u>
Entities affiliated with Sequoia Capital ⁽¹⁾	5,811,025	\$ 59,999,995
Benchmark Capital Partners VIII, L.P. ⁽²⁾	9,685	100,000
Entities affiliated with Index ⁽³⁾	5,317,089	54,900,007

- (1) Entities affiliated with Sequoia Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Sequoia Capital U.S. Growth Fund VII, L.P., Sequoia Capital U.S. Growth VII Principals Fund, L.P., and Sequoia Capital U.S. Growth Fund VIII, L.P. These entities beneficially own more than 5% of our outstanding capital stock, and Matthew Miller, a member of our board of directors, is a Partner at Sequoia Capital.
- (2) Benchmark Capital Partners VIII, L.P. beneficially owns more than 5% of our outstanding capital stock, and Eric Vishria, a member of our board of directors, is a General Partner at Benchmark Capital.
- (3) Entities affiliated with Index holding our securities whose shares are aggregated for purposes of reporting share ownership information are Index Ventures Growth IV (Jersey), L.P., Index Ventures VII (Jersey), L.P., Index Ventures VII Parallel Entrepreneur Fund (Jersey), L.P., and YUCCA (Jersey) SLP. These entities beneficially own more than 5% of our outstanding capital stock, and Mike Volpi, a member of our board of directors, is a Partner at Index.

Series E Redeemable Convertible Preferred Stock Financing

From March 2020 through September 2020, we sold an aggregate of 17,369,577 shares of our Series E redeemable convertible preferred stock at a purchase price of \$14.9687 per share for an aggregate purchase price of \$260.0 million. The following table summarizes purchases of our Series E redeemable convertible preferred stock by related persons:

<u>Stockholder</u>	<u>Shares of Series E Redeemable Convertible Preferred Stock</u>	<u>Total Series E Redeemable Convertible Preferred Stock Purchase Price</u>
Entities affiliated with Sequoia Capital(1)	668,060	\$ 9,999,990
Entities affiliated with Index(2)	1,002,090	14,999,985

- (1) Entities affiliated with Sequoia Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Sequoia Capital U.S. Growth Fund VII, L.P., Sequoia Capital U.S. Growth VII Principals Fund, L.P., and Sequoia Capital U.S. Growth Fund VIII, L.P. These entities beneficially own more than 5% of our outstanding capital stock, and Matthew Miller, a member of our board of directors, is a Partner at Sequoia Capital.
- (2) Entities affiliated with Index holding our securities whose shares are aggregated for purposes of reporting share ownership information are Index Ventures Growth IV (Jersey), L.P., Index Ventures VII (Jersey), L.P., Index Ventures VII Parallel Entrepreneur Fund (Jersey), L.P., and YUCCA (Jersey) SLP. These entities beneficially own more than 5% of our outstanding capital stock, and Mike Volpi, a member of our board of directors, is a Partner at Index.

Secondary Transactions

Third-Party Tender Offer

In July 2020, in connection with our Series E redeemable convertible preferred stock financing, certain existing and new investors conducted a tender offer to purchase shares of common stock and convertible founder stock from certain of our existing stockholders, including (i) Mr. Kreps, our Chief Executive Officer and member of our board of directors, (ii) the spouse of Mr. Kreps, (iii) Ms. Narkhede, a member of our board of directors, and (iv) Mr. Rao, our co-founder and beneficial owner of more than 5% of our outstanding capital stock. An aggregate of 1,883,233 shares of our common stock and 7,284,182 shares of our convertible founder stock (which converted into 7,284,182 shares of Series E redeemable convertible preferred stock upon the closing of the tender offer pursuant to the terms of our certificate of incorporation) were tendered at a price of \$14.9687 per share, the price per share of Series E redeemable convertible preferred stock in the Series E redeemable convertible preferred stock financing. The tender offer price per share was in excess of the fair value per share of the shares tendered.

In connection with the tender offer, we entered into a tender agreement with certain stockholders, including Mr. Kreps, his spouse, Ms. Narkhede, and Mr. Rao, pursuant to which we agreed to, among other things, waive certain transfer restrictions otherwise applicable to the Series E redeemable convertible preferred stock received by such investors upon the conversion of the transferred convertible founder stock. Certain stockholders party to the tender agreement also agreed to tender a minimum number of shares of convertible founder stock.

The following table summarizes the sales from (i) Mr. Kreps and his spouse, (ii) Ms. Narkhede, and (iii) Mr. Rao in this third-party tender offer. The participation by such individuals in this tender offer was not intended to be compensation paid by us to them. However, for financial accounting purposes, we recognized a portion of the price paid to (i) Mr. Kreps and his spouse, (ii) Ms. Narkhede, and (iii) Mr. Rao as stock-based compensation expense because the sale price in the tender offer was in excess of the fair value of the shares

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tendered. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for assumptions used in calculating the amounts recognized as stock-based compensation expense.

<u>Stockholder</u>	<u>Shares of Convertible Founder Stock</u>	<u>Total Convertible Founder Stock Purchase Price</u>
Jay Kreps ⁽¹⁾	2,640,000	\$ 39,517,368
Neha Narkhede ⁽²⁾	2,640,000	39,517,368
Jun Rao ⁽³⁾	2,004,182	29,999,999

(1) Mr. Kreps is our Chief Executive Officer and a member of our board of directors. Amounts shown include shares sold by Mr. Kreps' spouse.

(2) Ms. Narkhede is a member of our board of directors.

(3) Mr. Rao is our co-founder and a beneficial owner of more than 5% of our outstanding capital stock.

Secondary Sales

In September 2020, Ms. Narkhede, a member of our board of directors, and certain trusts affiliated with Ms. Narkhede entered into stock transfer agreements with new and existing investors in our company, pursuant to which Ms. Narkhede and the affiliated trusts sold and transferred an aggregate of 5,334,799 shares of common stock to such investors at a price of \$14.00 per share for 2,088,476 shares and \$14.9687 per share for 3,246,323 shares for aggregate proceeds of approximately \$77.8 million. We waived our right of first refusal in connection with the stock transfers described above.

The purpose of these stock transfers was not intended to be compensation paid by us to Ms. Narkhede. However, for financial accounting purposes, we recognized a portion of the price paid to Ms. Narkhede and her trusts in certain of these sale transactions as stock-based compensation expense because the sale prices in such transactions were in excess of the fair value of such shares of common stock. See Note 11 to our consolidated financial statements included elsewhere in this prospectus for assumptions used in calculating the amounts recognized as stock-based compensation expense.

Investor Rights Agreement

We are party to an amended and restated investor rights agreement, or IRA, with certain holders of our capital stock, including Benchmark Capital Partners VIII, L.P. and entities affiliated with Index and Sequoia Capital, which each hold greater than 5% of our outstanding capital stock and are affiliated with members of our board of directors, as well as other holders of our redeemable convertible preferred stock and Mr. Kreps, Ms. Narkhede, and Mr. Rao and their respective affiliates. The IRA provides certain holders of our redeemable convertible preferred stock and convertible founder stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. The IRA also provides certain of these stockholders with information rights, which will terminate immediately prior to the closing of this offering, and a right of first offer with regard to certain issuances of our capital stock, which will not apply to, and will terminate immediately prior to, the closing of this offering. For a description of these registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Voting Agreements

We are party to voting agreements under which certain holders of our capital stock, including Benchmark Capital Partners VIII, L.P. and entities affiliated with Index and Sequoia Capital, which each hold greater than 5% of our outstanding capital stock and are affiliated with members of our board of directors, and Mr. Kreps, Ms. Narkhede, and Mr. Rao and their respective affiliates, have agreed as to the manner in which they will vote

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their shares of our capital stock on certain matters, including with respect to the election of directors. We are also party to a voting agreement with Mr. Kreps and the purchasers of Series D redeemable convertible preferred stock, pursuant to which such purchasers agreed to vote their shares of our capital stock in accordance with Mr. Kreps' instructions for certain matters under our certificate of incorporation, including for certain amendments to our certificate of incorporation. These agreements will terminate upon the closing of this offering, and thereafter none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Right of First Refusal

Pursuant to our equity compensation plans and certain agreements with our stockholders, including a right of first refusal and co-sale agreement with certain holders of our capital stock, including Benchmark Capital Partners VIII, L.P. and entities affiliated with Index and Sequoia Capital, which each hold greater than 5% of our outstanding capital stock and are affiliated with members of our board of directors, and Mr. Kreps, Ms. Narkhede, and Mr. Rao and their respective affiliates, we or our assignees and certain holders of our capital stock have a right to purchase shares of our capital stock which stockholders propose to sell in certain circumstances to other parties. This right will terminate upon the closing of this offering.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect immediately prior to the closing of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect immediately prior to the closing of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered or will enter into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them in certain circumstances. For more information regarding these agreements, see the section titled "Executive Compensation—Limitations of Liability and Indemnification Matters."

Policies and Procedures for Related Person Transactions

Our board of directors has adopted a related person transactions policy setting forth the policies and procedures for the identification, review, and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships, in which we and a related person were or will be participants and the amount involved exceeds \$120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable offerings or services, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction, management's recommendation with respect to the proposed related person transaction, and the extent of the related person's interest in the transaction.

Principal Stockholders



PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our capital stock as of March 31, 2021 and as adjusted to reflect the sale of our Class A common stock offered by us in this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person or group of affiliated persons known by us to beneficially own more than 5% of our Class A common stock and Class B common stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on 229,365,190 shares of Class B common stock outstanding as of March 31, 2021, assuming the automatic conversion of (i) 115,277,850 shares of our redeemable convertible preferred stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock and (ii) 635,818 shares of our convertible founder stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock, in each case immediately prior to the closing of this offering. Applicable percentage ownership after the offering is based on 23,000,000 shares of Class A common stock and 229,365,190 shares of Class B common stock outstanding immediately after the closing of this offering. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable or exercisable within 60 days of March 31, 2021. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o Confluent, Inc., 899 W. Evelyn Avenue, Mountain View, California 94041.

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Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering			Shares Beneficially Owned Following this Offering				
	Common Stock		% of Total Voting Power†	Class A		Class B		% of Total Voting Power
	Shares	%		Shares	%	Shares	%	
5% or greater stockholders:								
Benchmark Capital Partners VIII, L.P.(1)	35,015,997	15.3	15.3	—	—	35,015,997	15.3	15.1
Entities affiliated with Index(2)	29,813,391	13.0	13.0	—	—	29,813,391	13.0	12.9
Entities affiliated with Jun Rao(3)	24,395,818	10.6	10.6	—	—	24,395,818	10.6	10.5
Entities affiliated with Sequoia Capital(4)	21,405,289	9.3	9.3	—	—	21,405,289	9.3	9.2
Named executive officers and directors:								
Jay Kreps(5)	29,558,305	12.6	12.6	—	—	29,558,305	12.6	12.4
Steffan Tomlinson(6)	3,457,234	1.5	1.5	—	—	3,457,234	1.5	1.5
Erica Schultz(7)	3,059,000	1.3	1.3	—	—	3,059,000	1.3	1.3
Lara Caimi(8)	301,297	*	*	—	—	301,297	*	*
Jonathan Chadwick(9)	665,000	*	*	—	—	665,000	*	*
Alyssa Henry(10)	—	*	*	—	—	—	*	*
Matthew Miller(4)	16,406,764	7.2	7.2	—	—	16,406,764	7.2	7.1
Neha Narkhede(11)	3,623,933	1.6	1.6	—	—	3,623,933	1.6	1.5
Greg Schott (12)	450,944	*	*	—	—	450,944	*	*
Eric Vishria(1)	35,015,997	15.3	15.3	—	—	35,015,997	15.3	15.1
Mike Volpi(2)	—	*	*	—	—	—	*	*
All current executive officers and directors as a group (11 persons)(13)	92,538,474	38.0	38.0	—	—	92,538,474	38.0	37.6

* Represents beneficial ownership of less than 1%.

† Represents the voting power with respect to all shares of our Class A common stock and Class B common stock, voting as a single class. Each share of Class A common stock will be entitled to one vote per share, and each share of Class B common stock will be entitled to 10 votes per share. The Class A common stock and Class B common stock will vote together on all matters (including the election of directors) submitted to a vote of stockholders, except under limited circumstances described in “Description of Capital Stock—Class A Common Stock and Class B Common Stock—Voting Rights.”

- (1) Consists of shares of common stock held by Benchmark Capital Partners VIII, L.P., or BCP VIII. Benchmark Capital Management Co. VIII, L.L.C., or BCM VIII, is the general partner of BCP VIII. Eric Vishria, a member of our board of directors, along with Matthew R. Cohler, Peter H. Fenton, J. William Gurley, An-Yen Hu, Mitchell H. Lasky, Chetan Puttagunta, Steven M. Spurlock, and Sarah E. Tavel are the managing members of BCM VIII, and each of them may be deemed to hold shared voting and investment power with respect to the shares held by BCP VIII. Each person and entity listed disclaims beneficial ownership of the shares except to the extent of such person’s or entity’s pecuniary interest in such shares. The address for BCP VIII is 2965 Woodside Road, Woodside, California 94062.
- (2) Consists of (i) 6,211,753 shares held by Index Ventures Growth IV (Jersey), L.P., (ii) 22,582,236 shares held by Index Ventures VII (Jersey), L.P., or Index VII, (iii) 559,568 shares held by Index Ventures VII Parallel Entrepreneur Fund (Jersey), L.P., or Index VII Parallel, and (iv) 459,834 shares held by YUCCA (Jersey) SLP, or Yucca. Index Ventures Growth Associates IV Limited, or IVGA IV, is the managing general partner of Index Ventures Growth IV (Jersey), L.P. and may be deemed to have voting and dispositive power over the shares held by such fund. Index Ventures Associates VII Limited, or IVA VII, is the managing general partner of Index VII and Index VII Parallel and may be deemed to have voting and dispositive power over the shares held by those funds. Yucca is the administrator of Index co-investment vehicles that are contractually required to mirror the relevant funds’ investment, and IVGA IV and IVA VII may be deemed to have voting and dispositive power over their respective allocations of shares held by Yucca. David Hall, Phil Balderson, Brendan Boyle, and Nigel Greenwood are the members of the board of directors of IVGA IV and IVA VII, and investment and voting decisions with respect to the shares over which IVGA IV and IVA VII may be deemed to have voting and dispositive power are made by such directors collectively. Mike Volpi, a member of our board of directors, is a partner within the Index

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Ventures Group but does not hold voting or dispositive power over the shares held by the Index funds. The address for each of these entities is C/O EFG Wealth Solutions (Jersey) Ltd., No. 1 Seaton Place, St. Helier, Jersey JE4 8YJ.

- (3) Consists of (i) 20,995,818 shares held by Jun Rao's family trust, for which Mr. Rao and his spouse serve as trustees, (ii) 1,700,000 shares held by Mr. Rao's grantor retained annuity trust, or GRAT, for which Mr. Rao serves as trustee, and (iii) 1,700,000 shares held by Mr. Rao's spouse's GRAT, for which Mr. Rao's spouse serves as trustee. Mr. Rao has sole voting and dispositive power over the shares held by Mr. Rao's GRAT and has shared voting and dispositive power over the shares held by Mr. Rao's family trust and Mr. Rao's spouse's GRAT.
- (4) Consists of (i) 15,485,091 shares held by Sequoia Capital U.S. Growth Fund VII, L.P., or GFVII, (ii) 921,673 shares held by Sequoia Capital U.S. Growth VII Principals Fund, L.P., or GFVII PF, and (iii) 4,998,525 shares held by Sequoia Capital U.S. Growth Fund VIII, L.P., or GFVIII. SC US (TTGP), Ltd. is (i) the general partner of SC U.S. Growth VII Management, L.P., which is the general partner of each of GFVII and GFVII PF, or collectively, the GFVII Funds, and (ii) the general partner of SC U.S. Growth VIII Management, L.P., which is the general partner of GFVIII. As a result, SC US (TTGP), Ltd. may be deemed to share voting and dispositive power with respect to the shares held by the GFVII Funds and GFVIII. The directors and stockholders of SC US (TTGP), Ltd. who participate in decisions to exercise voting and investment discretion with respect to the securities referred to above held by GFVIII include Matthew Miller, a member of our board of directors. Mr. Miller expressly disclaims beneficial ownership of the shares held by GFVIII. The address for each of these entities is 2800 Sand Hill Road, Suite 101, Menlo Park, California 94025.
- (5) Includes (i) 20,760,000 shares held by Jay Kreps, (ii) 1,000,000 shares held by a family trust for which Arden Trust Company, as Administrative Trustee, Mr. Kreps, and his spouse serve as trustees, (iii) 1,000,000 shares held by a family trust for which Arden Trust Company, as Administrative Trustee, Mr. Kreps, and his spouse serve as trustees, (iv) 929,310 shares held by various family GRATs, for which Mr. Kreps and his spouse serve as trustees, and (v) 70,690 shares held by a revocable trust for which Mr. Kreps and his spouse serve as trustees. Mr. Kreps, as co-trustee of each trust, shares voting and dispositive power over the shares held by each trust. Also includes 5,798,305 shares subject to options held by Mr. Kreps that are exercisable within 60 days of March 31, 2021, of which 1,211,994 were vested as of such date.
- (6) Consists of (i) 150,425 shares held by Steffan Tomlinson, none of which are vested and all of which remain subject to repurchase by us and (ii) 3,306,809 shares subject to options exercisable within 60 days of March 31, 2021, none of which were vested as of such date.
- (7) Includes (i) 425,000 shares held by Erica Schultz and (ii) 175,000 shares held by Ms. Schultz's annuity trust, for which Ms. Schultz serves as trustee. Ms. Schultz has sole voting and dispositive power over the shares held by Ms. Schultz's annuity trust. Also includes 2,459,000 shares subject to options held by Ms. Schultz that are exercisable within 60 days of March 31, 2021, of which 610,854 were vested as of such date.
- (8) Represents shares held by Lara Caimi, of which 301,297 were unvested and remained subject to repurchase by us within 60 days of March 31, 2021.
- (9) Represents shares held by Jonathan Chadwick, of which 401,771 were unvested and remained subject to repurchase by us within 60 days of March 31, 2021.
- (10) Ms. Henry joined our board of directors in May 2021.
- (11) Consists of (i) 1,323,729 shares held by Neha Narkhede and (ii) 2,300,204 shares subject to options exercisable within 60 days of March 31, 2021, of which 742,774 were vested as of such date. The amount set forth in the table above does not include an aggregate of 17,101,472 shares of Class B common stock held by family trusts for the benefit of Ms. Narkhede and certain family members, as Ms. Narkhede does not exercise any voting or dispositive power over such shares.
- (12) Represents shares subject to options exercisable within 60 days of March 31, 2021, none of which were vested as of such date.
- (13) Consists of (i) 78,223,212 shares beneficially owned by our current executive officers and directors, of which 853,493 were unvested and remained subject to repurchase by us within 60 days of March 31, 2021, and (ii) 14,315,262 shares subject to options exercisable within 60 days of March 31, 2021, of which 2,678,358 were vested as of such date.

Description of Capital Stock

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our capital stock and some of the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which will each become effective immediately prior to the closing of this offering, the IRA and relevant provisions of Delaware General Corporation Law. The descriptions herein are qualified in their entirety by our amended and restated certificate of incorporation, amended and restated bylaws, and IRA, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of Delaware General Corporation Law.

Immediately prior to the closing of this offering, our authorized capital stock will consist of 1,510,000,000 shares, all with a par value of \$0.00001 per share, of which:

- 1,000,000,000 shares are designated as Class A common stock;
- 500,000,000 shares are designated as Class B common stock; and
- 10,000,000 shares are designated as preferred stock.

As of March 31, 2021, we had no shares of Class A common stock, 113,451,522 shares of Class B common stock, 635,818 shares of convertible founder stock, and 115,277,850 shares of redeemable convertible preferred stock outstanding. After giving effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock and convertible founder stock outstanding as of March 31, 2021 into shares of common stock immediately prior to the closing of this offering, there would have been 229,365,190 shares of Class B common stock outstanding on March 31, 2021 held by 607 stockholders of record.

Class A Common Stock and Class B Common Stock

Voting Rights

The Class A common stock is entitled to one vote per share on any matter that is submitted to a vote of our stockholders. Holders of our Class B common stock are entitled to 10 votes per share on any matter submitted to our stockholders. Holders of shares of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by Delaware law.

Under Delaware law, holders of our Class A common stock or Class B common stock would be entitled to vote as a separate class if a proposed amendment to our amended and restated certificate of incorporation would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences, or special rights of the shares of such class so as to affect them adversely. As a result, in these limited instances, the holders of a majority of the Class A common stock could defeat any amendment to our amended and restated certificate of incorporation. For example, if a proposed amendment of our amended and restated certificate of incorporation provided for the Class A common stock to rank junior to the Class B common stock with respect to (1) any dividend or distribution, (2) the distribution of proceeds were we to be acquired, or (3) any other right, Delaware law would require the vote of the Class A common stock. In this instance, the holders of a majority of Class A common stock could defeat that amendment to our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering will not provide for cumulative voting for the election of directors.

Economic Rights

Except as otherwise will be expressly provided in our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering or required by applicable law, all shares of

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Class A common stock and Class B common stock will have the same rights and privileges and rank equally, share ratably, and be identical in all respects for all matters, including those described below.

Dividends and Distributions

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically, and ratably, on a per share basis, with respect to any dividend or distribution of cash or property paid or distributed by the company, unless different treatment of the shares of the affected class is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class. See the section titled “Dividend Policy” for additional information.

Liquidation Rights

On our liquidation, dissolution, or winding-up, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically, and ratably in all assets remaining after the payment of any liabilities, liquidation preferences, and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Change of Control Transactions

The holders of Class A common stock and Class B common stock will be treated equally and identically with respect to shares of Class A common stock or Class B common stock owned by them, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the class treated differently, voting separately as a class, on (a) the closing of the sale, transfer, or other disposition of all or substantially all of our assets, (b) the consummation of a consolidation, merger, or reorganization which results in our voting securities outstanding immediately before the transaction (or the voting securities issued with respect to our voting securities outstanding immediately before the transaction) representing less than a majority of the combined voting power of the voting securities of the company or the surviving or acquiring entity, or (c) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons of securities of the company if, after closing, the transferee person or group would hold 50% or more of the outstanding voting power of the company (or the surviving or acquiring entity). However, consideration to be paid or received by a holder of common stock in connection with any such assets sale, consolidation, merger, or reorganization under any employment, consulting, severance, or other compensatory arrangement will be disregarded for the purposes of determining whether holders of common stock are treated equally and identically.

Subdivisions and Combinations

If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other class will be subdivided or combined in the same proportion and manner.

No Preemptive or Similar Rights

Our Class A common stock and Class B common stock are not entitled to preemptive rights, and are not subject to conversion, redemption, or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock described below.

Conversion

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. After the closing of this offering, on any transfer of shares of Class B common stock,

whether or not for value, each such transferred share will automatically convert into one share of Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering, including (i) transfers for tax and estate planning purposes, so long as the transferring holder continues to hold sole or, in the case of our founders, shared with family members, voting and dispositive power or, in the case of transfers to trusts, so long as the transferring holder or family members are beneficiaries of the trust; (ii) certain transfers to affiliated foundations so long as the transferring holder or family members continue to hold sole or shared voting and dispositive power over the shares; (iii) transfers of shares of Class B common stock to any of our founders; and (iv) transfers to the estates or heirs of any of our founders upon his or her death or incapacity.

Any holder's shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon the following: (1) sale or transfer of such share of Class B common stock, except for certain permitted transfers as described in the immediately preceding paragraph and in our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering; (2) the death of the Class B common stockholder (or nine months after the date of death if the stockholder is one of our founders); and (3) on the final conversion date, defined as the earlier of (a) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the outstanding shares of Class B common stock represent less than 10% of the then outstanding shares of Class A and Class B common stock; (b) the tenth anniversary of this offering; or (c) the date specified by a vote of the holders of a majority of the outstanding shares of Class B common stock, voting as a single class.

Once transferred and converted into Class A common stock, the Class B common may not be reissued.

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our Class A common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of March 31, 2021, there were 115,277,850 shares of redeemable convertible preferred stock outstanding. Immediately prior to the closing of this offering, each outstanding share of redeemable convertible preferred stock will convert into one share of Class B common stock. Upon the closing of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges, and restrictions of up to an aggregate of 10,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of holders of our common stock, and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring, or preventing a change of control or other corporate action. Upon the closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Founder Stock

As of March 31, 2021, there were 635,818 shares of convertible founder stock outstanding. Immediately prior to the closing of this offering, each outstanding share of convertible founder stock will convert into one share of Class B common stock. Each share of convertible founder stock is convertible into redeemable convertible preferred stock if purchased by an investor in conjunction with a round of preferred stock financing. If otherwise transferred or sold, each share of convertible founder stock is convertible into Class B common stock, except in the case of certain permitted transfers. Upon the closing of this offering, no shares of convertible founder stock will be outstanding.

Options

As of March 31, 2021, we had outstanding options under our equity compensation plan to purchase an aggregate of 79,624,342 shares of Class B common stock with a weighted-average exercise price of \$5.40 per share.

Restricted Stock Units

As of March 31, 2021, we had 14,000 RSUs for shares of Class B common stock outstanding.

Registration Rights

We are party to an IRA that provides that certain holders of our redeemable convertible preferred stock, our convertible founder stock, and our common stock have certain registration rights, as set forth below. The registration of shares of our Class A common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback, and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback, and Form S-3 registration rights described below will expire three years after the closing of this offering, or with respect to any particular stockholder, such time after the closing of this offering that such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

Upon the closing of this offering, the holders of an aggregate of 115,913,668 shares of Class B common stock will be entitled to certain demand registration rights. At any time beginning six months after the effective date of the registration statement of which this prospectus forms a part, certain holders of these shares may request that we register all or a portion of the registrable shares. We are obligated to effect only one such registration. Such request for registration must cover such number of shares as would have an anticipated aggregate offering price of at least \$15.0 million.

Piggyback Registration Rights

Upon the closing of this offering, the holders of an aggregate of 115,913,668 shares of Class B common stock will be entitled to certain piggyback registration rights. If we register any securities for public sale, either for our own account or for the account of other security holders, we will also have to register all registrable securities that the holders of such securities request in writing to be registered. This piggyback registration right does not apply to a registration relating to any of our stock plans, a transaction under Rule 145 of the Securities Act, or a registration related to stock issued upon conversion of debt securities. The underwriters of any underwritten offering will have the right, in their sole discretion, to limit the number of shares registered by these holders if the underwriters determine that including all registrable securities will jeopardize the success of the offering.

Form S-3 Registration Rights

Upon the closing of this offering, the holders of an aggregate of 115,913,668 shares of Class B common stock will be entitled to certain registration rights on Form S-3. The holders of these shares, constituting at least a majority of our registrable securities then outstanding, can request that we register all or a portion of their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and the aggregate price to the public of the shares offered is in excess of \$10.0 million. We are not required to file more than two Form S-3 registration

statements that are declared or became effective in any 12-month period. We may postpone the filing of a registration statement for up to 120 days not more than once in a 12-month period if in the good faith judgment of our board of directors such registration would be materially detrimental to us. The foregoing Form S-3 rights are subject to a number of additional exceptions and limitations.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our amended and restated certificate of incorporation, and our amended and restated bylaws contain or will contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Preferred Stock

Our board of directors will have the authority, without further action by our stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.

Stockholder Meetings

Our amended and restated bylaws will provide that a special meeting of stockholders may be called only by our chairperson of the board, chief executive officer or president (in the absence of a chief executive officer), or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors, or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors will be divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders by a plurality of the votes cast. For more information on the classified board, see “Management—Composition of Our Board of Directors.” This system of

electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our amended and restated certificate of incorporation will provide that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of at least a majority of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our amended and restated certificate of incorporation will not permit stockholders to cumulate their votes in the election of directors.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our amended and restated certificate of incorporation to be effective immediately prior to the closing of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders, or any action asserting a claim for aiding and abetting such breach of fiduciary duty; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any action or proceeding as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action or proceeding asserting a claim against us or any of our current or former directors, officers, or other employees that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants.

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This choice of forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation to be effective immediately prior to the closing of this offering will further provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such provision.

For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Additionally, our amended and restated certificate of incorporation to be effective immediately prior to the closing of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock. The provisions of Delaware law, our amended and restated certificate of incorporation, and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Class A common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Participation in Our Initial Public Offering

In connection with our Series E redeemable convertible preferred stock financing in March 2020, we entered into an allocation agreement with each of Coatue, and Altimeter. Pursuant to the allocation agreement, we granted Coatue and Altimeter collectively the right, but not the obligation, to purchase from us at the initial public offering price an aggregate number of shares of Class A common stock in our initial public offering (to be divided between Coatue and Altimeter based on their pro rata ownership of our Series E redeemable convertible preferred stock) equal to the greater of (i) \$50.0 million divided by the price per share of our Class A common stock sold in such offering, which would be equal to 1,612,903 shares of Class A common stock in this offering based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, or (ii) 15% of the aggregate number of shares sold in such offering, subject to the terms and conditions of such allocation agreement and compliance with applicable securities laws.

The managing underwriters may, in their sole discretion, reduce the number of shares that Coatue or Altimeter may purchase in such public offering. Under certain circumstances, including if the right to purchase shares in the public offering conflicts with applicable securities laws, then instead of the right to purchase shares in the public offering, Coatue or Altimeter, as the case may be, would have the right to purchase the same number of shares, at the same purchase price as the shares in the public offering are sold to the public, in a separate and concurrent private placement transaction. In addition, to the extent that the underwriters decide, in their sole discretion as described above, to reduce the number of shares that Coatue or Altimeter may purchase in

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the public offering, then Coatue and Altimeter, as the case may be, will have the right to purchase the balance of the shares that Coatue or Altimeter, as the case may be, is not given the opportunity to purchase in the public offering in a separate and concurrent private placement transaction.

Each of Coatue and Altimeter has delivered a non-binding indication of interest under the allocation agreement to purchase up to the maximum amount it may be allocated to purchase in this offering at the initial public offering price per share, equal to an aggregate of 3,450,000 shares of Class A common stock (to be divided between Coatue and Altimeter), or \$106,950,000 of total offering proceeds, based on the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and the number of shares offered as set forth on the cover page of this prospectus. However, because indications of interest are not binding agreements or commitments to purchase, each of Coatue or Altimeter may elect to purchase more, less, or no shares in this offering or the underwriters may elect to sell more, less, or no shares in this offering to either Coatue or Altimeter. The underwriters will receive the same discount from any shares of Class A common stock purchased by Coatue and Altimeter as they will from any other shares sold to the public in this offering. Any shares purchased by Coatue or Altimeter in this offering will not be subject to any lock-up or market stand-off arrangements.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock and Class B common stock will be Computershare Trust Company, N.A. The transfer agent and registrar's address is 250 Royall Street, Canton, Massachusetts 02021.

Exchange Listing

Our common stock is currently not listed on any securities exchange. We have applied to list our Class A common stock on Nasdaq under the symbol "CFLT".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of Class A common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our Class A common stock. Although we have applied to list our Class A common stock on Nasdaq, we cannot assure you an active public market for our Class A common stock will develop.

Following the closing of this offering, based on the number of shares of our Class B common stock outstanding as of March 31, 2021 and assuming (i) the issuance of 23,000,000 shares of Class A common stock in this offering, (ii) the automatic conversion of 115,277,850 shares of our redeemable convertible preferred stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock immediately prior to the closing of this offering, (iii) the automatic conversion of 635,818 shares of our convertible founder stock outstanding as of March 31, 2021 into an equal number of shares of Class B common stock immediately prior to the closing of this offering, and (iv) no exercise of stock options outstanding as of March 31, 2021, we will have outstanding an aggregate of 23,000,000 shares of Class A common stock and 229,365,190 shares of Class B common stock.

Of these shares, all shares of Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining outstanding shares of Class A common stock and Class B common stock will be, and shares subject to stock options and RSUs will be upon issuance, deemed “restricted securities” as defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, each of which is summarized below. Substantially all of these shares will be subject to a lock-up period under the lock-up agreements and market stand-off agreements described below.

As a result of these agreements and the provisions of our IRA described below and subject to the provisions of Rule 144 and Rule 701, shares of our Class A common stock sold in this offering or shares of Class B common stock subject to lock-up agreements and market stand-off agreements will be available for sale in the public market as follows:

Earliest Date Available for Sale in the Public Market	Number of Shares of Class A Common Stock
The first trading day on which our common stock is traded on Nasdaq, referred to as the first release period.	Up to approximately 5.9 million shares. Includes approximately 3.2 million shares issuable upon exercise of vested options or settlement of RSUs (as set forth in the section titled “—Lock-Up Agreements”).
The opening of trading on the second trading day after we announce earnings results for the quarter ending June 30, 2021, referred to as the second release period.	Up to approximately 54.6 million shares. Includes approximately 6.9 million shares issuable upon exercise of vested options or settlement of RSUs (as set forth in the section titled “—Lock-Up Agreements”). Does not give effect to up to approximately 5.9 million shares available for sale during the first release period that may be sold during the second release period if not sold during the first release period, and assumes none of such shares were sold during the first release period.
The earlier of (i) the opening of trading on the second trading day immediately following our public release of earnings for the quarter ending September 30, 2021 and (ii) the 181st day after the date of this prospectus.	All remaining shares held by our stockholders not previously eligible for sale, subject to volume limitations applicable to “affiliates” under Rule 144 as described below.

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In addition, after this offering, up to 79,638,342 shares of Class B common stock may be issued upon exercise of outstanding stock options or vesting and settlement of outstanding RSUs as of March 31, 2021, and 38,669,088 shares of Class A common stock are available for future issuance under our 2021 Plan and our 2021 ESPP.

Lock-Up Agreements

We and all of our directors, officers, and the holders of substantially all of our outstanding Class B common stock and securities exercisable for or convertible into our Class B common stock, have agreed, that, subject to certain exceptions, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending on the earlier of (i) 181 days after the date of this prospectus or (ii) the opening of trading on the second trading day after we announce earnings results for the quarter ending September 30, 2021, with such period referred to as the restricted period:

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or Class B common stock or any securities convertible into or exercisable or exchangeable for shares of Class A common stock or Class B common stock; or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Class A common stock or Class B common stock or such other securities, whether any such transaction described above is to be settled by delivery of our Class A common stock or Class B common stock or such other securities, in cash or otherwise.

Notwithstanding the foregoing,

(A) up to 15% of the vested shares (including shares issuable upon exercise of vested options and settlement of RSUs) held by substantially all current employees (excluding current officers, directors, and contractors and consultants as well as founders and investors) may be sold beginning at the commencement of trading on the first trading day on which our Class A common stock is traded on Nasdaq, which we refer to as the first release period; and

(B) up to 25% of the vested shares (including shares issuable upon exercise of vested options or settlement of RSUs and in addition to any shares that may be sold pursuant to clause (A) that have not been sold) held by current employees (including officers) and current third-party contractors and consultants, directors, investors and founders (as such terms are defined in the IRA) and their respective affiliates, and other investors holding an aggregate of approximately 8.9 million shares may be sold beginning at the opening of trading on the second trading day after we announce earnings results for the quarter ending June 30, 2021, which we refer to as the second release period.

The number of shares eligible for early release in the first release period equals approximately 5.9 million shares, including approximately 3.2 million shares issuable upon exercise of vested options and settlement of RSUs. The number of shares eligible for early release in the second release period equals approximately 54.6 million shares, including approximately 6.9 million shares issuable upon exercise of vested options and settlement of RSUs and assuming all shares that were eligible to be sold in the first release period were sold during such period.

In addition to the restrictions contained in the lock-up agreements described above, our standard form of option agreement contains market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus. The lock-up agreements and market stand-off agreements described above are subject to a number of exceptions. See the section titled "Underwriters" for information about these exceptions and a further description of these agreements.

Rule 144

Affiliate Resales of Restricted Securities

In general, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our capital stock for at least six months would be entitled to sell in “broker’s transactions” or certain “riskless principal transactions” or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of Class A common stock then outstanding, which will equal approximately 230,000 shares immediately after this offering; or
- the average weekly trading volume in Class A common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of \$50,000, the seller must file a notice on Form 144 with the SEC concurrently with either the placing of a sale order with the broker or the execution of a sale directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our capital stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b) (1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

Rule 701 generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described above.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class A common stock and Class B common stock subject to outstanding stock options and RSUs and common stock issued or issuable under our 2021 Plan, 2021 ESPP, and our 2014 Plan, as applicable. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

As of March 31, 2021, holders of up to 115,913,668 shares of our Class B common stock, which includes all of the shares of Class B common stock issuable upon the automatic conversion of our redeemable convertible preferred stock and convertible founder stock immediately prior to the closing of this offering, or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the closing of this offering and the expiration of lock-up agreements. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES
TO NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK**

The following summary describes the material U.S. federal income tax consequences of the ownership and disposition of our Class A common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not deal with non-U.S., state, and local tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, and does not address U.S. federal tax consequences other than income taxes. For example, it does not address estate and gift taxes, the alternative minimum tax, the Medicare contribution tax on net investment income, or the application of special tax accounting rules under Section 451(b). Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Code, such as financial institutions, insurance companies, tax-exempt organizations, tax-qualified retirement plans, governmental organizations, broker-dealers and traders in securities, U.S. expatriates, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid U.S. federal income tax, corporations organized outside of the United States, any state thereof, or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes, persons that hold our Class A common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security,” or integrated investment or other risk reduction strategy, persons who acquire our Class A common stock through the exercise of an option or otherwise as compensation, “qualified foreign pension funds” as defined in Section 897(1)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds, partnerships and other pass-through entities or arrangements and investors in such pass-through entities or arrangements, persons deemed to sell our Class A common stock under the constructive sale provisions of the Code, and persons that own, or are deemed to own, our Class B common stock. Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code and Treasury Regulations, rulings, and judicial decisions thereunder, each as of the date hereof, and such authorities may be repealed, revoked, or modified, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion assumes that the Non-U.S. Holder holds our Class A common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment).

This discussion is for informational purposes only and is not tax advice. Persons considering the purchase of our Class A common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income, gift, estate, and other tax consequences of acquiring, owning, and disposing of our Class A common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local, or non-U.S. tax consequences, or under any applicable income tax treaty.

For the purposes of this discussion, a “Non-U.S. Holder” is a beneficial owner of Class A common stock that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes regardless of its place of organization or formation). A “U.S. Holder” means a beneficial owner of our Class A common stock that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to

control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Distributions

As described in the section titled “Dividend Policy,” we do not anticipate declaring or paying dividends to holders of our Class A common stock in the foreseeable future. However, if we do make distributions of cash or property on our Class A common stock to a Non-U.S. Holder, such distributions, to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles), generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussions below regarding effectively connected income, backup withholding, and foreign accounts. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying the Non-U.S. Holder’s entitlement to benefits under that treaty. We do not intend to adjust our withholding unless such certificates are provided to us or our paying agent before the payment of dividends and are updated as may be required by the IRS. In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder’s behalf, the holder will be required to provide appropriate documentation to such agent. The holder’s agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty and you do not timely file the required certification, you may be able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular rates applicable to U.S. persons. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional “branch profits tax,” which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder’s effectively connected earnings and profits, subject to certain adjustments. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

To the extent distributions on our Class A common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce the Non-U.S. Holder’s adjusted basis in our Class A common stock, but not below zero, and then will be treated as gain to the extent of any excess amount distributed, and taxed in the same manner as gain realized from a sale or other disposition of Class A common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our Class A common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the

disposition and certain other conditions are met, or (c) we are or have been a “United States real property holding corporation” within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder’s holding period in our Class A common stock. In general, we would be a United States real property holding corporation if the fair market value of our U.S. real property interests equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held for use in a trade or business. We believe that we have not been and we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our Class A common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly, and constructively, no more than 5% of our Class A common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder’s holding period in our Class A common stock and (2) our Class A common stock is “regularly traded,” as defined by applicable Treasury Regulations, on an established securities market. There can be no assurance that our Class A common stock will qualify as regularly traded on an established securities market. If any gain on your disposition is taxable because we are a United States real property holding corporation and your ownership of our Class A common stock exceeds 5%, you will be taxed on such disposition generally in the manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on a net income basis at the U.S. federal income tax rates applicable to U.S. Holders, and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are a Non-U.S. Holder described in (b) above, you will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which gain may be offset by certain U.S.-source capital losses (even though you are not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting Requirements and Backup Withholding

Information returns are required to be filed with the IRS in connection with payments of distributions on our Class A common stock. Unless you comply with certification procedures to establish that you are not a U.S. person, information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of our Class A common stock. You may be subject to backup withholding on payments on our Class A common stock or on the proceeds from a sale or other disposition of our Class A common stock unless you comply with certification procedures to establish that you are not a U.S. person or otherwise establish an exemption. Your provision of a properly executed applicable IRS Form W-8 certifying your non-U.S. status will permit you to avoid backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Accounts

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments paid to a foreign financial institution (as specifically defined by applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information

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regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

FATCA withholding currently applies to payments of dividends. The U.S. Treasury Department has released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our Class A common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
Citigroup Global Markets Inc.	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
UBS Securities LLC	
Wells Fargo Securities, LLC	
Cowen and Company, LLC	
D.A. Davidson & Co.	
JMP Securities LLC	
KeyBanc Capital Markets Inc.	
Piper Sandler & Co.	
Total	<u>23,000,000</u>

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ per share under the initial public offering price. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters’ right to reject any order in whole or in part.

The following table shows the per share and total initial public offering price, underwriting discounts and commissions, and proceeds before expenses to us.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discounts and commissions to be paid by us	\$	\$
Proceeds, before expenses, to us	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$5.5 million. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$35,000. In addition, the underwriters are expected to reimburse us for approximately \$1.8 million of the expenses in connection with this offering.

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The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

We have applied to list our Class A common stock on Nasdaq under the trading symbol “CFLT”.

We and all directors and officers and the holders of substantially all of our outstanding common stock and securities exercisable for or convertible into our common stock, have agreed, that, subject to certain exceptions, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending on the earlier of (i) 181 days after the date of this prospectus and (ii) the opening of trading on the second trading day after we announce earnings results for the quarter ending September 30, 2021, with such period referred to as the restricted period:

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or Class B common stock or any securities convertible into or exercisable or exchangeable for shares of Class A common stock or Class B common stock;

(2) file any registration statement with the SEC relating to the offering of any shares of Class A common stock or Class B common stock or any securities convertible into or exercisable or exchangeable for Class A common stock or Class B common stock; or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Class A common stock or Class B common stock or such other securities, whether any such transaction described above is to be settled by delivery of our Class A common stock or Class B common stock or such other securities, in cash or otherwise.

In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of Class A common stock or Class B common stock or any security convertible into or exercisable or exchangeable for Class A common stock or Class B common stock.

Notwithstanding the foregoing,

(A) up to 15% of the vested shares (including shares issuable upon exercise of vested options and settlement of RSUs) held by substantially all current employees (excluding current officers, directors, and contractors and consultants as well as founders and investors) may be sold beginning at the commencement of trading on the first trading day on which our Class A common stock is traded on Nasdaq, which we refer to as the first release period; and

(B) up to 25% of the vested shares (including shares issuable upon exercise of vested options and settlement of RSUs and in addition to any shares that may be sold pursuant to clause (A) that have not been sold) held by current employees (including officers) and current third-party contractors and consultants, directors, investors and founders (as such terms are defined in the IRA) and their respective affiliates, and other investors holding an aggregate of approximately 8.9 million shares may be sold beginning at the opening of trading on the second trading day after we announce earnings results for the quarter ending June 30, 2021, which we refer to as the second release period.

The foregoing restrictions on us do not apply to, among others:

(i) the sale of shares to the underwriters pursuant to the underwriting agreement;

(ii) the issuance by us of shares of common stock upon the exercise of an option outstanding as of the date of this prospectus or issued after the date of this prospectus pursuant to the equity plans described in this prospectus, or upon the exercise of a warrant or the conversion of a security outstanding on the date of this prospectus;

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(iii) the issuance by us of shares of common stock upon the settlement of restricted stock units outstanding as of the date of this prospectus or issued after the date of this prospectus pursuant to the equity plans described in this prospectus;

(iv) the issuance by us of shares of Class A Common Stock upon the conversion of shares of Class B Common Stock;

(v) the issuance by us of shares of common stock or securities convertible into common stock, pursuant to the equity plans described in this prospectus;

(vi) the issuance by us of up to 250,000 shares of Class A common stock as a bona fide gift to our charitable foundation, Confluent.org (which issuance is expected to be made upon or after the completion of this offering);

(vii) the issuance by us of shares of common stock or securities convertible into common stock in connection with acquisitions, joint ventures, and other strategic relationships, provided that the aggregate number of shares of common stock issued by us shall not exceed 7.5% of the total number of shares of common stock outstanding immediately following this offering, and provided further that each recipient of such securities enters into a lock-up agreement with the underwriters;

(viii) the filing of any registration statements on Form S-8 relating to the securities granted or to be granted pursuant to the equity plans that are described in this prospectus or any assumed employee benefit plan contemplated by clause (vii) above; and

(ix) facilitating the establishment of a trading plan on behalf of our shareholders, officers or directors pursuant to Rule 10b5-1 under the Exchange Act for the transfer, sale or other disposition of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period (except to the extent otherwise allowed pursuant to (A) or (B) above) and provided further that no public announcement or filing under the Exchange Act shall be required or voluntarily made with respect to establishment of any such trading plan during the restricted period.

The foregoing restrictions on our directors, officers and other holders of our common stock do not apply to, among others:

(i) transfers of common stock as bona fide gifts (including, without limitation, to a charitable organization or educational institution) or for bona fide estate planning purposes, provided that the transferee enters into a lock-up agreement with the underwriters, and until 60 days following the date of this prospectus, no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with such transfer;

(ii) transfers of common stock to an immediate family member, to certain trusts, or by will or intestate succession, provided that the transferee enters into a lock-up agreement with the underwriters;

(iii) transactions by any person other than us relating to shares of common stock acquired from the underwriters in this offering or in open market transactions after the completion of the offering of the shares, provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of the common stock or other securities acquired in such open market transactions;

(iv) if the holder is an entity, distributions of our common stock to another corporation, partnership, limited liability company, trust, or other business entity that is an affiliate, or to an investment fund or other entity controlled or managed by an affiliate, or to the stockholders, current or former partners, members, beneficiaries, or other equityholders, or to their estates, provided that the distributee enters into a lock-up agreement with the underwriters;

(v) transfers to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under (iii) and (iv) above, provided that the transferee enters into a lock-up agreement with the underwriters;

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(vi) transfers of common stock to us for the net exercise of options, settlement of other equity awards, or to cover tax withholding pursuant to equity awards granted under a stock incentive plan or other equity award plan that is described in this prospectus;

(vii) transfers of common stock that occur by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement, provided that the transferee enters into a lock-up agreement with the underwriters;

(viii) transfers of common stock to us in connection with our repurchase of shares issued pursuant to an employee benefit plan or stock plan disclosed in this prospectus or pursuant to the agreements pursuant to which such shares were issued as disclosed in this prospectus;

(ix) transfers of common stock pursuant to a bona fide third-party tender offer, merger, consolidation, or other similar transaction involving a change of control that is made to all holders of our common stock and approved by our board of directors, provided that if such transaction is not completed, all such securities would remain subject to the restrictions set forth above;

(x) transfers of common stock to us in connection with the conversion or reclassification of our outstanding equity securities into shares of common stock, or any reclassification or conversion of our common stock, in each case as described and as contemplated in this prospectus, provided that any such shares received upon such conversion or reclassification shall be subject to the restrictions set forth above;

(xi) in the case of employee stockholders, the sale or transfer of shares of common stock to satisfy income, employment, or social tax withholding and remittance obligations arising in connection with the vesting or settlement of RSUs, provided, that, if required, any public report or filing under Section 16 of the Exchange Act will clearly indicate in the footnotes thereto that such transfer relates to the circumstances described in this exclusion; or

(xii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer, sale or other disposition of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period (except to the extent otherwise allowed pursuant to (A) or (B) above) and provided further that no public announcement or filing under the Exchange Act shall be required or voluntarily made with respect to establishment of any such trading plan during the restricted period.

Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short position represents the amount of such sales that have not been covered by subsequent purchases. We have not granted the underwriters an option to purchase additional shares of Class A common stock from us. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of Class A common stock in the open market to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

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The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses. Certain of the underwriters and their respective affiliates are our customers or have been customers from time to time and may be customers in the future in arm's length transactions on market competitive terms.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Participation in Our Initial Public Offering

Pursuant to an allocation agreement entered into in March 2020, Coatue and Altimeter collectively have the right, but not the obligation to purchase from us at the initial public offering price an aggregate number of shares of Class A common stock in our initial public offering (to be divided between Coatue and Altimeter based on their pro rata ownership of our Series E redeemable convertible preferred stock) equal to the greater of (i) \$50.0 million divided by the price per share of our Class A common stock sold in such offering, which would be equal to 1,612,903 shares of Class A common stock sold in this offering based on an assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, or (ii) 15% of the aggregate number of shares sold in such offering, subject to the terms and conditions of such allocation agreement and compliance with applicable securities laws. Under the allocation agreement, the managing underwriters may, in their sole discretion, reduce the number of shares that Coatue or Altimeter may purchase in this offering. See "Description of Capital Stock—Participation in Our Initial Public Offering." The number of shares of Class A common stock available for sale to the general public will be reduced by the number of shares sold to Coatue and Altimeter pursuant to their right to purchase shares in this offering. Any shares that Coatue and Altimeter have the right to purchase, but which they elect not to purchase, will be offered by the underwriters to the general public on the same basis as the other shares of Class A common stock offered under this prospectus.

Each of Coatue and Altimeter has delivered a non-binding indication of interest under the allocation agreement to purchase up to the maximum amount it may be allocated to purchase in this offering at the initial public offering price per share, equal to an aggregate of 3,450,000 shares of Class A common stock (to be divided between Coatue and Altimeter), or \$106,950,000 of total offering proceeds, based on the assumed initial public offering price of \$31.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and the number of shares offered as set forth on the cover page of this prospectus. However, because indications of interest are not binding agreements or commitments to purchase, each of Coatue or Altimeter may elect to purchase more, less, or

no shares in this offering or the underwriters may elect to sell more, less, or no shares in this offering to either Coatue or Altimeter. The underwriters will receive the same discount from any shares of Class A common stock purchased by Coatue and Altimeter as they will from any other shares sold to the public in this offering. Any shares purchased by Coatue or Altimeter in this offering will not be subject to any lock-up or market stand-off arrangements.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the shares of Class A common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of Class A common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

European Economic Area

This prospectus has been prepared on the basis that any offer of our Class A common stock in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Class A common stock. Accordingly, any person making or intending to make an offer in that Member State of shares of Class A common stock which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case in relation to such offer. Neither we nor any of the underwriters have authorized, nor do we or they authorize, the making of any offer of Class A common stock in circumstances in which an obligation arises for us or any of the underwriters to publish or supplement a prospectus for such offer. Neither we nor any of the underwriters have authorized, nor do we or they authorize, the making of any offer of Class A common stock through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the Class A common stock contemplated in this prospectus. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended or superseded).

In relation to each Member State of the EEA, each underwriter has represented and agreed that it has not made and will not make an offer of shares of Class A common stock which are the subject of the offering contemplated by this prospectus to the public in that Member State, except that it may make an offer of such Class A common stock to the public in that Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

United Kingdom

This prospectus has been prepared on the basis that any offer of shares of Class A common stock in the UK will be made pursuant to an exemption from the obligation to publish a prospectus under section 85 of the Financial Services and Markets Act 2000, or the FSMA. Accordingly, any person making or intending to make an offer in the UK may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to the UK Prospectus Regulation, in each case in relation to such offer. Neither we nor any of the underwriters have authorized, nor do we or they authorize, the making of any offer of Class A common stock in circumstances in which an obligation arises for us or any of the underwriters to publish or supplement a prospectus for such offer. Neither we nor any of the underwriters have authorized, nor do we or they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the shares of Class A common stock contemplated in this prospectus. The expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 in the UK.

In relation to the UK, each underwriter has represented and agreed that it has not made and will not make an offer of shares of Class A common stock which are the subject of the offering contemplated by this prospectus to the public in the UK, except that it may make an offer of such shares to the public in the UK:

- (a) to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- (c) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of shares shall require us or any underwriters to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. Each person in the United Kingdom who initially acquires any Class A common stock or to whom any offer is made will be deemed to have represented, acknowledged and agreed with us and the representatives that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Class A common stock being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of Class A common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior written consent of the representatives has been obtained to each such proposed offer or resale.

We, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

For the purposes of this provision, the expression “an offer of shares to the public” in relation to any shares means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares of our Class A common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our Class A common stock in, from or otherwise involving the UK.

Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Switzerland

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the shares of Class A common stock. The shares of Class A common stock may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act, or the FinSA, and no application has or will be made to admit the shares of Class A common stock to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares of Class A common stock constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the shares of Class A common stock may be publicly distributed or otherwise made publicly available in Switzerland.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Class A common stock to which this prospectus relates may be illiquid or subject to restrictions on its resale. Prospective purchasers of the Class A common stock offered should conduct their own due diligence on the Class A common stock. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take into account the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate for their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Hong Kong

The shares of Class A common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares of Class A common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issuance, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of Class A common stock.

Accordingly, the shares of Class A common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors, or QII

Please note that the solicitation for newly issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred en bloc without subdivision to a single investor.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of Class A common stock may not be circulated or distributed, nor may the shares of Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of Class A common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of Class A common stock pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

VALIDITY OF CLASS A COMMON STOCK

The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for us by Cooley LLP, Palo Alto, California. The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for the underwriters by Sullivan & Cromwell LLP, Palo Alto, California.

EXPERTS

The financial statements as of December 31, 2019 and 2020 and for the years then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of Class A common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the Class A common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the internet at the SEC's website at www.sec.gov.

Upon the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act and we will file reports, proxy statements, and other information with the SEC. These reports, proxy statements, and other information will be available for inspection and copying at the website of the SEC referred to above. We also maintain a website at www.confluent.io, at which, following the closing of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessed through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

Index to Consolidated Financial Statements



CONFLUENT, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Confluent, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Confluent, Inc. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders’ deficit, and cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
San Jose, California
March 23, 2021

We have served as the Company’s auditor since 2018.

Confluent, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	<u>December 31,</u> <u>2019</u>	<u>2020</u>	<u>March 31,</u> <u>2021</u> <u>(unaudited)</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,954	\$ 36,789	\$ 44,097
Marketable securities	80,819	251,756	236,001
Accounts receivable, net of allowance	65,070	105,971	99,798
Deferred contract acquisition costs	7,355	14,403	16,680
Prepaid expenses and other current assets	10,867	18,775	20,610
Total current assets	<u>183,065</u>	<u>427,694</u>	<u>417,186</u>
Property and equipment, net	2,871	6,718	7,072
Operating lease right-of-use assets	—	48,273	45,666
Deferred contract acquisition costs, non-current	18,144	33,196	36,250
Other assets, non-current	2,240	10,238	12,782
Total assets	<u>\$ 206,320</u>	<u>\$ 526,119</u>	<u>\$ 518,956</u>
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable	\$ 1,771	\$ 1,646	\$ 2,301
Accrued expenses and other liabilities	22,812	33,711	36,851
Operating lease liabilities	—	10,492	10,460
Deferred revenue	84,158	142,901	153,402
Liability for early exercise of unvested stock options	6,208	5,049	8,694
Total current liabilities	<u>114,949</u>	<u>193,799</u>	<u>211,708</u>
Operating lease liabilities, non-current	—	40,440	37,985
Deferred revenue, non-current	10,958	16,292	15,355
Other liabilities, non-current	5,394	7,203	9,360
Total liabilities	<u>131,301</u>	<u>257,734</u>	<u>274,408</u>
Commitments and contingencies (Note 7)			
Redeemable convertible preferred stock, par value \$0.00001 per share; 92,517,788, 115,277,850, and 115,277,850 shares authorized as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively; 90,624,091, 115,277,850, and 115,277,850 shares issued and outstanding as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively; aggregate liquidation preference of \$206,050, \$575,085, and \$575,085 as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively	<u>205,784</u>	<u>574,634</u>	<u>574,634</u>
Stockholders' deficit:			
Common stock, par value of \$0.00001 per share; 266,000,000, 323,000,000, and 323,000,000 shares authorized as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively; 98,636,479, 109,447,843, and 113,451,522 shares issued and outstanding as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively	1	1	1
Convertible founder stock, par value of \$0.00001 per share; 7,920,000, 635,818, and 635,818 shares authorized as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively; 7,920,000, 635,818, and 635,818 shares issued and outstanding as of December 31, 2019, December 31, 2020, and March 31, 2021 (unaudited), respectively	—	—	—
Additional paid-in capital	45,262	99,575	120,449
Accumulated other comprehensive income	197	228	43
Accumulated deficit	<u>(176,225)</u>	<u>(406,053)</u>	<u>(450,579)</u>
Total stockholders' deficit	<u>(130,765)</u>	<u>(306,249)</u>	<u>(330,086)</u>
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	<u>\$ 206,320</u>	<u>\$ 526,119</u>	<u>\$ 518,956</u>

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
			(unaudited)	
Revenue:				
Subscription	\$ 130,206	\$ 208,633	\$ 43,943	\$ 67,992
Services	19,599	27,944	6,961	9,036
Total revenue	<u>149,805</u>	<u>236,577</u>	<u>50,904</u>	<u>77,028</u>
Cost of revenue:				
Subscription	28,395	49,283	11,014	15,757
Services	20,974	26,193	6,799	8,081
Total cost of revenue	<u>49,369</u>	<u>75,476</u>	<u>17,813</u>	<u>23,838</u>
Gross profit	<u>100,436</u>	<u>161,101</u>	<u>33,091</u>	<u>53,190</u>
Operating expenses:				
Research and development	58,090	105,399	19,742	24,313
Sales and marketing	115,792	166,361	38,317	58,509
General and administrative	24,662	122,516	8,415	15,512
Total operating expenses	<u>198,544</u>	<u>394,276</u>	<u>66,474</u>	<u>98,334</u>
Operating loss	(98,108)	(233,175)	(33,383)	(45,144)
Interest income	2,494	4,113	443	844
Other income (expense), net	567	(973)	(307)	(336)
Loss before income taxes	(95,047)	(230,035)	(33,247)	(44,636)
Provision for (benefit from) income taxes	(5)	(207)	388	(110)
Net loss	<u>\$ (95,042)</u>	<u>\$ (229,828)</u>	<u>\$ (33,635)</u>	<u>\$ (44,526)</u>
Net loss per share attributable to common and founder stockholders, basic and diluted	<u>\$ (0.99)</u>	<u>\$ (2.21)</u>	<u>\$ (0.33)</u>	<u>\$ (0.41)</u>
Weighted-average shares used to compute net loss per share attributable to common and founder stockholders, basic and diluted	<u>96,067,380</u>	<u>104,218,082</u>	<u>103,196,156</u>	<u>108,731,605</u>

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	<u>Year Ended</u> <u>December 31,</u>		<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>
Net loss	\$(95,042)	\$(229,828)	\$(33,635)	\$(44,526)
Other comprehensive income, net of tax:			(unaudited)	
Unrealized gain (loss) on marketable securities	271	31	(199)	(185)
Other comprehensive income (loss)	271	31	(199)	(185)
Total comprehensive loss	<u>\$(94,771)</u>	<u>\$(229,797)</u>	<u>\$(33,834)</u>	<u>\$(44,711)</u>

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(in thousands, except share and per share data)

	Redeemable Convertible Preferred Stock		Convertible Founder Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of										
January 1, 2019	90,624,091	\$ 205,784	7,920,000	\$ —	89,575,902	\$ 1	\$ 18,182	\$ (74)	\$ (81,183)	\$ (63,074)
Issuance of common stock upon early exercise of unvested options, net of repurchases	—	—	—	—	3,759,821	—	—	—	—	—
Vesting of early exercised options	—	—	—	—	—	—	3,927	—	—	3,927
Issuance of common stock upon exercise of vested options	—	—	—	—	5,300,756	—	4,467	—	—	4,467
Stock-based compensation	—	—	—	—	—	—	18,686	—	—	18,686
Other comprehensive income	—	—	—	—	—	—	—	271	—	271
Net loss	—	—	—	—	—	—	—	—	(95,042)	(95,042)
Balances as of										
December 31, 2019	90,624,091	\$ 205,784	7,920,000	\$ —	98,636,479	\$ 1	\$ 45,262	\$ 197	\$ (176,225)	\$ (130,765)
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of \$185	17,369,577	259,815	—	—	—	—	—	—	—	—
Issuance of common stock upon early exercise of unvested options, net of repurchases	—	—	—	—	1,400,335	—	—	—	—	—
Vesting of early exercised options	—	—	—	—	—	—	7,030	—	—	7,030
Issuance of common stock upon exercise of vested options	—	—	—	—	9,411,029	—	12,430	—	—	12,430
Stock-based compensation	—	—	—	—	—	—	143,888	—	—	143,888
Conversion of convertible founder stock for Series E redeemable convertible preferred stock	7,284,182	109,035	(7,284,182)	—	—	—	(109,035)	—	—	(109,035)
Other comprehensive income	—	—	—	—	—	—	—	31	—	31
Net loss	—	—	—	—	—	—	—	—	(229,828)	(229,828)
Balances as of										
December 31, 2020	115,277,850	\$ 574,634	635,818	\$ —	109,447,843	\$ 1	\$ 99,575	\$ 228	\$ (406,053)	\$ (306,249)

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit (Continued)
(in thousands, except share and per share data)

	Redeemable Convertible Preferred Stock		Convertible Founder Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of January 1, 2020	90,624,091	\$ 205,784	7,920,000	\$ —	98,636,479	\$ 1	\$ 45,262	\$ 197	\$ (176,225)	\$ (130,765)
Issuance of Series E redeemable convertible preferred stock, net of issuance costs (unaudited)	15,031,362	224,795	—	—	—	—	—	—	—	—
Issuance of common stock upon early exercise of unvested options, net of repurchases (unaudited)	—	—	—	—	287,298	—	—	—	—	—
Vesting of early exercised options (unaudited)	—	—	—	—	—	—	1,108	—	—	1,108
Issuance of common stock upon exercise of vested options (unaudited)	—	—	—	—	1,625,105	—	1,656	—	—	1,656
Stock-based compensation (unaudited)	—	—	—	—	—	—	6,569	—	—	6,569
Other comprehensive loss (unaudited)	—	—	—	—	—	—	—	(199)	—	(199)
Net loss (unaudited)	—	—	—	—	—	—	—	—	(33,635)	(33,635)
Balances as of March 31, 2020 (unaudited)	<u>105,655,453</u>	<u>\$ 430,579</u>	<u>7,920,000</u>	<u>\$ —</u>	<u>100,548,882</u>	<u>\$ 1</u>	<u>\$ 54,595</u>	<u>\$ (2)</u>	<u>\$ (209,860)</u>	<u>\$ (155,266)</u>
Balances as of January 1, 2021	115,277,850	\$ 574,634	635,818	\$ —	109,447,843	\$ 1	\$ 99,575	\$ 228	\$ (406,053)	\$ (306,249)
Issuance of common stock upon early exercise of unvested options, net of repurchases (unaudited)	—	—	—	—	1,128,365	—	—	—	—	—
Vesting of early exercised options (unaudited)	—	—	—	—	—	—	1,208	—	—	1,208
Issuance of common stock upon exercise of vested options (unaudited)	—	—	—	—	2,875,314	—	6,215	—	—	6,215
Stock-based compensation (unaudited)	—	—	—	—	—	—	13,451	—	—	13,451
Other comprehensive loss (unaudited)	—	—	—	—	—	—	—	(185)	—	(185)
Net loss (unaudited)	—	—	—	—	—	—	—	—	(44,526)	(44,526)
Balances as of March 31, 2021 (unaudited)	<u>115,277,850</u>	<u>\$ 574,634</u>	<u>635,818</u>	<u>\$ —</u>	<u>113,451,522</u>	<u>\$ 1</u>	<u>\$ 120,449</u>	<u>\$ 43</u>	<u>\$ (450,579)</u>	<u>\$ (330,086)</u>

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
			(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	\$ (95,042)	\$ (229,828)	\$ (33,635)	\$ (44,526)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation and amortization	1,202	1,567	265	787
Net amortization (accretion) of premiums (discounts) on marketable securities	(787)	1,294	(23)	505
Amortization of deferred contract acquisition costs	8,864	16,029	2,874	5,535
Non-cash operating lease costs	—	11,911	3,106	2,856
Stock-based compensation, net of amounts capitalized	18,617	143,341	6,451	13,353
Deferred income taxes	(394)	(1,335)	2	(567)
Other	322	710	202	439
Changes in operating assets and liabilities:				
Accounts receivable	(27,117)	(41,612)	(9,078)	5,734
Deferred contract acquisition costs	(19,671)	(38,129)	(5,508)	(10,866)
Prepaid expenses and other assets	(5,926)	(14,368)	769	(2,355)
Accounts payable	1,511	(327)	(1,698)	839
Accrued expenses and other liabilities	8,604	15,837	(3,257)	1,433
Operating lease liabilities	—	(11,224)	(2,944)	(2,721)
Deferred revenue	40,983	64,077	11,443	9,565
Net cash used in operating activities	<u>(68,834)</u>	<u>(82,057)</u>	<u>(31,031)</u>	<u>(19,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalization of internal-use software costs	(975)	(3,610)	(992)	(596)
Purchases of marketable securities	(65,978)	(329,616)	(38,713)	(41,688)
Sales of marketable securities	33,104	4,988	4,988	—
Maturities of marketable securities	71,144	152,419	20,017	56,763
Purchases of property and equipment	(1,954)	(1,040)	(346)	(643)
Other	300	—	—	9
Net cash provided by (used in) investing activities	<u>35,641</u>	<u>(176,859)</u>	<u>(15,046)</u>	<u>13,845</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common stock upon exercise of vested options	4,467	12,376	1,656	6,215
Proceeds from issuance of common stock upon early exercise of unvested options, net of repurchases	8,965	4,678	369	7,398
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	259,815	225,000	—
Payments of deferred offering costs	—	(111)	—	(153)
Net cash provided by financing activities	<u>13,432</u>	<u>276,758</u>	<u>227,025</u>	<u>13,460</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(85)</u>	<u>(7)</u>	<u>(47)</u>	<u>(8)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(19,846)</u>	<u>17,835</u>	<u>180,901</u>	<u>7,308</u>
Cash, cash equivalents, and restricted cash at beginning of period	39,817	19,971	19,971	37,806
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 19,971</u>	<u>\$ 37,806</u>	<u>\$ 200,872</u>	<u>\$ 45,114</u>
Reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets to the amounts shown above:				
Cash and cash equivalents	\$ 18,954	\$ 36,789	\$ 199,855	\$ 44,097
Restricted cash included in other assets, current and non-current	1,017	1,017	1,017	1,017
Total cash, cash equivalents, and restricted cash	<u>\$ 19,971</u>	<u>\$ 37,806</u>	<u>\$ 200,872</u>	<u>\$ 45,114</u>
Supplementary cash flow disclosures:				
Cash paid for:				
Income taxes	\$ 436	\$ 960	\$ 144	\$ 524
Non-cash investing and financing activities:				
Stock-based compensation capitalized in internal-use software costs	\$ 69	\$ 547	\$ 118	\$ 98
Property and equipment included in accounts payable and accrued expenses and other liabilities	\$ 60	\$ 203	\$ —	\$ —
Issuance of common stock upon exercise of vested options included in prepaid expenses and other current assets	\$ —	\$ 54	\$ —	\$ —
Vesting of early exercised stock options	\$ 3,927	\$ 7,030	\$ 1,108	\$ 1,208
Conversion of convertible founder stock for Series E redeemable convertible preferred stock	\$ —	\$ 109,035	\$ —	\$ —
Series E redeemable convertible preferred stock issuance costs included in accounts payable and accrued expenses and other liabilities	\$ —	\$ —	\$ 205	\$ —
Unpaid deferred offering costs	\$ —	\$ 36	\$ —	\$ 1,340

See accompanying notes to the consolidated financial statements.

Confluent, Inc.
Notes to Consolidated Financial Statements

1. Description of Business

Confluent, Inc. (“Confluent” or the “Company”) created a data infrastructure platform focused on data in motion. Confluent’s platform allows customers to connect their applications, systems, and data layers and can be deployed either as a self-managed software offering, Confluent Platform, or as a fully-managed cloud-native software-as-a-service (“SaaS”) offering, Confluent Cloud. Confluent also offers professional services and education services. The Company was incorporated in the state of Delaware in September 2014 and is headquartered in California with various other global office locations.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Consolidated Financial Statements

The accompanying interim consolidated balance sheet as of March 31, 2021, the interim consolidated statements of operations, of comprehensive loss, of cash flows, and of redeemable convertible preferred stock and stockholders’ deficit for the three months ended March 31, 2020 and 2021, and the related notes to such interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with U.S. GAAP. In management’s opinion, the unaudited interim consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company’s financial position as of March 31, 2021 and its results of operations and cash flows for the three months ended March 31, 2020 and 2021. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the presentation of the current year consolidated financial statements. These reclassifications had no effect on consolidated net loss, stockholders’ deficit, or cash flows as previously reported.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Such estimates include, but are not limited to, the standalone selling price (“SSP”) for each distinct performance obligation included in customer contracts, deferred contract acquisition costs and their period of benefit, valuation of stock-based awards, the fair value of common stock, capitalization and estimated useful life of internal-use software, the incremental borrowing rate used to measure operating lease liabilities, and accounting for income taxes. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events.

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The ongoing COVID-19 pandemic has resulted in a global slowdown of economic activity that is likely to continue to decrease demand for a broad variety of goods and services, including from the Company's customers, while also disrupting sales channels and marketing activities for an unknown period of time. Estimates and assumptions about future events and their effects, including the impact of the COVID-19 pandemic, cannot be determined with certainty and therefore require the exercise of judgment. The Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or adjust the carrying value of its assets or liabilities. These estimates and assumptions may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's consolidated financial statements.

Functional Currency

The reporting currency of the Company is the U.S. dollar. The U.S. dollar is the functional currency for all subsidiaries, and therefore, foreign currency denominated monetary assets and liabilities are remeasured into U.S. dollars at exchange rates at the balance sheet date, and foreign currency denominated non-monetary assets and liabilities are remeasured into U.S. dollars at historical exchange rates. Gains or losses from foreign currency remeasurement and settlements are included in other income (expense), net in the consolidated statements of operations. Net foreign exchange gains and losses were not material for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited).

Cash and Cash Equivalents

The Company considers all highly liquid investments, including money market funds and commercial paper with remaining maturities at the date of purchase of three months or less, to be cash equivalents.

Marketable Securities

The Company's marketable securities consist of corporate notes and bonds, commercial paper, U.S. agency obligations, and municipal bonds. The Company determines the appropriate classification of its marketable securities at the time of purchase and reevaluates such determination at each balance sheet date. The Company has classified and accounted for its marketable securities as available-for-sale securities. The Company may sell these securities at any time for use in its current operations or for other purposes, even prior to maturity. As a result, the Company classifies its marketable securities within current assets.

Available-for-sale securities are adjusted for amortization of premiums and accretion of discounts to maturity and such amortization and accretion are included in other income (expense), net in the consolidated statements of operations. Changes in fair value considered to be temporary are recorded as unrealized gains or losses in accumulated other comprehensive income (loss) on the consolidated balance sheets.

Realized gains and losses are determined based on the specific identification method and are reported in other income (expense), net in the consolidated statements of operations. The Company periodically evaluates its marketable securities to assess whether those with unrealized loss positions are other-than-temporarily impaired. If the Company determines that the decline in an investment's fair value is other-than-temporary, the difference is recognized as an impairment loss in the consolidated statements of operations. During the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited), the Company did not record any other-than-temporary impairment charges in its consolidated statements of operations.

Restricted Cash

Restricted cash represents cash deposits with financial institutions in support of letters of credit outstanding in favor of certain landlords related to non-cancelable operating lease agreements to lease office spaces in Palo

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Alto, California and San Francisco, California. Restricted cash is presented in prepaid expenses and other current assets and other assets, non-current on the consolidated balance sheets.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1 Inputs: Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 Inputs: Observable inputs other than quoted prices included in Level 1, such as quoted prices in less active markets or model-derived valuations that are observable either directly or indirectly.
- Level 3 Inputs: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments consist of cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued expenses. Cash equivalents are stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. Marketable securities are recorded at fair value. Accounts receivable, accounts payable, and accrued expenses are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable on the consolidated balance sheets consists of trade accounts receivable and unbilled receivables, net of an allowance for doubtful accounts. Trade accounts receivable are stated at the invoiced amount and consist of amounts currently due from customers. Unbilled receivables represent revenue recognized in excess of invoiced amounts for the Company's unconditional right to consideration in exchange for goods or services that the Company has transferred to the customer, such that only the passage of time is required before payment of consideration is due. The unbilled receivables balance was \$7.2 million, \$17.6 million, and \$23.2 million as of December 31, 2019 and 2020 and March 31, 2021 (unaudited), respectively.

Accounts receivable are reduced by an allowance for doubtful accounts due to collection risk related to these receivables. The Company determines the need for an allowance for doubtful accounts based upon various factors, including past collection experience, age of the receivable balance, and specific circumstances arising with individual customers. The Company's allowance for doubtful accounts was not material as of December 31, 2019 and 2020 and March 31, 2021 (unaudited).

Concentration of Risks

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, restricted cash, marketable securities, and accounts receivable. The primary focus of the Company's investment strategy is to preserve capital and meet liquidity requirements. The Company invests its excess cash in highly rated money market funds and in marketable securities. The Company extends credit to customers in the normal course of business. The Company maintains an allowance for doubtful accounts on customers' accounts when deemed necessary.

No customer represented 10% or greater of total revenue for the years ended December 31, 2019 and 2020 and for the three months ended March 31, 2020 and 2021 (unaudited). No customer represented 10% or greater of gross accounts receivable as of December 31, 2019 and 2020 and March 31, 2021 (unaudited).

Deferred Contract Acquisition Costs

Sales commissions earned by the Company's sales force and the associated payroll taxes are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for new revenue contracts, including incremental sales to existing customers, are deferred and then amortized over an estimated period of benefit, which the Company has determined to be five years. To determine the period of benefit, the Company has considered its technology development cycle, the cadence of software releases, the nature of its customer contracts, the duration of customer relationships, and the expected renewal period. Sales commissions for renewal contracts (which are not considered commensurate with sales commissions for new revenue contracts and incremental sales to existing customers) are deferred and then amortized over the renewal contract term. Amortization of deferred contract acquisition costs is included in sales and marketing expenses in the consolidated statements of operations. The Company periodically reviews the carrying amount of deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred costs. The Company did not recognize any impairment of deferred contract acquisition costs during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited).

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, accounting, consulting, and other fees related to the Company's planned initial public offering ("IPO"), are capitalized in other assets, non-current on the consolidated balance sheets. The deferred offering costs will be offset against IPO proceeds upon the consummation of an IPO. In the event the planned IPO is terminated, the deferred offering costs will be immediately expensed in the consolidated statements of operations. There were no deferred offering costs recorded as of December 31, 2019. Deferred offering costs as of December 31, 2020 and March 31, 2021 (unaudited) were \$0.1 million and \$1.6 million, respectively.

Capitalized Software Costs

Software development costs for software to be sold, leased, or otherwise marketed are expensed as incurred until the establishment of technological feasibility, at which time those costs are capitalized until the product is available for general release to customers and amortized over the estimated life of the product. Technological feasibility is established upon the completion of a working prototype that has been certified as having no critical bugs and is a release candidate. Costs to develop software that is marketed externally have not been capitalized as the current software development process is essentially completed concurrently with the establishment of technological feasibility and were not material for the periods presented. As such, all related software development costs are expensed as incurred and included in research and development expenses in the consolidated statements of operations.

Costs related to software acquired, developed, or modified solely to meet the Company's internal requirements are capitalized. Costs incurred during the preliminary planning and evaluation stage of the project and during the post-implementation operational stage are expensed as incurred. Costs incurred during the application development stage of the project are capitalized within property and equipment, net on the consolidated balance sheets. Amortization is computed using the straight-line method over the estimated useful life of the capitalized software asset, which is generally 3 years. The amortization of internal-use software costs is included in cost of revenue in the consolidated statements of operations. The Company evaluates the useful life of these assets on a periodic basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. The Company did not recognize any impairment of capitalized internal-use software costs during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited).

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Property and Equipment, Net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. The estimated lives of the Company's assets are as follows:

	Useful Lives
Computers and equipment	3 years
Furniture and fixtures	5 years
Purchased software	3 years
Leasehold improvements	Shorter of the remaining lease term or useful life
Internal-use software	3 years

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation and amortization are removed from the consolidated financial statements and any resulting gain or loss is reflected in the consolidated statements of operations. There were no material gains or losses incurred as a result of retirement or sale during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited).

Leases

Effective January 1, 2020, the consolidated financial statements reflect the adoption of ASC 842, *Leases*, using the modified retrospective method. Refer to *Recently Adopted Accounting Pronouncements* below regarding the adoption impact of ASC 842.

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company determines if a contract is, or contains, a lease at contract inception. All of the Company's leases are operating leases and are included in operating lease right-of-use assets, operating lease liabilities, and operating lease liabilities, non-current on the consolidated balance sheets.

The Company accounts for lease components and non-lease components as a single lease component for all leases. The Company has elected an accounting policy to not recognize short-term leases, which have a lease term of twelve months or less, on the consolidated balance sheets.

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term discounted using the Company's incremental borrowing rate. Operating lease right-of-use assets also include any lease payments made and exclude lease incentives. As the Company's leases do not provide an implicit rate, the incremental borrowing rate used is estimated based on what the Company would have to pay on a collateralized basis in the currency in which the arrangement is denominated over a similar term as the lease. Lease payments include fixed payments and variable payments based on an index or rate, if any, and are recognized as lease expense on a straight-line basis over the term of the lease. The lease term includes options to extend or terminate the lease when it is reasonably certain they will be exercised. Variable lease payments not based on a rate or index are expensed as incurred.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, including property and equipment and operating lease right-of-use assets, for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such comparison indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount

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of such assets is reduced to fair value. The Company determined that there were no events or changes in circumstances that indicated that its long-lived assets were impaired during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited).

In addition to the recoverability assessment, the Company periodically reviews the remaining estimated useful lives of its property and equipment. If the estimated useful life assumption for any asset is changed due to new information, the remaining unamortized balance would be depreciated or amortized over the revised estimated useful life on a prospective basis.

Deferred Revenue

Deferred revenue, which is a contract liability, primarily consists of customer billings or payments received in advance of revenue being recognized from the Company's subscription and services contracts. The Company generally invoices customers annually in advance for its term-based licenses and either annually in advance or monthly in arrears for its SaaS offering. Typical payment terms range from due upon receipt to net 60 days of the invoice date. Deferred revenue that is anticipated to be recognized during the succeeding twelve-month period is recorded as deferred revenue within current liabilities and the remaining portion is recorded as deferred revenue, non-current. The Company records deferred revenue upon the right to invoice or when payments have been received for subscriptions or services not delivered. Deferred revenue does not necessarily represent the total contract value of the related agreements.

Revenue Recognition

The Company generates revenue from the sale of subscriptions and services. Subscription revenue consists of revenue from term-based licenses that include post-contract customer support, maintenance, and upgrades, referred to together as PCS, which the Company refers to as Confluent Platform, and the Company's SaaS offering, which the Company refers to as Confluent Cloud. Confluent Cloud customers may purchase subscriptions either without a minimum commitment contract on a month-to-month basis, which the Company refers to as pay-as-you-go, or under a usage-based minimum commitment contract of at least one year in duration, in which customers commit to a fixed minimum monetary amount at specified per-usage rates. Revenue from the Company's pay-as-you-go arrangements was not material during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited). The Company primarily enters into subscription contracts with one-year terms, and subscription contracts are generally non-cancelable and non-refundable, although customers can terminate for breach if the Company materially fails to perform. Services revenue consists of revenue from professional services and education services. The Company generates sales of its subscriptions and services through its sales teams, self-service channel, and partner ecosystem.

The consolidated financial statements reflect the Company's accounting for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Under ASC 606, the Company recognizes revenue when its customers obtain control of promised subscriptions or services in an amount that reflects the consideration that the Company expects to receive in exchange for those subscriptions or services. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, the following steps are performed:

(i) *identification of the contract with a customer*

The Company generally contracts with customers through order forms, which are governed by master sales agreements. The Company determines that it has a contract with a customer when there is a signed agreement, including by electronic acceptance or acceptance of a purchase order as a contractual agreement, each party's rights regarding the subscriptions or services to be transferred and the payment terms for the services can be identified, the Company has determined the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay,

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which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, reputation, and financial or other information pertaining to the customer.

When a contract is entered into, the Company evaluates whether the contract is part of a larger arrangement and should be accounted for with other contracts and whether the combined or single contract includes more than one performance obligation.

(ii) identification of the performance obligations in the contract

Performance obligations are identified based on the subscriptions and services that will be transferred to the customer that are both (1) capable of being distinct, whereby the customer can benefit from the subscriptions or services either on their own or together with other resources that are readily available from third parties or from the Company, and (2) are distinct in the context of the contract, whereby the transfer of the subscriptions and services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised subscriptions or services, the Company applies judgment to determine whether promised subscriptions or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, or if performance obligations follow the same pattern of recognition, the promised subscriptions or services are accounted for as a combined performance obligation. The Company has concluded that its contracts with customers do not contain warranties that give rise to a separate performance obligation.

(iii) measurement of the transaction price

The transaction price is the total amount of consideration the Company expects to be entitled to in exchange for the subscriptions and services in a contract. The transaction price in a usage-based SaaS contract is typically equal to the minimum commitment in the contract, less any discounts provided. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. The Company's contracts do not contain a significant financing component.

(iv) allocation of the transaction price to the performance obligations;

If a contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, the Company allocates the transaction price using a relative SSP allocation based on a point estimate of the SSPs of each performance obligation. The Company also considers if there are any additional material rights inherent in a contract, and if so, it allocates revenue to the material right as a performance obligation. The Company determines each SSP based on multiple factors, including past history of selling such performance obligations as standalone subscriptions and services. In cases where directly observable standalone sales are not available, such as when license and PCS are not sold on a standalone basis, the Company establishes SSP by considering the license and PCS provided within a bundle and by considering the historical selling price of performance obligations in similar transactions as well as other factors including but not limited to the Company's pricing of similar subscriptions and services, other software vendors' pricing, other aspects of the performance obligations, and current pricing practices, which can require significant judgment and are subject to change based on continuous reevaluation. There is typically more than one SSP for individual subscriptions and services due to the stratification of subscription support tiers and services.

(v) recognition of revenue when the Company satisfies each performance obligation;

The Company recognizes revenue at the time the related performance obligation is satisfied, in an amount that reflects the consideration it expects to be entitled to in exchange for those subscriptions or services. The Company records its revenue net of any withholding, value added or sales tax, as well as any discounts or marketing development funds.

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Subscription Revenue

The Company's subscription revenue includes revenue from Confluent Platform for licenses sold in conjunction with PCS. The license provides the right to use licensed proprietary software features, which represents significant standalone functionality and is therefore deemed a distinct performance obligation. License revenue is recognized at a point in time, upon delivery and transfer of control of the underlying license to the customer, which is typically the effective start date. Revenue from PCS is based on its continuous pattern of transfer to the customer and therefore is recognized ratably over the contract term.

The Company's subscription revenue also includes revenue from Confluent Cloud for its usage-based minimum commitment and pay-as-you-go offering, which is recognized on a usage basis, as usage represents a direct measurement of the value to the customer of the subscription transferred as of a particular date relative to the total value to be delivered over the term of the contract. For contracts that are not usage-based, revenue from Confluent Cloud is recognized ratably over the non-cancelable contractual term of the arrangement, generally beginning on the date that the service is made available to the customer.

Services Revenue

The Company's services revenue includes revenue from professional services and education services, which are generally sold on a time-and-materials basis. The Company recognizes the associated revenue as services are delivered.

Cost of Revenue

Cost of Subscription Revenue

Cost of subscription revenue primarily includes personnel-related costs (salaries, bonuses and benefits, and stock-based compensation) for employees associated with customer support and maintenance, third-party cloud infrastructure costs, amortization of internal-use software, and allocated overhead.

Cost of Services Revenue

Cost of services revenue primarily includes personnel-related costs (salaries, bonuses and benefits, and stock-based compensation) for employees associated with professional services and education services, travel-related costs, and allocated overhead.

Research and Development Costs

Research and development costs are expensed as incurred and consist primarily of personnel-related costs (salaries, bonuses and benefits, and stock-based compensation, net of amounts capitalized), contractor and professional service fees, software and subscription services dedicated for use by the Company's research and development organization, and allocated overhead.

Advertising Costs

Advertising costs are expensed as incurred or when the advertising first takes place, based on the nature of the advertising, and are recorded in sales and marketing expenses in the consolidated statements of operations.

Advertising expense was \$8.4 million and \$10.9 million for the years ended December 31, 2019 and 2020, respectively. Advertising expense was \$2.6 million and \$4.2 million for the three months ended March 31, 2020 and 2021 (unaudited), respectively.

Stock-Based Compensation

The Company records compensation expense in connection with all stock-based awards, including stock options and restricted stock units (“RSUs”), granted to employees and non-employees based on the fair value of the awards granted. The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options on the dates of grant. Calculating the fair value of stock options using the Black-Scholes model requires certain highly subjective inputs and assumptions including the fair value of the underlying common stock, the expected term of the stock option, and the expected volatility of the price of the Company’s common stock.

For awards that vest based only on continuous service, stock-based compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of four years. The Company has also granted certain awards that have both a service-based and a performance-based vesting condition. The service-based vesting condition for these awards is generally satisfied by rendering service from the date of grant through the satisfaction of the performance-based vesting condition, as well as a four-year vesting period commencing with the satisfaction of the performance-based vesting condition.

The performance-based vesting condition is satisfied upon the sale of the Company’s common stock in a firm commitment underwritten public offering. For awards with performance-based vesting conditions, stock-based compensation expense is recognized using the accelerated attribution method over the requisite service period when it is probable the performance-based vesting condition will be achieved. A sale of the Company’s common stock in a firm commitment underwritten public offering is not deemed probable until consummated. Accordingly, no expense is recorded related to these awards until the performance-based vesting condition becomes probable of occurring. In connection with its IPO, the Company expects to record stock-based compensation expense for these awards with performance-based vesting conditions for the service period rendered from the date of grant through the IPO date. The Company has also granted certain options containing a provision whereby vesting is accelerated upon a change in control; stock-based compensation expense for such options is recognized on a straight-line basis over a vesting period of generally four years, as a change in control is considered to be outside of the Company’s control and is not considered probable until it occurs. Forfeitures are accounted for as they occur.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax law in effect for the years in which the temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, the need to establish such allowances is assessed periodically by considering matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations.

The Company evaluates and accounts for the benefits of uncertain tax positions using a two-step approach. Recognition, step one, occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement, step two, determines the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Net Loss per Share Attributable to Common and Founder Stockholders

The Company computes basic and diluted net loss per share attributable to its common and founder stockholders using the two-class method required for companies with participating securities. The Company considers all series of its redeemable convertible preferred stock and unvested common stock to be participating securities as the holders of such securities have non-forfeitable dividend rights in the event that a dividend is paid on common stock. Under the two-class method, the net loss attributable to common and founder stockholders is not allocated to the redeemable convertible preferred stock and unvested common stock as these securities do not have a contractual obligation to share in the Company's net losses.

Basic net loss per share attributable to common and founder stockholders is computed by dividing the net loss attributable to common and founder stockholders by the weighted-average number of shares of common stock outstanding during the period, less unvested common stock that is subject to repurchase, and by the weighted-average number of shares of convertible founder stock outstanding during the period, respectively. Basic and diluted net loss per share attributable to common and founder stockholders were the same for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited), as the inclusion of all potentially dilutive shares was anti-dilutive due to the net loss reported for each period.

Segment and Geographic Information

The Company operates its business as one operating and reportable segment as the Company's chief operating decision maker, the Company's Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. As of December 31, 2019 and 2020 and March 31, 2021 (unaudited), substantially all of the Company's long-lived assets, including property and equipment, net, and operating right-of-use assets were located in the United States. See Note 10 for revenue disaggregated by geographic markets.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Leases: In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02 and several amendments, codified as ASC 842, *Leases*, which requires lessees to record the assets and liabilities arising from all leases, with the exception of short-term leases, on the balance sheet as right-of-use assets along with corresponding lease liabilities. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. The new standard also requires increased disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted ASC 842 as of January 1, 2020 using the optional transition method. Under this method, the Company recognized operating lease right-of-use assets and operating lease liabilities of \$60.2 million and \$62.2 million, respectively, as of January 1, 2020 and did not include any retrospective adjustments to comparative periods to reflect the adoption of ASC 842. The difference of \$2.0 million between operating lease right-of-use assets and operating lease liabilities at the adoption date related to deferred rent.

The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company not to reassess whether a contract is or contains a lease, lease classification, and initial direct costs. In addition, the Company elected the short-term lease exception and the practical expedient to account for lease components and non-lease components as a single lease component. Therefore, all fixed payments associated with a lease are included in the right-of-use asset and the lease liability. Any variable payments related to a lease will be recorded as lease expense when and as incurred. The Company has elected this practical expedient for all asset classes.

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Stock-Based Compensation: In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Non-Employee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees, with certain exceptions. The Company adopted this guidance as of January 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

Intangible Assets: In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this ASU. The Company adopted this guidance as of January 1, 2020 prospectively for implementation costs incurred after the date of adoption, and the adoption did not have a material impact on its consolidated financial statements.

Income Taxes: In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by amending and clarifying existing guidance in ASC 740, as well as removing certain exceptions within ASC 740. The Company adopted this guidance as of January 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

Recently Adopted Accounting Pronouncements (Unaudited)

Convertible Instruments: In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and enhances information transparency by making targeted improvements to the disclosures for convertible instruments and earnings per share guidance. The Company adopted this guidance as of January 1, 2021, and the adoption did not have a material impact on its consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Credit Losses: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, which includes the Company’s accounts receivable, certain financial instruments, and contract assets. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology. Subsequently, the FASB issued multiple codification improvement amendments to ASU 2016-13. ASU 2016-13 and the applicable subsequent amendments are effective for the Company for the year beginning January 1, 2023, though early adoption is permitted. The Company is currently evaluating the potential impact of this guidance on its consolidated financial statements.

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3. Marketable Securities

The following tables summarize the fair values of the Company's marketable securities (in thousands):

	December 31, 2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate notes and bonds	\$ 72,007	\$ 307	\$ —	\$ 72,314
Commercial paper	4,980	6	—	4,986
U.S. agency obligations	3,520	—	(1)	3,519
Total marketable securities	<u>\$ 80,507</u>	<u>\$ 313</u>	<u>\$ (1)</u>	<u>\$ 80,819</u>

	December 31, 2020			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate notes and bonds	\$ 155,401	\$ 360	\$ (21)	\$ 155,740
Commercial paper	63,503	27	(24)	63,506
U.S. agency obligations	32,520	—	(10)	32,510
Total marketable securities	<u>\$ 251,424</u>	<u>\$ 387</u>	<u>\$ (55)</u>	<u>\$ 251,756</u>

	March 31, 2021			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
				(unaudited)
Corporate notes and bonds	\$ 132,269	\$ 192	\$ (30)	\$ 132,431
Commercial paper	76,530	11	(2)	76,539
U.S. agency obligations	24,000	—	(14)	23,986
Municipal bonds	3,045	—	—	3,045
Total marketable securities	<u>\$ 235,844</u>	<u>\$ 203</u>	<u>\$ (46)</u>	<u>\$ 236,001</u>

Realized gains and losses were not material for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited). Marketable securities in an unrealized loss position had a fair value of \$3.5 million and an immaterial amount of unrealized losses as of December 31, 2019, and a fair value of \$91.5 million and an immaterial amount of unrealized losses as of December 31, 2020. As of March 31, 2021 (unaudited), marketable securities in an unrealized loss position had a fair value of \$96.0 million and an immaterial amount of unrealized losses. No marketable securities were in a continuous unrealized loss position for more than twelve months as of December 31, 2019 and 2020 and March 31, 2021 (unaudited).

The following table summarizes the contractual maturities of the Company's marketable securities (in thousands):

	December 31, 2020		March 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
				(unaudited)
Due within one year	\$ 180,320	\$180,520	\$ 191,361	\$191,548
Due after one year through five years	71,104	71,236	44,483	44,453
Total	<u>\$ 251,424</u>	<u>\$251,756</u>	<u>\$ 235,844</u>	<u>\$236,001</u>

4. Fair Value of Financial Instruments

The following tables summarize the Company's financial assets that are measured at fair value on a recurring basis (in thousands):

	December 31, 2019		
	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 4,102	\$ —	\$ 4,102
Marketable securities:			
Corporate notes and bonds	—	72,314	72,314
Commercial paper	—	4,986	4,986
U.S. agency obligations	—	3,519	3,519
Total	<u>\$ 4,102</u>	<u>\$ 80,819</u>	<u>\$ 84,921</u>

	December 31, 2020		
	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 12,409	\$ —	\$ 12,409
Marketable securities:			
Corporate notes and bonds	—	155,740	155,740
Commercial paper	—	63,506	63,506
U.S. agency obligations	—	32,510	32,510
Total	<u>\$ 12,409</u>	<u>\$ 251,756</u>	<u>\$ 264,165</u>

	March 31, 2021		
	Level 1	Level 2 (unaudited)	Total
Cash equivalents:			
Money market funds	\$ 13,747	\$ —	\$ 13,747
Marketable securities:			
Corporate notes and bonds	—	132,431	132,431
Commercial paper	—	76,539	76,539
U.S. agency obligations	—	23,986	23,986
Municipal bonds	—	3,045	3,045
Total	<u>\$ 13,747</u>	<u>\$ 236,001</u>	<u>\$ 249,748</u>

The Company classifies its highly liquid money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company classifies its corporate notes and bonds, commercial paper, U.S. agency obligations, and municipal bonds within Level 2 of the fair value hierarchy because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security that may not be actively traded. There were no transfers of financial assets between valuation levels during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited).

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5. Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31,		March 31,
	2019	2020	2021 (unaudited)
Prepaid software licenses	\$ 2,742	\$ 4,172	\$ 5,311
Other prepaid expenses	4,864	9,110	8,896
Other receivables	2,709	4,985	5,473
Restricted cash	—	—	267
Other current assets	552	508	663
Total prepaid expenses and other current assets	<u>\$10,867</u>	<u>\$18,775</u>	<u>\$ 20,610</u>

Property and Equipment, Net

The cost and accumulated depreciation and amortization of property and equipment were as follows (in thousands):

	December 31,		March 31,
	2019	2020	2021 (unaudited)
Computers and equipment	\$ 1,436	\$ 2,640	\$ 3,097
Furniture and fixtures	1,288	1,360	1,316
Purchased software	26	26	26
Leasehold improvements	220	136	136
Internal-use software	714	4,016	4,441
Construction in progress	329	1,183	1,452
Property and equipment, at cost	\$ 4,013	\$ 9,361	\$ 10,468
Less: Accumulated depreciation and amortization	(1,142)	(2,643)	(3,396)
Property and equipment, net	<u>\$ 2,871</u>	<u>\$ 6,718</u>	<u>\$ 7,072</u>

Depreciation and amortization expense was \$1.2 million and \$1.6 million for the years ended December 31, 2019 and 2020, respectively. Depreciation and amortization expense was \$0.3 million and \$0.8 million for the three months ended March 31, 2020 and 2021 (unaudited), respectively.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	December 31,		March 31,
	2019	2020	2021 (unaudited)
Accrued commissions	\$ 4,708	\$10,189	\$ 8,051
Accrued expenses	11,020	7,225	10,566
Accrued payroll taxes	2,200	6,756	6,877
Accrued compensation and benefits	2,140	4,240	5,676
Other liabilities	2,744	5,301	5,681
Total accrued expenses and other liabilities	<u>\$22,812</u>	<u>\$33,711</u>	<u>\$ 36,851</u>

6. Leases

The Company has entered into non-cancelable operating leases, primarily for the rent of office space expiring at various dates through 2029. Certain lease agreements contain an option for the Company to renew the lease for a term of up to three years or an option to terminate the lease early within three years of lease termination. The Company considers these options in determining the lease term on a lease-by-lease basis. None of the Company's lease agreements contain any material non-lease components, material residual value guarantees, or material restrictive covenants.

During the year ended December 31, 2019, the Company issued a letter of credit of \$8.2 million for its office space in Mountain View, California. No draws have been made under the letter of credit as of December 31, 2019 and 2020 and March 31, 2021 (unaudited).

In addition, the Company subleased certain floors of its office space in Palo Alto, California expiring between 2021 and 2022. Sublease income for the year ended December 31, 2020 of \$2.9 million is recorded as a reduction of lease expense. Sublease income for the three months ended March 31, 2020 and 2021 (unaudited) of \$0.7 million and \$0.6 million was recorded as a reduction of lease expense.

For the year ended December 31, 2020, lease expense, net of sublease income of \$10.8 million is included in operating expenses in the consolidated statement of operations. The Company did not have any material variable lease costs or short-term lease costs for the year ended December 31, 2020.

The weighted-average remaining lease term of the Company's operating leases was 5.2 years and the weighted-average discount rate used to measure the present value of the operating lease liabilities was 4.0% as of December 31, 2020.

The Company's future minimum lease payments under non-cancelable operating leases as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	Minimum Lease Payments
2021	\$ 12,482
2022	10,247
2023	8,159
2024	8,216
2025	10,463
Thereafter	7,231
Total minimum lease payments	56,798
Less: Imputed interest	(5,866)
Present value of future minimum lease payments	50,932
Less: Operating lease liabilities, current	(10,492)
Operating lease liabilities, non-current	\$ 40,440

As of March 31, 2021 (unaudited), there were no material changes to the Company's leases since December 31, 2020.

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The Company's future minimum lease payments under non-cancelable operating leases based on the previous lease accounting standard, ASC 840, *Leases*, as of December 31, 2019, were as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2020	\$ 13,559
2021	12,355
2022	10,289
2023	8,325
2024	8,216
Thereafter	17,694
Total	<u>\$ 70,438</u>

Sublease income for the year ended December 31, 2019 of \$0.2 million is recorded as a reduction of rent expense. Rent expense, net of sublease income, was \$8.6 million for the year ended December 31, 2019.

7. Commitments and Contingencies

Purchase Obligations

As of December 31, 2020, future payments under non-cancelable purchase obligations, primarily related to third-party cloud infrastructure agreements under which the Company is granted access to use certain cloud services, were as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Purchase Obligations</u>
2021	\$ 44,759
2022	49,502
2023	31,463
2024	18,000
2025	23,500
Total	<u>\$ 167,224</u>

As of March 31, 2021 (unaudited), there were no material changes to the Company's purchase obligations since December 31, 2020.

Legal Matters

From time to time, the Company has become involved in claims and other legal matters arising in the ordinary course of business. The Company investigates these claims as they arise. For the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited), the Company is not aware of any matters that would individually or taken together have a material adverse effect on its results of operations, financial position, or cash flows.

Indemnification

The Company enters into indemnification provisions under its agreements with other companies in the ordinary course of business, including customers, business partners, landlords, and certain third-party vendors. Under these arrangements, the Company agrees to indemnify, hold harmless, and reimburse the indemnified party for certain losses suffered or incurred by the indemnified party resulting from certain Company activities. The terms of these indemnification agreements are generally perpetual. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable. The Company has

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not, as of December 31, 2019 and 2020 and March 31, 2021 (unaudited), incurred material costs to defend lawsuits or settle claims related to these indemnification agreements. The Company maintained commercial general liability insurance and product liability insurance during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited) to offset certain of the Company's potential liabilities under these indemnification provisions.

The Company also indemnifies certain of its officers, directors, and certain key employees while they are serving in good faith in their respective capacities. As of December 31, 2019 and 2020 and March 31, 2021 (unaudited), the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements.

8. Redeemable Convertible Preferred Stock

Redeemable convertible preferred stock outstanding consisted of the following (in thousands, except share and per share data):

Redeemable Convertible Preferred Stock	December 31, 2019				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Amount	Aggregate Liquidation Preference
Series A	34,911,252	34,911,252	\$ 0.20050825	\$ 6,945	\$ 7,000
Series B	24,948,780	24,948,780	0.963975	23,981	24,050
Series C	18,657,756	18,657,756	2.67985	49,927	50,000
Series D	14,000,000	12,106,303	10.3252	124,931	125,000
Total	<u>92,517,788</u>	<u>90,624,091</u>		<u>\$ 205,784</u>	<u>\$ 206,050</u>

Redeemable Convertible Preferred Stock	December 31, 2020				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Amount	Aggregate Liquidation Preference
Series A	34,911,252	34,911,252	\$ 0.20050825	\$ 6,945	\$ 7,000
Series B	24,948,780	24,948,780	0.963975	23,981	24,050
Series C	18,657,756	18,657,756	2.67985	49,927	50,000
Series D	12,106,303	12,106,303	10.3252	124,931	125,000
Series E	24,653,759	24,653,759	14.9687	368,850	369,035
Total	<u>115,277,850</u>	<u>115,277,850</u>		<u>\$ 574,634</u>	<u>\$ 575,085</u>

During the year ended December 31, 2020, the Company issued 17,369,577 shares of Series E redeemable convertible preferred stock at \$14.9687 per share for proceeds totaling \$259.8 million, net of issuance costs. Upon the sale of the Company's convertible founder stock in July 2020 pursuant to a tender offer (see Note 11), 7,284,182 shares of the Company's convertible founder stock were converted into shares of Series E redeemable convertible preferred stock on a one-for-one basis.

As of March 31, 2021 (unaudited), there were no changes to the Company's redeemable convertible preferred stock since December 31, 2020.

The rights, preferences, and privileges of the redeemable convertible preferred stock are as follows:

Liquidation Preference

In the event of any liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, the holders of redeemable convertible preferred stock are entitled to receive, on a pari passu basis and prior and

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in preference to any distribution to the holders of common stock, an amount per share equal to \$0.20050825 per outstanding share of Series A redeemable convertible preferred stock, \$0.963975 per outstanding share of Series B redeemable convertible preferred stock, \$2.67985 per outstanding share of Series C redeemable convertible preferred stock, \$10.3252 per outstanding share of Series D redeemable convertible preferred stock, and \$14.9687 per outstanding share of Series E redeemable convertible preferred stock plus any declared but unpaid dividends. If upon such liquidation event, the assets of the Company legally available for distribution to the redeemable convertible preferred stockholders are insufficient, then the assets will be distributed pro rata among such holders in proportion to the full amounts they would otherwise be entitled to receive.

After the payment or setting aside for payment to the holders of redeemable convertible preferred stock of the full amounts, the remaining assets of the Company legally available for distribution shall be distributed among the holders of common stock and convertible founder stock pro rata based on the number of shares of common stock held by each such holder on an as-converted basis (assuming conversion of all shares of convertible founder stock into common stock).

Conversion Rights

Each share of redeemable convertible preferred stock is convertible, at the option of the holder at any time after the date of issuance of such share, into the number of shares of common stock determined by dividing the original issue price by the then applicable conversion price. For each series of redeemable convertible preferred stock, the conversion price per share is currently equal to its respective issue price such that each share of redeemable convertible preferred stock is convertible into common stock on a one-for-one basis. The conversion price for each series of redeemable convertible preferred stock is subject to adjustments for certain events, including stock splits, stock dividends, combinations, subdivisions, or recapitalization events. In addition, if the Company should issue any common stock without consideration or for a consideration per share less than the conversion price for the redeemable convertible preferred stock, the conversion price for each series shall automatically be adjusted in accordance with anti-dilution provisions contained in the Company's amended and restated certificate of incorporation.

Each share of redeemable convertible preferred stock will automatically be converted into shares of common stock at the then-effective conversion rate immediately upon the earlier of (i) the closing of an underwritten IPO that results in aggregate cash proceeds to the Company of not less than \$80.0 million (before deducting underwriters' discounts and commissions) or the direct listing of the Company's securities which has been approved by a majority of the directors designated by holders of the redeemable convertible preferred stock; or (ii) the date, specified by vote or written consent of the holders of at least a majority of the then-outstanding shares of redeemable convertible preferred stock (voting together as a single class on an as-converted basis); provided, however, the shares of Series B, Series C, Series D, and Series E redeemable convertible preferred stock shall not automatically be converted into shares of common stock without the written consent of the holders of at least a majority of the then-outstanding shares of Series B, Series C, Series D, and Series E redeemable convertible preferred stock, respectively (voting as a separate class per each series).

Dividends

The holders of redeemable convertible preferred stock shall be entitled to receive dividends, on a pari passu basis and prior and in preference to any declaration or payment of any dividend on common stock, at the per annum rate of \$0.01605 per outstanding share of Series A redeemable convertible preferred stock, \$0.077125 per outstanding share of Series B redeemable convertible preferred stock, \$0.2144 per outstanding share of Series C redeemable convertible preferred stock, \$0.826016 per outstanding share of Series D redeemable convertible preferred stock, and \$1.197496 per outstanding share of Series E redeemable convertible preferred stock. Such dividends shall not be cumulative. Payment of dividends shall only be made when, as, and if declared by the Company's board of directors. Any additional dividends will be distributed among all holders of redeemable convertible preferred stock, convertible founder stock, and common stock pro rata on an as-converted basis at the then-effective conversion rate.

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No dividends on redeemable convertible preferred stock, convertible founder stock, or common stock have been declared by the board of directors or paid during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 (unaudited).

Voting

The holders of redeemable convertible preferred stock shall be entitled to the same voting rights as the holders of common stock and all holders shall vote together as a single class on all matters. Each share of redeemable convertible preferred stock has a number of votes equal to the number of shares of common stock into which it is convertible.

Redemption

The convertible preferred stock is contingently redeemable upon certain deemed liquidation events such as a change in control, merger, or sale of substantially all the assets of the Company. The convertible preferred stock is not mandatorily redeemable, but since a deemed liquidation event would constitute a redemption event outside of the Company's control, all shares of redeemable convertible preferred stock have been presented in mezzanine equity on the consolidated balance sheets.

In the event of a deemed liquidation event, the Company is required to redeem shares of Series A, Series B, Series C, Series D, and Series E redeemable convertible preferred stock at the issue price of \$0.20050825, \$0.963975, \$2.67985, \$10.3252, and \$14.9687 per share (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to each Series A, Series B, Series C, Series D, and Series E redeemable convertible preferred stock), respectively, plus any non-cumulative dividends declared by the Company's board of directors.

9. Common Stock

Stock Issuance to Founders

In 2014, the Company issued an aggregate of 7,920,000 shares of convertible founder stock and 71,280,000 shares of common stock to the Company's founders (as adjusted for any stock splits), with each receiving 2,640,000 shares of convertible founder stock and 23,760,000 shares of common stock. Each share of convertible founder stock has a par value of \$0.00001. Each share of founder stock is convertible into redeemable convertible preferred stock if purchased by an investor in conjunction with a round of preferred stock financing; if otherwise transferred or sold, each share of founder stock is convertible into common stock. In exchange for the shares of convertible founder stock that were fully vested upon issuance, each founder contributed certain technology and intellectual property and other tangible personal property. The shares of common stock were subject to a requisite service period of four years.

Upon the sale of the Company's convertible founder stock in July 2020 pursuant to a tender offer (see Note 11), all 7,284,182 shares of the Company's founder stock that were sold were immediately converted into shares of Series E redeemable convertible preferred stock on a one-for-one basis.

Common Stock Reserved for Future Issuance

The Company has reserved the following shares of common stock for future issuance:

	December 31,		March 31,
	2019	2020	2021 (unaudited)
Series A redeemable convertible preferred stock	34,911,252	34,911,252	34,911,252
Series B redeemable convertible preferred stock	24,948,780	24,948,780	24,948,780
Series C redeemable convertible preferred stock	18,657,756	18,657,756	18,657,756
Series D redeemable convertible preferred stock	12,106,303	12,106,303	12,106,303
Series E redeemable convertible preferred stock	—	24,653,759	24,653,759
Convertible founder stock	7,920,000	635,818	635,818
Options issued and outstanding	67,586,556	71,213,150	79,624,342
RSUs issued and outstanding	—	—	14,000
Remaining shares available for future issuance under the 2014 Plan	1,232,874	4,722,481	8,293,610
Total	167,363,521	191,849,299	203,845,620

Early Exercised Options

All stock option holders have the right to exercise unvested options, which are subject to a repurchase right held by the Company at the original exercise price in the event of voluntary or involuntary termination of employment of the stockholder. As of December 31, 2019 and 2020 and March 31, 2021 (unaudited), there were 4,510,347, 2,338,945, and 2,975,417 shares that had been early exercised and were subject to repurchase, respectively. The proceeds related to early exercised options are recorded as liabilities until the options vest, at which point they are reclassified to equity. As of December 31, 2019 and 2020 and March 31, 2021 (unaudited), the liabilities for early exercised options subject to repurchase were \$9.3 million, \$6.9 million, and \$13.1 million, respectively, which were recorded as liability for early exercise of unvested stock options and other liabilities, non-current on the consolidated balance sheets.

Shares issued for early exercised options are included in issued and outstanding shares as they are legally issued and outstanding, but are not deemed outstanding for accounting purposes until the shares vest.

10. Revenue

Disaggregation of Revenue

The following table sets forth revenue disaggregated by geographic markets based on the location of the customer and by subscription and service categories (dollars in thousands):

	Year Ended December 31,				Three Months Ended March 31,			
	2019		2020		2020		2021 (unaudited)	
Geographic markets:								
United States	\$101,709	68%	\$156,104	66%	\$34,378	68%	\$49,279	64%
International	48,096	32%	80,473	34%	16,526	32%	27,749	36%
Total revenue	<u>\$149,805</u>	<u>100%</u>	<u>\$236,577</u>	<u>100%</u>	<u>\$50,904</u>	<u>100%</u>	<u>\$77,028</u>	<u>100%</u>
Subscriptions and services:								
Confluent Platform - License	\$ 37,094	25%	\$ 49,043	21%	\$ 9,992	20%	\$13,961	18%
Confluent Platform - PCS	78,664	52%	128,178	54%	27,735	54%	40,112	52%
Confluent Cloud	14,448	10%	31,412	13%	6,216	12%	13,919	18%
Subscription	130,206	87%	208,633	88%	43,943	86%	67,992	88%
Services	19,599	13%	27,944	12%	6,961	14%	9,036	12%
Total revenue	<u>\$149,805</u>	<u>100%</u>	<u>\$236,577</u>	<u>100%</u>	<u>\$50,904</u>	<u>100%</u>	<u>\$77,028</u>	<u>100%</u>

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Other than the United States, no individual country represented 10% or more of total revenue during the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021 (unaudited).

Remaining Performance Obligations

Remaining performance obligations represent the amount of contracted future revenue that has not yet been recognized as of the end of each period, including both deferred revenue that has been invoiced and non-cancelable committed amounts that will be invoiced and recognized as revenue in future periods. Remaining performance obligations exclude pay-as-you-go arrangements. As of December 31, 2020 and March 31, 2021 (unaudited), \$261.7 million and \$280.9 million of revenue is expected to be recognized from remaining performance obligations, respectively. As of December 31, 2020 and March 31, 2021 (unaudited), the Company expects to recognize approximately 71% of its remaining performance obligations as revenue over the next 12 months and the remainder thereafter.

Deferred Revenue

Deferred revenue, including current and non-current balances as of December 31, 2019 and 2020 and March 31, 2021 (unaudited), was \$95.1 million, \$159.2 million, and \$168.8 million, respectively. For the years ended December 31, 2019 and 2020, revenue recognized from deferred revenue at the beginning of each year was \$44.2 million and \$83.4 million, respectively. For the three months ended March 31, 2020 and 2021 (unaudited), revenue recognized from deferred revenue at the beginning of each period was \$32.8 million and \$49.6 million, respectively.

Deferred Contract Acquisition Costs

The following table summarizes the activity of deferred contract acquisition costs (in thousands):

	December 31,		March 31,	
	2019	2020	2020	2021
Beginning balance	\$14,692	\$ 25,499	\$25,499	\$47,599
Capitalization of contract acquisition costs	19,671	38,129	5,508	10,866
Amortization of deferred contract acquisition costs	(8,864)	(16,029)	(2,874)	(5,535)
Ending balance	<u>\$25,499</u>	<u>\$ 47,599</u>	<u>\$28,133</u>	<u>\$52,930</u>
Deferred contract acquisition costs, current	\$ 7,355	\$ 14,403	\$ 8,250	\$16,680
Deferred contract acquisition costs, non-current	18,144	33,196	19,883	36,250
Total deferred contract acquisition costs	<u>\$25,499</u>	<u>\$ 47,599</u>	<u>\$28,133</u>	<u>\$52,930</u>

11. Equity Incentive Plan

In September 2014, the Company's board of directors adopted and the Company's stockholders approved the Stock Plan (the "2014 Plan"). Under the 2014 Plan, the board of directors may grant stock options and other equity-based awards to eligible employees, directors, and consultants. Equity-based awards granted under the 2014 Plan generally vest over four years with 25% of the award vesting one year from the vesting commencement date and then ratably over the following 36 months. Subsequent grants issued to existing employees generally vest monthly over four years. All stock option grants expire ten years from the date of grant. Option holders are allowed to exercise unvested options to acquire shares, which are subject to repurchase. Upon termination of service, the Company has the right to repurchase, at the original exercise price, any unvested (but issued) common stock. Common stock purchased under the Plan is subject to certain restrictions, including the right of first refusal by the Company for sale or transfer of these shares to outside parties. During the three

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months ended March 31, 2021 (unaudited), the Company began issuing RSUs under the 2014 Plan. Shares subject to stock awards granted under the 2014 Plan that are forfeited, cancelled, or repurchased generally are returned to the pool of shares of common stock available for issuance.

The following table summarizes stock option activity and activity regarding shares available for grant under the 2014 Plan:

	Shares Available for Grant	Options Outstanding			
		Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of January 1, 2019	5,645,652	48,361,074	\$ 1.12	8.71	\$ 98,241
Increase in authorized shares	23,873,281	—	—		
Stock options granted	(32,867,335)	32,867,335	\$ 3.24		
Stock options exercised	—	(9,228,205)	\$ 1.47		
Stock options forfeited	4,413,648	(4,413,648)	\$ 1.78		
Repurchases of unvested common stock	167,628	—	—		
Balance as of December 31, 2019	1,232,874	67,586,556	\$ 2.06	8.54	\$ 202,315
Increase in authorized shares	17,927,565	—	—		
Stock options granted	(22,829,471)	22,829,471	\$ 6.20		
Stock options exercised	—	(10,865,786)	\$ 1.58		
Stock options forfeited	8,337,091	(8,337,091)	\$ 2.65		
Repurchases of unvested common stock	54,422	—	—		
Balance as of December 31, 2020	4,722,481	71,213,150	\$ 3.39	8.26	\$ 677,503
Increase in authorized shares (unaudited)	16,000,000	—	—		
Stock options granted (unaudited)	(13,603,242)	13,603,242	\$ 15.18		
Stock options exercised (unaudited)	—	(4,042,079)	\$ 3.38		
Stock options forfeited (unaudited)	1,149,971	(1,149,971)	\$ 3.34		
Repurchases of unvested common stock (unaudited)	38,400	—	—		
RSUs granted (unaudited)	(14,000)	—	—		
Balance as of March 31, 2021 (unaudited)	8,293,610	79,624,342	\$ 5.40	8.35	\$ 1,158,361
Vested as of December 31, 2020		25,038,902	\$ 1.78	7.19	\$ 278,497
Vested and expected to vest as of December 31, 2020		71,213,150	\$ 3.39	8.26	\$ 677,503
Vested as of March 31, 2021 (unaudited)		25,761,678	\$ 1.93	7.07	\$ 464,131
Vested and expected to vest as of March 31, 2021 (unaudited)		79,624,342	\$ 5.40	8.35	\$ 1,158,361

Aggregate intrinsic value represents the difference between the exercise price of the options to purchase common stock and the estimated fair value of the Company's common stock. The intrinsic value of options exercised was \$16.3 million and \$60.8 million for the years ended December 31, 2019 and 2020, respectively. The weighted-average grant-date fair value per share of options granted during the years ended December 31,

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2019 and 2020 was \$1.80 and \$4.43, respectively. The total grant-date fair value of stock options vested was \$15.4 million and \$29.2 million during the years ended December 31, 2019 and 2020, respectively.

The intrinsic value of options exercised was \$7.9 million and \$47.6 million for the three months ended March 31, 2020 and 2021 (unaudited), respectively. The weighted-average grant-date fair value per share of options granted during the three months ended March 31, 2020 and 2021 (unaudited) was \$2.82 and \$11.81, respectively. The total grant-date fair value of stock options vested was \$6.2 million and \$8.1 million during the three months ended March 31, 2020 and 2021 (unaudited), respectively.

Determination of Fair Value

The Company estimates the fair value of stock options using the Black-Scholes option-pricing model, which is dependent upon several variables, such as the fair value of the Company's common stock, the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term, and expected dividend yield.

Fair Value of Common Stock: The fair value of the shares of common stock underlying the stock-based awards has historically been determined by the board of directors, with input from management. Because there has been no public market for the Company's common stock, the board of directors has determined the fair value of common stock by considering a number of objective and subjective factors, including but not limited to contemporaneous independent third-party valuations of the Company's common stock, market performance of comparable publicly traded companies, sales of the Company's redeemable convertible preferred stock and common stock to unrelated third parties, operating and financial performance, the lack of marketability of the Company's common stock, general and industry-specific economic outlook, and the likelihood of achieving a liquidity event, such as an initial public offering, a merger, or acquisition of the Company given prevailing market conditions.

Expected Term: For option grants subject to service-based vesting conditions only, the expected term represents the period that the Company's stock options are expected to be outstanding and is calculated using the simplified method for options that have only service-based vesting conditions. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options. For other option grants, the Company estimates the expected term using historical data on employee exercises and post-vesting employment termination behavior, considering the contractual life of the award.

Expected Volatility: Since the Company does not have a trading history of its common stock, the expected volatility was derived from the average historical stock volatilities of public companies within the Company's industry that it considers to be comparable to its business, over a period equivalent to the expected term of the stock options.

Risk-Free Interest Rate: The Company bases the risk-free interest rate on the implied yield available on U.S. Treasury zero-coupon notes with maturities equivalent to the option's expected term.

Expected Dividend Yield: The Company has not issued any dividends in its history and does not expect to issue dividends over the life of the options and therefore has estimated the dividend yield to be zero.

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The fair value of stock options granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		Three Months Ended	
	2019	2020	2020	March 31, 2021
Expected term (in years)	6.04	6.17	6.03	6.11
Expected volatility	59.0%	68.3%	60.0%	67.0%
Risk-free interest rate	1.8%	0.5%	1.5%	1.1%
Expected dividend yield	0%	0%	0%	0%

Stock-Based Compensation Expense

Total stock-based compensation expense was as follows (in thousands):

	Year Ended December 31,		Three Months Ended	
	2019	2020	2020	March 31, 2021
Cost of revenue - subscription	\$ 1,161	\$ 2,572	\$ 462	\$ 975
Cost of revenue - services	994	1,745	350	544
Research and development	6,268	33,755	2,046	3,511
Sales and marketing	6,545	14,734	2,373	4,976
General and administrative	3,649	90,535	1,220	3,347
Stock-based compensation, net of amounts capitalized	\$ 18,617	\$ 143,341	\$ 6,451	\$ 13,353
Capitalized stock-based compensation	69	547	118	98
Total stock-based compensation	\$ 18,686	\$ 143,888	\$ 6,569	\$ 13,451

As of December 31, 2020 and March 31, 2021 (unaudited), there was \$128.5 million and \$273.5 million of unrecognized stock-based compensation expense, respectively, which is expected to be recognized over a weighted-average period of 3.0 years and 3.3 years, respectively.

Performance-Based Awards

As of December 31, 2020 and March 31, 2021 (unaudited), the Company had granted 2,875,255 options with both a service-based vesting condition and a performance-based vesting condition, as defined in Note 2. As the performance-based vesting condition of these options is not deemed probable until consummated, no stock-based compensation expense is recorded related to these options until the performance-based vesting condition becomes probable of occurring. If the performance-based vesting condition had been satisfied on December 31, 2020, the Company would have recorded stock-based compensation expense of \$3.0 million, and unrecognized stock-based compensation expense as of December 31, 2020 would have been \$2.3 million to be recognized over a weighted-average remaining requisite service period of 4.0 years. If the performance-based vesting condition had been satisfied on March 31, 2021 (unaudited), the Company would have recorded stock-based compensation expense of \$3.1 million, and unrecognized stock-based compensation expense as of March 31, 2021 (unaudited) would have been \$2.2 million to be recognized over a weighted-average remaining requisite service period of 4.0 years.

During the three months ended March 31, 2021 (unaudited), the Company granted 14,000 RSUs with both a service-based vesting condition and a performance-based vesting condition, as defined in Note 2. The service-based vesting condition for these awards is satisfied by rendering service from the date of grant through the satisfaction of the performance-based vesting condition. As the performance-based vesting condition of these

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RSUs is not deemed probable until consummated, no stock-based compensation expense is recorded related to these RSUs until the performance-based vesting condition becomes probable of occurring. If the performance-based vesting condition had been satisfied on March 31, 2021 (unaudited), the Company would have recorded stock-based compensation expense of \$0.3 million and would have no unrecognized stock-based compensation expense as of March 31, 2021 (unaudited).

Tender Offer

In July 2020, the Company facilitated a tender offer whereby certain investors purchased shares of the Company's convertible founder stock and common stock from certain stockholders. As a result, certain directors, employees, and non-employees of the Company sold an aggregate of 7,284,182 shares of the Company's convertible founder stock and 1,883,233 shares of the Company's common stock to entities affiliated with new and existing investors at a purchase price of \$14.9687 per share for an aggregate purchase price of \$137.2 million. Upon the sale of the Company's stock, 7,284,182 shares of convertible founder stock were converted into shares of Series E redeemable convertible preferred stock. The purchase price in this tender offer transaction was in excess of the fair value of such shares at the time of the transaction. As a result, during the year ended December 31, 2020, the Company recorded the excess of the purchase price over fair value of \$76.3 million as stock-based compensation expense.

Secondary Sales

In September 2020, a director of the Company sold an aggregate of 2,632,747 shares of the Company's common stock to entities affiliated with an existing investor at a purchase price of \$14.9687 per share for an aggregate purchase price of \$39.4 million. Also in September 2020, a director and an employee of the Company sold an aggregate of 2,142,900 shares of the Company's common stock to entities affiliated with a new investor at a purchase price of \$14.00 per share for an aggregate purchase price of \$30.0 million. The purchase prices in both of these secondary transactions were in excess of the fair value of such shares. As a result, during the year ended December 31, 2020, the Company recorded the excess of the purchase price over fair value of \$35.6 million as stock-based compensation expense.

12. Income Taxes

The components of loss before income taxes were as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Domestic	\$ (97,714)	\$(234,905)
Foreign	2,667	4,870
Loss before income taxes	<u>\$ (95,047)</u>	<u>\$(230,035)</u>

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The components of benefit from income taxes were as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Current		
State	\$ 53	\$ 87
Foreign	336	1,041
Total	389	1,128
Deferred		
Federal	(72)	—
State	(11)	—
Foreign	(311)	(1,335)
Total	(394)	(1,335)
Benefit from income taxes	\$ (5)	\$ (207)

The reconciliation of the income tax benefit computed at the federal statutory tax rate to the Company's benefit from income taxes was as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Income tax benefit computed at federal statutory rate	\$ (19,960)	\$ (48,307)
Foreign rate differential	(144)	(1,317)
Stock-based compensation expense	1,612	24,004
Change in valuation allowance	18,958	27,446
Research and development credits	(1,112)	(2,432)
Other	641	399
Benefit from income taxes	\$ (5)	\$ (207)

The significant components of net deferred tax balances were as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 39,930	\$ 65,066
Research and development credit carryforwards	3,436	7,386
Operating lease liabilities	—	12,080
Stock-based compensation expense	1,951	3,250
Deferred revenue	2,738	2,471
Accruals and reserves	787	1,754
Other	3	—
Total deferred tax assets	48,845	92,007
Less: Valuation allowance	(41,161)	(73,809)
Deferred tax assets, net of valuation allowance	7,684	18,198
Deferred tax liabilities:		
Operating lease right-of-use assets	—	(11,471)
Deferred contract acquisition costs	(6,175)	(3,531)
Property and equipment	(99)	(898)
Other	(935)	(487)
Total deferred tax liabilities	(7,209)	(16,387)
Net deferred tax assets	\$ 475	\$ 1,811

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The Company recognizes a valuation allowance on its deferred tax assets if it is more likely than not that some or all the deferred tax assets will not be realized. Due to a history of losses in the United States, U.S. deferred tax assets have been fully offset by a valuation allowance. The valuation allowance was \$41.2 million and \$73.8 million as of December 31, 2019 and 2020, respectively, primarily relating to U.S. federal and state net operating loss carryforwards and tax credit carryforwards. The valuation allowance on the Company's net deferred tax assets increased by \$22.1 million and \$32.6 million during the years ended December 31, 2019 and 2020, respectively, primarily due to increased U.S. federal and state net operating loss carryforwards and tax credit carryforwards.

The Company intends to invest substantially all of its foreign subsidiaries' earnings, as well as its capital in its foreign subsidiaries, indefinitely outside of the United States in those jurisdictions in which the Company would incur significant, additional costs upon repatriation of such amounts. Therefore, no deferred tax liabilities for foreign withholding taxes have been recorded relating to the earnings of foreign subsidiaries. The amount of unrecognized deferred tax liability associated with these earnings is not material.

As of December 31, 2020, the Company had \$264.5 million of federal net operating loss carryforwards and \$145.5 million of state net operating loss carryforwards. Of the federal net operating loss carryforwards, \$220.3 million can be carried forward indefinitely, but is limited to 80% of taxable income. The remaining federal and state net operating loss carryforwards will begin to expire in 2034 and 2027, respectively.

As of December 31, 2020, the Company had U.S. federal and state research tax credit carryforwards of \$7.2 million and \$4.1 million, respectively. The U.S. federal research tax credit carryforwards will begin to expire in 2034. The U.S. state research tax credit carryforwards do not expire.

As of December 31, 2020, the Company had \$6.3 million of foreign net operating loss carryforwards. These foreign net operating loss carryforwards have an indefinite life and do not expire.

Available net operating losses may be subject to annual limitations due to ownership change limitations provided by the Internal Revenue Code, as amended (the "Code"), and similar state provisions. Under Section 382 of the Code, substantial changes in the Company's ownership and the ownership of acquired companies may limit the amount of net operating loss carryforwards that are available to offset taxable income. The Company's ability to carry forward its federal and state net operating losses is limited due to an ownership change that occurred in a prior fiscal year. This limitation has been accounted for in calculating the available net operating loss carryforwards.

A reconciliation of the beginning and ending balances of total unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Beginning balance	\$ 796	\$ 1,623
Gross (decrease) increase for prior year tax positions	(2)	200
Gross increase for current year tax positions	829	1,576
Ending balance	<u>\$ 1,623</u>	<u>\$ 3,399</u>

As of December 31, 2020, the total amount of unrecognized tax benefits, if recognized, would not affect the Company's effective tax rate.

The Company does not expect its gross unrecognized tax benefits to change significantly within the next 12 months, although it is reasonably possible that certain unrecognized tax benefits may increase or decrease within the next 12 months due to tax examination changes, settlement activities, or the impact on recognition and measurement considerations related to the results of published tax cases or other similar activities.

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The Company recognizes interest and penalties related to uncertain tax positions in benefit from income taxes in the consolidated statements of operations. There were no interest and penalties associated with unrecognized income tax benefits for the years ended December 31, 2019 and 2020.

The Company's tax years from inception in 2014 through December 31, 2020 remain subject to examination by various jurisdictions.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted by the United States on March 27, 2020. The Company is continuing to analyze the impacts of the CARES Act. The CARES Act did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2020.

For the Three Months Ended March 31, 2020 and 2021 (Unaudited)

The Company's provision for (benefit from) income taxes was \$0.4 million and \$(0.1) million for the three months ended March 31, 2020 and 2021, respectively. The Company has incurred U.S. operating losses and has minimal profits in its foreign jurisdictions.

The Company has evaluated all available evidence, both positive and negative, including historical levels of income, expectations, and risks associated with estimates of future U.S. taxable income and has determined that it is more likely than not that its net U.S. deferred tax assets will not be realized. As a result, the Company maintains a valuation allowance against its net U.S. deferred tax assets.

The CARES Act did not have a material impact on the Company's consolidated financial statements for the three months ended March 31, 2021.

13. Net Loss Per Share Attributable to Common and Founder Stockholders

The following table presents the calculation of basic and diluted net loss per share attributable to common and founder stockholders (in thousands, except share and per share data):

	Year Ended December 31,			
	2019		2020	
	Common	Convertible Founder	Common	Convertible Founder
Numerator:				
Net loss attributable to common and founder stockholders	\$ (87,207)	\$ (7,835)	\$ (219,560)	\$ (10,268)
Denominator:				
Weighted-average shares used to compute net loss per share attributable to common and founder stockholders, basic and diluted	88,147,380	7,920,000	99,562,032	4,656,050
Net loss per share attributable to common and founder stockholders, basic and diluted	\$ (0.99)	\$ (0.99)	\$ (2.21)	\$ (2.21)
	Three Months Ended March 31,			
	2020		2021	
	Common	Convertible Founder	Common	Convertible Founder
	(unaudited)			
Numerator:				
Net loss attributable to common and founder stockholders	\$ (31,054)	\$ (2,581)	\$ (44,266)	\$ (260)
Denominator:				
Weighted-average shares used to compute net loss per share attributable to common and founder stockholders, basic and diluted	95,276,156	7,920,000	108,095,787	635,818
Net loss per share attributable to common and founder stockholders, basic and diluted	\$ (0.33)	\$ (0.33)	\$ (0.41)	\$ (0.41)

The following outstanding potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common and founder stockholders for the periods presented because the impact of including them would have been anti-dilutive:

	December 31, 2019	December 31, 2020	March 31, 2020	March 31, 2021
	(unaudited)			
Redeemable convertible preferred stock	90,624,091	115,277,850	105,655,453	115,277,850
Stock options	67,586,556	71,213,150	64,886,411	79,624,342
Unvested early exercised stock options	4,510,347	2,338,945	3,822,307	2,975,417
RSUs	—	—	—	14,000
Total	162,720,994	188,829,945	174,364,171	197,891,609

14. Subsequent Events

The Company has evaluated subsequent events through March 23, 2021, which is the date the audited consolidated financial statements were available to be issued.

In March 2021, the Board of Directors approved an increase of 16,000,000 shares of common stock available for future issuance under the 2014 Plan.

From January through March 2021, the Company granted stock options to purchase an aggregate of 13,603,242 shares of common stock with a weighted-average exercise price of \$15.18 per share. These options

have a weighted-average requisite service period of approximately four years, with certain options containing a provision whereby vesting of a portion or the full amount is accelerated upon a change in control. The Company also granted RSUs for an aggregate of 14,000 shares of common stock to its employees with both service-based and performance-based vesting conditions. The service-based vesting condition for these awards is satisfied by rendering service from the date of the grant through the satisfaction of the performance-based vesting condition. The performance-based vesting condition is satisfied upon the sale of the Company's common stock in a firm commitment underwritten public offering. As a sale of the Company's common stock in a firm commitment underwritten public offering is not deemed probable until consummated, all stock-based compensation expense related to RSUs will remain unrecognized until the underlying performance-based vesting condition is achieved.

15. Subsequent Events (Unaudited)

The Company has evaluated subsequent events through May 5, 2021, which is the date the unaudited interim consolidated financial statements were available to be issued.

In April and May 2021, the Company granted stock options to purchase an aggregate of 2,646,569 shares of common stock with an exercise price of \$19.95 per share. These options have a grant-date fair value of \$35.2 million that will be recognized over a weighted-average requisite service period of approximately four years, with certain options containing a provision whereby vesting of a portion or the full amount is accelerated upon a change in control. The Company also granted RSUs for an aggregate of 286,492 shares of common stock generally with both service-based and performance-based vesting conditions. These RSUs have a grant-date fair value of \$6.2 million. The service-based vesting condition for these awards is generally satisfied by rendering continuous service for four years, during which time the grants will vest periodically. The performance-based vesting condition is satisfied upon the sale of the Company's common stock in a firm commitment underwritten public offering. As a sale of the Company's common stock in a firm commitment underwritten public offering is not deemed probable until consummated, all stock-based compensation expense related to RSUs will remain unrecognized until the underlying performance-based vesting condition is achieved. Based on the grant-date fair value of these stock options and RSUs, the Company will recognize \$2.4 million of stock-based compensation expense, on a straight-line basis for the stock options and using the accelerated attribution method for the RSUs, during the three months ended June 30, 2021, assuming completion of the Company's planned initial public offering prior to June 30, 2021.

Events Subsequent to Original Issuance of Unaudited Interim Consolidated Financial Statements

In May 2021, the Company granted stock options to purchase an aggregate of 939,484 shares of common stock with an exercise price of \$22.77 per share. These options have a grant-date fair value of \$16.9 million that will be recognized over a weighted-average requisite service period of approximately four years. The Company also granted RSUs for an aggregate of 3,783,727 shares of common stock with both service-based and performance-based vesting conditions. These RSUs have a grant-date fair value of \$111.4 million. The service-based vesting condition for these awards is generally satisfied by rendering continuous service for four years, during which time the grants will vest periodically. The performance-based vesting condition is satisfied upon the sale of the Company's common stock in a firm commitment underwritten public offering. As a sale of the Company's common stock in a firm commitment underwritten public offering is not deemed probable until consummated, all stock-based compensation expense related to RSUs will remain unrecognized until the underlying performance-based vesting condition is achieved. Based on the grant-date fair value of these stock options and RSUs, the Company will recognize \$7.7 million of stock-based compensation expense, on a straight-line basis for the stock options and using the accelerated attribution method for the RSUs, during the three months ended June 30, 2021, assuming completion of the Company's planned initial public offering prior to June 30, 2021.

In May 2021, the Company reserved an aggregate of 250,000 shares of common stock for issuance to its charitable foundation, Confluent.org, upon or after the completion of the Company's planned initial public

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offering. The Company expects to recognize expense of approximately \$7.8 million equal to the fair value of the shares of common stock at the time of donation, estimated based on an assumed initial public offering price of \$31.00 per share, the midpoint of the initial public offering estimated price range.

In April 2021, the Company's Board of Directors adopted, and in June 2021, its stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan"), which will become effective at the time of the execution of the underwriting agreement related to the Company's planned initial public offering. Initially, the maximum number of shares of Class A common stock that may be issued under the 2021 Plan after it becomes effective will not exceed 114,817,392 shares, which is the sum of (1) 25,812,876 new shares, plus (2) an additional number of shares not to exceed 89,004,516, consisting of (A) shares that remain available for the issuance of awards under the 2014 Plan as of immediately prior to the time the 2021 Plan becomes effective and (B) shares of the Company's common stock subject to outstanding stock options or other stock awards granted under the 2014 Plan that, on or after the date the 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time.

In April 2021, the Company's Board of Directors adopted, and in June 2021, its stockholders approved, the 2021 Employee Stock Purchase Plan (the "2021 ESPP"), which will become effective at the time of the execution of the underwriting agreement related to the Company's planned initial public offering. Initially, the maximum number of shares of Class A common stock that may be issued under the 2021 ESPP is 5,162,575 shares.

In June 2021, the Company's Board of Directors and its stockholders approved an amended and restated certificate of incorporation that authorized two new classes of shares, Class A common stock and Class B common stock, and increased the number of authorized shares of the Class A common stock and Class B common stock to 1,000,000,000 and 500,000,000, respectively. The amended and restated certificate of incorporation also authorized 635,818 shares of convertible founder stock and 115,277,850 shares of redeemable convertible preferred stock.

In June 2021, the Board of Directors and stockholders of the Company approved an increase in the number of shares of Class B common stock reserved for future issuance under the 2014 Plan by 6,600,000 shares.



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PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the Securities and Exchange Commission, or the SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee, and the exchange listing fee.

	Amount
SEC registration fee	\$ 82,807
FINRA filing fee	114,350
Exchange listing fee	320,000
Accounting fees and expenses	1,500,000
Legal fees and expenses	2,125,000
Transfer agent fees and expenses	10,000
Printing and engraving expenses	600,000
Miscellaneous expenses	747,843
Total expenses	<u>\$ 5,500,000</u>

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act. Our amended and restated certificate of incorporation that will be in effect immediately prior to the closing of this offering permits indemnification of our directors, officers, employees, and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect immediately prior to the closing of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee, or agent of ours, provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, our best interest.

The indemnification provisions in our amended and restated certificate of incorporation, amended and restated bylaws, and the indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving a director or officer of ours regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

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We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his or her capacity as such.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement filed as Exhibit 1.1 to this registration statement provides for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2018 we have issued the following unregistered securities:

Preferred Stock and Common Stock Issuances

In November 2018, we issued and sold an aggregate of 12,106,303 shares of our Series D redeemable convertible preferred stock to seven accredited investors at a price per share of \$10.3252 for aggregate consideration of approximately \$125.0 million.

Between March 2020 and September 2020, we issued and sold an aggregate of 17,369,577 shares of our Series E redeemable convertible preferred stock to 12 accredited investors at a price per share of \$14.9687 for aggregate consideration of approximately \$260.0 million.

Plan-Related Issuances

From January 1, 2018 through the date of this registration statement, we granted to certain directors, officers, employees, consultants, and other service providers options to purchase an aggregate of 102,437,164 shares of our common stock under the 2014 Stock Plan, or the 2014 Plan, at exercise prices ranging from \$0.995 to \$22.77 per share.

From January 1, 2018 through the date of this registration statement, we granted to certain employees an aggregate of 4,084,219 restricted stock units to be settled in shares of Class B common stock under the 2014 Plan.

From January 1, 2018 through the date of this registration statement, we granted to one service provider a restricted stock award for an aggregate of 2,420 shares of our common stock under the 2014 Plan.

From January 1, 2018 through the date of this registration statement, we issued to certain directors, officers, employees, consultants, and other service providers an aggregate of 37,123,064 shares of our common stock upon the exercise of options under the 2014 Plan at exercise prices ranging from \$0.0375 to \$19.95 per share.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

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Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
1.1	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the closing of the offering.
3.3#	Amended and Restated Bylaws of the Registrant, as currently in effect.
3.4	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon the closing of the offering.
4.1	Form of Class A Common Stock Certificate.
5.1	Opinion of Cooley LLP.
10.1#	Amended and Restated Investors' Rights Agreement by and among the Registrant and certain holders of its capital stock, dated March 20, 2020.
10.2+	Amended and Restated 2014 Stock Plan.
10.3+	Forms of Option Agreement, Stock Option Grant Notice, Exercise Agreement, and Early Exercise Notice and Restricted Stock Purchase Agreement under the 2014 Stock Plan.
10.4+	Forms of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2014 Stock Plan.
10.5+	2021 Equity Incentive Plan.
10.6+	Forms of Notice of Stock Option Grant, Global Stock Option Agreement, and Exercise Notice under the 2021 Equity Incentive Plan.
10.7+	Form of Restricted Stock Unit Award Agreement under the 2021 Equity Incentive Plan.
10.8+	2021 Employee Stock Purchase Plan.
10.9+#	Form of Indemnification Agreement entered into by and between the Registrant and each director and executive officer.
10.10+	Confirmatory Offer Letter by and between the Registrant and Edward Jay Kreps, dated May 28, 2021.
10.11+	Confirmatory Offer Letter by and between the Registrant and Steffan Tomlinson, dated June 14, 2021.
10.12+	Confirmatory Offer Letter by and between the Registrant and Erica Schultz, dated May 28, 2021.
10.13#	Net Lease Agreement by and between the Registrant and West Evelyn Bryant Office Partners, L.P., dated April 11, 2019.
10.14+#	Non-Employee Director Compensation Policy.
10.15+#	Amended and Restated Executive Officer Change in Control/Severance Benefit Plan and related participation agreement.
10.16+#	Cash Incentive Bonus Plan.
21.1#	List of Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
23.2	Consent of Cooley LLP (included in Exhibit 5.1).
24.1#	Power of Attorney (included on signature page of the initial filing of this registration statement).

+ Indicates a management contract or compensatory plan.

Previously filed.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, State of California, on June 16, 2021.

CONFLUENT, INC.

By: /s/ Edward Jay Kreps
Edward Jay Kreps
Chief Executive Officer

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Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Edward Jay Kreps</u> Edward Jay Kreps	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	June 16, 2021
<u>/s/ Steffan Tomlinson</u> Steffan Tomlinson	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	June 16, 2021
<u>*</u> Lara Caimi	Director	June 16, 2021
<u>*</u> Jonathan Chadwick	Director	June 16, 2021
<u>*</u> Alyssa Henry	Director	June 16, 2021
<u>*</u> Matthew Miller	Director	June 16, 2021
<u>*</u> Neha Narkhede	Director	June 16, 2021
<u>*</u> Greg Schott	Director	June 16, 2021
<u>*</u> Eric Vishria	Director	June 16, 2021
<u>*</u> Mike Volpi	Director	June 16, 2021

*By: /s/ Edward Jay Kreps
Attorney-in-Fact

[•] Shares

CONFLUENT, INC.

CLASS A COMMON STOCK, PAR VALUE \$0.00001 PER SHARE

UNDERWRITING AGREEMENT

[•], 2021

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Confluent, Inc., a Delaware corporation (the “**Company**”), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the “**Underwriters**”) [•] shares of its Class A common stock, par value \$0.00001 per share (the “**Shares**”). The shares of Class A common stock, par value \$0.00001 per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the “**Class A Common Stock**.” The shares of Class B common stock, par value \$0.00001 per share, of the Company are hereinafter referred to as the “**Class B Common Stock**.” The Class A Common Stock and Class B Common Stock, collectively, are hereinafter referred to as the “**Common Stock**.”

The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement on Form S-1 (File No. 333-256693), including a preliminary prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the “**Securities Act**”), is hereinafter referred to as the “**Registration Statement**”; the prospectus in the form first used to confirm sales of Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the “**Prospectus**.” If the Company has filed an abbreviated registration statement to register additional shares of Class A Common Stock pursuant to Rule 462(b) under the Securities Act (a “**Rule 462 Registration Statement**”), then any reference herein to the term “**Registration Statement**” shall be deemed to include such Rule 462 Registration Statement.

For purposes of this Agreement, “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act, “**preliminary prospectus**” shall mean each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted information pursuant to Rule 430A under the Securities Act that was used after such effectiveness and prior to the execution and delivery of this Agreement, “**Time of Sale Prospectus**” means the preliminary prospectus contained in the Registration Statement at the time of its effectiveness together with the documents and pricing information and free writing prospectuses, if any, set forth in Schedule II hereto, and “**broadly available road show**” means a “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms “Registration Statement,” “preliminary prospectus,” “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein as of the date hereof.

1. *Representations and Warranties.* The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose or pursuant to Section 8A under the Securities Act are pending before or, to the Company’s knowledge, threatened by the Commission.

(b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, as of the date of such amendment or supplement, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, as of the date of such amendment or supplement, will comply in all material respects with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, (iii) the Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iv) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus, as of its date, does not contain and, as amended or supplemented, if applicable, as of the date of such amendment or supplement and as of the Closing Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through or on behalf of Morgan Stanley & Co. LLC (“**Morgan Stanley**”) and J.P. Morgan Securities LLC (“**J.P. Morgan**” and, together with Morgan Stanley, the “**Representatives**”) expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the Underwriter Information (as defined in Section 8(b) of this Agreement).

(c) The Company is not an “ineligible issuer” in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or, if filed after the effective time of this Agreement, will comply as of the date of such filing in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule II hereto, and electronic road shows, if any, each furnished to the Representatives before first use, the Company has not prepared, used or referred to, and will not, without the prior consent of the Representatives, prepare, use or refer to, any free writing prospectus.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own or lease its property and to conduct its business as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of good standing is applicable in such jurisdiction) in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(e) Each subsidiary of the Company has been duly incorporated, organized or formed, is validly existing as a corporation or other business entity in good standing under the laws of the jurisdiction (to the extent the concept of good standing is applicable in such jurisdiction) of its incorporation, organization or formation, has the corporate or other business entity power and authority to own or lease its property and to conduct its business as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of good standing is applicable in such jurisdiction) in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole; all of the issued shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(f) This Agreement has been duly authorized, executed and delivered by the Company.

(g) As of the Closing Date, the authorized capital stock of the Company will conform as to legal matters to the description thereof contained in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus as of the dates set forth therein.

(h) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable.

(i) The Shares have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of the Shares will not be subject to any preemptive or similar rights that have not been validly waived.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of (i) applicable law, (ii) the certificate of incorporation or by-laws of the Company, (iii) any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or (iv) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, except that in the case of clauses (i), (iii) and (iv) as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries taken as a whole; and no consent, approval, authorization or order of, or qualification with, any governmental body, agency or court is required for the performance by the Company of its obligations under this Agreement, except such as have been obtained or waived or as may be required by the securities or Blue Sky laws of the various states or the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("FINRA") in connection with the offer and sale of the Shares.

(k) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(l) Neither the Company nor any of its subsidiaries is (i) in violation of its respective certificate of incorporation or bylaws, or other organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its subsidiaries, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(m) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject (i) other than proceedings accurately described in all material respects in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and proceedings that would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by each of the Registration Statement, the Time of Sale Prospectus and the Prospectus or (ii) that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus and are not so described in all material respects; and there are no statutes, regulations, contracts or other documents to which the Company or its subsidiaries are subject or by which the Company or its subsidiaries are bound that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus or to be filed as exhibits to the Registration Statement that are not described in all material respects or filed as required.

(n) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(o) The Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(p) The Company and each of its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“**Environmental Laws**”), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(q) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(r) Except as have been waived or complied with in connection with the issuance and sale of the shares contemplated hereby or as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement.

(s) (i) None of the Company or any of its subsidiaries or controlled affiliates, or any director, officer, or employee thereof, or, to the Company’s knowledge, any agent or representative of the Company or of any of its subsidiaries or controlled affiliates, while acting on behalf of the Company, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment, giving or receipt of money, property, gifts or anything else of value, directly or indirectly, to any government official (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) (“**Government Official**”) in order to influence official action, or to any person in violation of any applicable anti-corruption laws; (ii) the Company and each of its subsidiaries and controlled affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained herein; and (iii) neither the Company nor any of its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(t) The operations of the Company and each of its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and each of its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(u) (i) None of the Company, any of its subsidiaries, or any director, officer, or employee thereof, or, to the Company’s knowledge, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (“**Person**”) that is, or is owned or controlled by one or more Persons that are:

(A) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “**Sanctions**”), or

(B) located, organized or resident in a country or territory that is the subject of comprehensive Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea and Syria) (collectively, the “**Sanctioned Countries**”).

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person that, at the time of such funding or facilitation, is the subject of Sanctions or in a Sanctioned Country; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Company and each of its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any unauthorized dealings or transactions with any Person that at the time of the dealing or transaction is or was the subject of Sanctions or in a Sanctioned Country.

(v) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company and its subsidiaries, taken as a whole, have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding capital stock, other than through the net exercise or settlement of equity awards or from its employees or other service providers in connection with the termination of their service from the Company or its subsidiaries pursuant to the existing terms of the equity compensation plans or agreements described in the Time of Sale Prospectus, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, (other than the exercise or settlement of equity awards or grants of equity awards or forfeiture of equity awards outstanding as of such respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, in each case granted pursuant to the equity compensation plans described in the Time of Sale Prospectus) short-term debt or long-term debt of the Company and its subsidiaries, taken as a whole.

(w) Neither the Company nor any of its subsidiaries owns any real property. The Company and each of its subsidiaries has good and marketable title to all personal property owned by them which is material to the business of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and, to the Company's knowledge, enforceable leases with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries.

(x) (i) Except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, to the knowledge of the Company, the Company and its subsidiaries own or have a valid license in and to all patent rights, copyrights (including such rights in website and mobile content, data, databases and other compilations of information), rights in know-how (including trade secrets and any other unpatented, unpatentable or non-copyrightable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names and trade dress (including such similar rights in domain names, social media identifiers and accounts and other source identifiers), and all other intellectual property, industrial, or proprietary rights recognized in any jurisdiction throughout the world (including any and all issuances and registrations and applications for issuance or registration of, and all goodwill associated with, any of the foregoing, as applicable) (collectively, “**Intellectual Property Rights**”) used in or reasonably necessary to the conduct of their businesses as now operated by them or as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus (collectively, the “**Company Intellectual Property**”); (ii) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, (A) the Intellectual Property Rights owned by the Company and its subsidiaries are subsisting, and to the Company’s knowledge, valid and enforceable, and (B) there is no pending or, to the Company’s knowledge, threatened, action, suit, proceeding or claim by others challenging the validity, scope or enforceability of any such Intellectual Property Rights; (iii) neither the Company nor any of its subsidiaries has received any written notice alleging any infringement, misappropriation or other violation of third-party Intellectual Property Rights which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Company and its subsidiaries, taken as a whole; (iv) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, to the Company’s knowledge, none of the Company Intellectual Property has been obtained or is being used by the Company and its subsidiaries in violation of any contractual obligation binding on the Company or its subsidiaries; (v) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, to the Company’s knowledge, no third party is infringing, misappropriating or otherwise violating, or has infringed, misappropriated or otherwise violated, any Intellectual Property Rights owned by the Company or any of its subsidiaries; (vi) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, to the Company’s knowledge, neither the Company nor any of its subsidiaries infringes, misappropriates or otherwise violates, or has in the three (3) year period prior to the date hereof infringed, misappropriated or otherwise violated, any third-party Intellectual Property Rights; (vii) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, all current and former employees or contractors engaged in the development of Intellectual Property Rights for or on behalf of the Company or any subsidiary of the Company have assigned their right, title and interest in and to such Intellectual Property Rights to the Company or its applicable subsidiary pursuant to an executed invention assignment agreement; and (viii) except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, each of the Company and its subsidiaries have taken commercially reasonable steps to maintain the confidentiality of the trade secrets the confidentiality of which is material to the businesses of the Company and its subsidiaries for so long as the Company desires to maintain such information as a trade secret in the exercise of its ordinary business discretion (including, without limitation, all proprietary source code not subject to or made available as Open Source Software), including by executing, where appropriate, nondisclosure and confidentiality agreements, and, except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, to the Company’s knowledge, no such agreement has been breached or violated.

(y) The Company and its subsidiaries use and have used software and other materials distributed or made available under or subject to a “free,” “open source,” or similar licensing model (including but not limited to those being considered as open source software licenses by the Open Source Initiative or free software licenses by the Free Software Foundation, such as the MIT License, Apache License, Apache 2.0 License, GNU General Public License, GNU Lesser General Public License and GNU Affero General Public License) (collectively “**Open Source Software**”) in compliance with all license terms applicable to such Open Source Software, except where the failure to comply would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole. Except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, neither the Company nor any of its subsidiaries has used, made available or distributed Open Source Software in any manner that requires or has required proprietary software of the Company or any of its subsidiaries to be (A) disclosed or distributed in source code form, (B) licensed for the purpose of making derivative works or (C) redistributed at no charge, except where the Company and its subsidiaries have reasonably exercised their business judgment in connection with the distribution or making available of Open Source Software.

(z) The Company and each of its subsidiaries have complied and are presently in compliance with all: internal and external privacy policies, contractual obligations, industry standards, laws, statutes, judgments, orders, rules and regulations of any court, arbitrator or other governmental or regulatory authority and other legal obligations, in each case to the extent applicable to and legally binding on the Company or any of its subsidiaries, or with which the Company or its subsidiaries is contractually obligated to comply, and relating to the collection, use, processing, transfer, storage, protection, disposal and disclosure by the Company or any of its subsidiaries of personal, personally identifiable, sensitive, or confidential data (“**Data Security Obligations**”). The Company and its subsidiaries have not received any written notification of or complaint regarding and are unaware of any other facts that, singly or in the aggregate, would reasonably indicate non-compliance with any Data Security Obligation, except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole. There is no action, suit or proceeding by or before any court, arbitrator or other governmental or regulatory authority pending or to the knowledge of the Company, threatened, against the Company or any of its subsidiaries alleging non-compliance with any Data Security Obligation. The Company and its Subsidiaries have posted privacy policies on their websites, which provides notice of their privacy practices, in all material respects, to the extent required by Data Security Obligations. Such privacy policies do not contain any material omissions of the Company’s and its subsidiaries’ privacy practices in violation of Data Security Obligations. Except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, the delivery and performance of this Agreement or any other agreement referred to in this Agreement, and the performance by the Company of its obligations under this Agreement, will not result in a breach or violation on the part of the Company or any of its subsidiaries of any Data Security Obligations.

(aa) The Company and each of its subsidiaries have implemented and maintained commercially reasonable technical and organizational measures designed to protect the information technology assets and systems, trade secrets, confidential data and personal information used in connection with the operation of and material to the Company's and its subsidiaries' businesses. Without limiting the foregoing, the Company and its subsidiaries have used commercially reasonable efforts to establish and maintain, and have in all material respects established, maintained, implemented and complied with commercially reasonable information technology, information security, cyber security and data protection controls, policies and procedures, including oversight, access controls, encryption, technological and physical safeguards and business continuity/disaster recovery and security plans that are designed to protect against and prevent breach, destruction, loss, unauthorized distribution, use, access, disablement, misappropriation or modification, or other compromise or misuse of or relating to any information technology asset or system, trade secret or data used in connection with the operation of, or material to, the Company's and its subsidiaries' businesses ("**Breach**"). Except as has been previously disclosed to the Representatives, and except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, to the Company's knowledge, there has been no such Breach, and the Company and its subsidiaries have not been provided written notification of and have no knowledge of any event or condition that would reasonably be expected to result in, any Breach.

(bb) Except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, (A) each Plan (as defined below) has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and the Internal Revenue Code of 1986, as amended (the "**Code**"); (B) no non-exempt prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan; (C) for each Plan, no failure to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA), whether or not waived, has occurred or is reasonably expected to occur; (D) no "reportable event" (within the meaning of Section 4043(c) of ERISA, other than those events as to which notice is waived) has occurred or is reasonably expected to occur; and (E) neither the Company nor any member of the Company's "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Code) has incurred, nor is reasonably expected to incur, any liability under Title IV of ERISA (other than contributions to any Plan or any Multiemployer Plan or premiums to the PBGC, in the ordinary course and without default) in respect of a Plan or a Multiemployer Plan. For purposes of this paragraph, (x) the term "Plan" means an employee benefit plan, within the meaning of Section 3(3) of ERISA, subject to Title IV of ERISA, but excluding any Multiemployer Plan, for which the Company or any member of its "Controlled Group" has any liability and (y) the term "Multiemployer Plan" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

(cc) No material labor dispute with the employees of the Company or any of its subsidiaries exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(dd) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in the reasonable judgment of the Company, prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(ee) The Company and its subsidiaries, taken as a whole, possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, except where the failure to obtain such certificates, authorizations and permits would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(ff) The financial statements included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related schedules and notes thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and present fairly in all material respects the consolidated financial position of the Company and its subsidiaries as of the dates shown and its results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“**U.S. GAAP**”) applied on a consistent basis throughout the periods covered thereby except for any normal year-end adjustments in the Company’s quarterly financial statements. The other financial information included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby. The statistical, industry-related and market-related data included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate and such data are consistent with the sources from which they are derived, in each case in all material respects. To the extent required, the Company has obtained the written consent to the use of such data from such sources where applicable.

(gg) PricewaterhouseCoopers LLC (“**PwC**”), who have certified certain financial statements of the Company and its subsidiaries and delivered its report with respect to the audited consolidated financial statements filed with the Commission as part of the Registration Statement and included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, is an independent registered public accounting firm with respect to the Company within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the Commission and the Public Company Accounting Oversight Board (United States).

(hh) The Company and its subsidiaries, taken as a whole, maintain a system of internal accounting controls designed to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the end of the Company’s most recent audited fiscal year, there has been (i) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (ii) no change in the Company’s internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company’s internal control over financial reporting.

(ii) Except as described in the Time of Sale Prospectus or the Registration Statement, the Company has not sold, issued or distributed any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(jj) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which, singly or in the aggregate, has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a material adverse effect on the Company and its subsidiaries, taken as a whole.

(kk) The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of the Sarbanes-Oxley Act of 2002, as amended (the “**Sarbanes-Oxley Act**”), and all rules and regulations promulgated thereunder applicable to the Company at such time.

(ll) The Company has not taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(mm) From the time of initial confidential submission of the Registration Statement to the Commission through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Securities Act (an “**Emerging Growth Company**”).

(nn) The Company (i) has not alone engaged in any Testing-the-Waters Communication with any person other than Testing-the-Waters Communications with the consent of the Representatives with entities that are reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are reasonably believed to be accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communication other than those listed on Schedule II hereto. “**Testing-the-Waters Communication**” means any communication with potential investors undertaken in reliance on Section 5(d) or Rule 163B of the Securities Act. “**Written Testing-the-Waters Communication**” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

(oo) As of the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers, none of (A) the Time of Sale Prospectus, (B) any free writing prospectus, when considered together with the Time of Sale Prospectus, and (C) any individual Written Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information.

(pp) There are no debt securities or preferred stock issued, or guaranteed, by the Company that are rated by any “nationally recognized statistical rating organization,” as such term is defined in Section 3(a)(62) of the Exchange Act.

2. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the terms and conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective number of Shares set forth in Schedule I hereto opposite its name at \$[•] a share (the “**Purchase Price**”).

3. *Terms of Public Offering.* The Company is advised by the Representatives that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in the judgment of the Representatives is advisable. The Company is further advised by the Representatives that the Shares are to be offered to the public initially at \$[•] a share (the “**Public Offering Price**”) and to certain dealers selected by the Representatives at a price that represents a concession not in excess of \$[•] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of \$[•] a share, to any Underwriter or to certain other dealers.

4. *Payment and Delivery.* Payment for the Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [•], 2021, or at such other time on the same or such other date, not later than [•], 2021, as shall be designated in writing by the Representatives. The time and date of such payment are hereinafter referred to as the “**Closing Date.**”

The Shares shall be registered in such names and in such denominations as Morgan Stanley shall request in writing not later than one full business day prior to the Closing Date. The Shares shall be delivered to Morgan Stanley on the Closing Date for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. *Conditions to the Underwriters’ Obligations.* The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than [•] (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) no order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus that, in the judgment of the Representatives, is material and adverse and that makes it, in the judgment of the Representatives, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus and the Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed on behalf of the Company by an executive officer of the Company, to the effect set forth in Sections 5(a)(i) and 5(a)(ii) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Cooley LLP, outside counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives.

(d) The Underwriters shall have received on the Closing Date an opinion and disclosure letter of Sullivan & Cromwell LLP, counsel for the Underwriters, dated the Closing Date, in form and substance satisfactory to the Representatives.

With respect to the negative assurance or disclosure letters to be delivered pursuant to Sections 5(c) and 5(d) above, Cooley LLP and Sullivan & Cromwell LLP may state that their opinions and beliefs are based upon their participation in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

The opinion of Cooley LLP described in Section 5(c) above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(e) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from PwC, an independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(f) The Underwriters shall have received, on each of the date hereof and the Closing Date, a certificate signed by the principal financial officer of the Company, dated respectively as of the date hereof and as of the Closing Date, substantially in the form agreed with the Representatives.

(g) The “lock-up” agreements, each substantially in the form of Exhibit A hereto, between the Representatives and certain shareholders, officers and directors of the Company relating to restrictions on sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof (the “**Lock-up Agreements**”), shall be in full force and effect on the Closing Date.

(h) The representations and warranties of the Company contained in this Agreement shall be true and correct on the date hereof and on and as of the Closing Date; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date.

(i) The Underwriters shall have received such other documents as the Representatives may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Shares to be sold on the Closing Date and other matters related to the issuance of such Shares.

6. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) To furnish to the Representatives, without charge, five signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and, during the Prospectus Delivery Period (as defined below), to furnish to the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as the Representatives may reasonably request. As used herein, the term “Prospectus Delivery Period” means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Representatives reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to the Representatives a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which the Representatives reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Representatives will furnish to the Company) to which Shares may have been sold by the Representatives on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request, provided, however, that nothing contained herein shall require the Company to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) execute or file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(h) To make generally available (which may be satisfied by filing with the Commission on its Electronic Data Gathering, Analysis and Retrieval System) to the Company's security holders and to the Representatives as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(g) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by FINRA (provided, that the amount payable by the Company with respect to the fees and disbursements of counsel for the Underwriters pursuant to subsections (iii) and (iv) shall not exceed \$35,000), (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Class A Common Stock and all costs and expenses incident to listing the Shares on the Nasdaq Global Select Market and other national securities exchanges and foreign stock exchanges, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show (provided, that (i) the Underwriters shall pay 50% of the cost of any aircraft chartered in connection with such "road show" (it being understood that the use of any chartered aircraft shall be expressly approved by the Company) and (ii) for the avoidance of doubt, the Underwriters shall pay all costs and expenses related to their participation in investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including all travel and other expenses of the Underwriters or any of their employees incurred by them in connection with the "road show"), (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 8 entitled "Indemnity and Contribution" and the last paragraph of Section 10 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

(j) The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Securities Act and (ii) completion of the Restricted Period (as defined in this Section 6).

(k) If at any time during the Prospectus Delivery Period and following the distribution of any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act there occurred or occurs an event or development as a result of which such Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(l) The Company has delivered to each Underwriter (or its agent), on or prior to the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

The Company also covenants with each Underwriter that, without the prior written consent of Morgan Stanley and J.P. Morgan on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period commencing on the date hereof and ending on the earlier of (i) 181 days after the date of the Prospectus and (ii) the opening of trading on the second trading day after the Company announces earnings results for the quarter ending September 30, 2021, (such period, the “**Restricted Period**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

The restrictions contained in the preceding paragraph shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the conversion of a security outstanding on the date hereof as described in each of the Time of Sale Prospectus and Prospectus, (C) the issuance by the Company of Common Stock upon the exercise of options or the settlement of restricted stock units outstanding as of the date of this Agreement or issued after the date of this Agreement pursuant to the Company's equity plans described in the Time of Sale Prospectus, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of this Agreement, (D) the issuance by the Company of shares of Class A Common Stock upon the conversion of shares of Class B Common Stock, (E) the issuance by the Company of shares of Common Stock or securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, in each case pursuant to the Company's equity plans described in the Time of Sale Prospectus, (F) as a *bona fide* gift to a charitable organization, provided that any such transfer shall not involve a disposition for value and provided further that the aggregate number of shares of Common Stock that the Company may issue pursuant to this clause (F) may not exceed 250,000, (G) the issuance by the Company of shares of Common Stock or securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock in connection with (x) the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement, or (y) the Company's joint ventures, commercial relationships and other strategic relationships, (H) the filing of any registration statement(s) on Form S-8 relating to the securities granted or to be granted pursuant to (A) the Company's equity plans that are described in the Time of Sale Prospectus or (B) any assumed employee benefit plan contemplated by clause (G), or (I) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock; *provided* that in the case of clause (G), the aggregate number of shares of Common Stock that the Company may sell or issue or agree to sell or issue shall not exceed 7.5% of the total number of shares of Common Stock of the Company outstanding immediately following the issuance of the Shares contemplated by this Agreement; *provided further* that any restricted stock units issued by the Company pursuant clause (E) must not vest during the Restricted Period; *provided further*, that in the case of clause (B), (C), (E) (except with respect to issuances by the Company of options or restricted stock units that do not vest during the Restricted Period), (F), and (G), the Company shall cause each recipient of such securities to execute and deliver to Morgan Stanley and J.P. Morgan, on or prior to the issuance of such securities, a lock-up letter on substantially the same terms as the form of lock-up letter set forth in Exhibit A hereto for the remainder of the Restricted Period and enter stop transfer instructions with the Company's transfer agent and registrar on such securities and maintain such instructions for the remainder of the Restricted Period; and *provided further*, that in the case of clause (I), (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period.

If Morgan Stanley and J.P. Morgan, in their sole discretion, agree to release or waive the restrictions on the transfer of Shares set forth in a Lock-up Agreement for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service, or by such other means not prohibited by FINRA Rule 5131 (or any successor rule), at least two business days before the effective date of the release or waiver.

7. *Covenants of the Underwriters.* Each Underwriter, severally and not jointly, covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

8. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show as defined in Rule 433(h) under the Securities Act (a “**road show**”), the Prospectus or any amendment or supplement thereto, or any Testing-the-Waters Communication, or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by the Underwriters through the Representatives consists of the Underwriter Information described as such in paragraph (b) below.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus, road show or the Prospectus or any amendment or supplement thereto, it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallocation figures appearing in the [•] paragraph under the caption “Underwriters” and the information contained in the [•] paragraph[s] under the caption “Underwriters” (the “**Underwriter Information**”).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b), such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonably incurred, fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed in writing to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonably incurred fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Representatives, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into (A) more than 45 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 8(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

9. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to or on the Closing Date, (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the NYSE American or the Nasdaq Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

10. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Shares and the aggregate number of Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Shares to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement required to be complied with, or if for any reason the Company shall be unable to perform its obligations under this Agreement, other than by reason of a default by the Underwriters, or the occurrence of any of the events described in clauses (iii), (iv) or (v) of Section 9, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

11. *Entire Agreement.* (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the entire agreement between the Company and the Underwriters with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company acknowledges that in connection with the offering of the Shares: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement, any contemporaneous written agreements and prior written agreements (to the extent not superseded by this Agreement), if any, (iii) the Underwriters may have interests that differ from those of the Company, and (iv) none of the activities of the Underwriters in connection with the transactions contemplated herein constitutes a recommendation, investment advice, or solicitation of any action by the Underwriters with respect to any entity or natural person. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

12. *Recognition of the U.S. Special Resolution Regimes.* (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section a “**BHC Act Affiliate**” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). “**Covered Entity**” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSP” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). “**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. “**U.S. Special Resolution Regime**” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

13. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature complying with the U.S. federal E-SIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

14. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

15. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

16. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to the Representatives in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department and J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179; Attention Equity Syndicate Desk, with a copy to the Legal Department; and if to the Company shall be delivered, mailed or sent to Confluent, Inc., 899 W. Evelyn Ave., Mountain View, California 94041, Attention: Melanie Vinson, Esq., Chief Legal Officer, with a copy to Cooley LLP, 3175 Hanover Street, Palo Alto, California 94304, Attention: Jon Avina, Esq.

Very truly yours,

CONFLUENT, INC.

By: _____
Name: Steffan Tomlinson
Title: Chief Financial Officer

Accepted as of the date hereof

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

Acting severally on behalf of themselves and the
several Underwriters named in Schedule I hereto.

By: **MORGAN STANLEY & CO. LLC**

By: _____
Name:
Title:

By: **J.P. MORGAN SECURITIES LLC**

By: _____
Name:
Title:

<u>Underwriter</u>	<u>Number of Shares To Be Purchased</u>
Morgan Stanley & Co. LLC	[•]
J.P. Morgan Securities LLC	[•]
Goldman Sachs & Co. LLC	[•]
BofA Securities, Inc.	[•]
Citigroup Global Markets Inc.	[•]
Barclays Capital Inc.	[•]
Credit Suisse Securities (USA) LLC	[•]
Deutsche Bank Securities Inc.	[•]
UBS Securities LLC	[•]
Wells Fargo Securities, LLC	[•]
Cowen and Company, LLC	[•]
D.A. Davidson & Co.	[•]
JMP Securities LLC	[•]
KeyBanc Capital Markets Inc.	[•]
Piper Sandler & Co.	[•]
Total:	[•]

Time of Sale Prospectus

1. Preliminary Prospectus issued [•]
2. [identify all free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act]
3. [free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a final term sheet]
4. [orally communicated pricing information such as price per share and size of offering if a Rule 134 pricing term sheet is used at the time of sale instead of a pricing term sheet filed by the Company under Rule 433(d) as a free writing prospectus]

FORM OF LOCK-UP AGREEMENT

_____, 2021

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC ("**Morgan Stanley**") and J.P. Morgan Securities LLC (the "**Representatives**") propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Confluent, Inc., a Delaware corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several Underwriters, including the Representatives (the "**Underwriters**"), of shares (the "**Shares**") of the Class A common stock, par value \$0.00001, of the Company (the "**Class A Stock**"). As used herein, the term "**Common Stock**" refers to shares of the Company's Common Stock, par value \$0.00001 per share, including any shares of Class A Stock and Class B common stock, par value \$0.00001 per share.

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley and J.P. Morgan Securities LLC on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period commencing on the date hereof and ending on and including 180 days after the date of the final prospectus relating to the Public Offering (such final prospectus, the "**Prospectus**," and such period as modified by paragraphs (a), (b) and (c) below, as may be applicable to the undersigned, the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise (clauses (1) and (2) above together referred to as "**Transfers**" and each a "**Transfer**"). The undersigned acknowledges and agrees that the foregoing precludes the undersigned from engaging in any hedging or other transaction designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition of any shares of Common Stock, or any securities convertible into or exercisable or exchangeable for Common Stock, even if any such sale or disposition transaction or transactions would be made or executed by or on behalf of someone other than the undersigned.

Notwithstanding the foregoing,

(a) if the undersigned is a current employee of the Company or its subsidiaries as of and including the third (3rd) Business Day prior to the First Trading Day (as defined below), excluding (i) any director of the Company, (ii) any contractor or consultant of the Company or its subsidiaries, (iii) any officer of the Company within the meaning of Section 16(a) of the Exchange Act or any employee designated as an “Executive Officer” in the Management section of the Prospectus (each, an “**Officer**”), (iv) any Investor or Founder (each as defined in the Investors’ Rights Agreement (as defined below)), and (v) any other stockholder named on Annex A hereto and his, her, or its permitted transferees (each such person, excluding those described in clauses (i), (ii), (iii), (iv) and (v) above, an “**Employee Stockholder**”), subject to compliance with applicable securities laws including without limitation Rule 144 promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), the undersigned may sell in the public market, beginning at the commencement of trading on the first Trading Day on which the Common Stock is traded on the exchange on which the Common Stock is listed (the “**First Trading Day**”), a number of shares of Common Stock not in excess of 15% of the aggregate number of vested shares of Common Stock owned by the undersigned or issuable upon exercise of vested options to purchase shares of Common Stock or settlement of restricted stock units (“**RSUs**”) owned by the undersigned as of the First Trading Day;

(b) if the undersigned is an Employee Stockholder as of and including the third (3rd) Business Day prior to the Initial Earnings-Related Release Date (as defined below), a current contractor or consultant of the Company or its subsidiaries as of and including the third (3rd) Business Day prior to the Initial Earnings-Related Release Date (as defined below), a director of the Company, an Officer, an Investor or Founder (as such terms are defined in the Investors’ Rights Agreement), or a stockholder named on Annex A hereto and his, her, or its permitted transferees, subject to compliance with applicable securities laws, including, without limitation, Rule 144 promulgated under the Securities Act, the undersigned may Transfer (in addition to any shares of Common Stock that the undersigned is permitted to sell pursuant to paragraph (a) above that have not been sold as of the Initial Earnings-Related Release Date (as defined below)) beginning at the opening of trading on the second Trading Day after the Company’s public announcement of its earnings (which for this purpose shall not include “flash” numbers or preliminary, partial earnings) for the first completed quarterly period following the most recent period for which financial statements are included in the Prospectus (such second Trading Day, the “**Initial Earnings-Related Release Date**”), a number of shares of Common Stock not in excess of 25% of the aggregate number of vested shares of Common Stock owned by the undersigned or issuable upon exercise of vested options to purchase shares of Common Stock or settlement of RSUs owned by the undersigned as of the Initial Earnings-Related Release Date; and

(c) in addition, and notwithstanding anything to the contrary herein, the Restricted Period shall terminate commencing on the opening of trading on the second Trading Day immediately following the Company's release of earnings (which for this purpose shall not include "flash" numbers or preliminary, partial earnings) for the second completed quarterly period following the most recent period for which financial statements are included in the Prospectus.

Any release of shares from the restrictions contained in this agreement pursuant to paragraphs (b) or (c) above shall be referred to as an "**Earnings-Related Release**." Notwithstanding the foregoing, an Earnings-Related Release shall not occur unless the Company shall have announced, either through a major news service or on a Form 8-K, the date of the earnings announcement that shall give rise to such Earnings-Related Release, and the anticipated date of such Earnings-Related Release, at least five Trading Days in advance of the date of such earnings announcement. The release of the undersigned's shares from the restrictions contained in this agreement pursuant to paragraphs (a) or (b) shall not include shares owned by any affiliated limited liability company, partnership, corporation, trust or other entity (each an "**Affiliated Entity**"); *provided, that* the limitation set forth in this sentence shall not apply if (1) the undersigned is not an Employee Stockholder or a contractor or consultant of the Company or any of its subsidiaries and (2) all of the equity interests and other economic interests in an Affiliated Entity are owned exclusively by the undersigned and/or immediate family members of the undersigned (including through a trustee or trust beneficiary relationship).

For purposes of this agreement, a "**Trading Day**" is a day on which the New York Stock Exchange and the Nasdaq Stock Market are open for the buying and selling of securities. For purposes of this agreement, "**Investors' Rights Agreement**" shall refer to that certain Amended and Restated Investors' Rights Agreement, dated March 20, 2020, by and among the Company, the Founders named therein and the Investors named therein.

Notwithstanding the foregoing, in addition to, and not by way of limitation of, any transfers by the undersigned that are permitted pursuant to paragraphs (a), (b) or (c) above, the undersigned may transfer the undersigned's shares of Common Stock in the following transactions:

(i) as a bona fide gift or gifts (including, without limitation, to a charitable organization or educational institution) or for bona fide estate planning purposes; *provided that* any such transfer shall not involve a disposition for value; *provided further* that it shall be a condition to such transfer that the donee or donees or transferee or transferees thereof shall sign and deliver a lock-up agreement substantially in the form of this agreement; and *provided further* that no filing under Section 16(a) of the Exchange Act reporting such transfer of the undersigned's shares of Common Stock, or other public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period (other than any required Schedule 13D filing or Form 5 filing after the end of the calendar year in which such transaction occurs, which shall include a statement to the effect that (A) such transaction reflects the circumstances described in this clause (i) and (B) that the donee or transferee, as the case may be, has agreed in writing to be bound by the restrictions set forth herein), until after the 60th calendar day after the date of the Prospectus, following which any public filing, report or announcement, including a report under Section 16(a) of the Exchange Act or Schedule 13D, shall include a statement in such report to the effect that (1) such transfer relates to the circumstances described in this clause (i), and (2) the shares received are subject to a lock-up agreement with the Underwriters of the Public Offering;

(ii) to any immediate family member (as defined below) of the undersigned or to any trust for the direct or indirect benefit of the undersigned or an immediate family member of the undersigned, or if the undersigned is a trust, to a trustor or beneficiary of the trust (including such beneficiary's estate) of the undersigned; *provided that* any such transfer shall not involve a disposition for value; *provided further* that it shall be a condition to such transfer that the transferee signs and delivers a lock-up agreement substantially in the form of this agreement; and *provided further* that no public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Restricted Period, other than if the undersigned is required to file a report under Section 16(a) of the Exchange Act or Schedule 13D during the Restricted Period, in which case the undersigned shall include a statement in such report to the effect that (A) such transfer relates to the circumstances described in this clause (ii), and (B) the shares received are subject to a lock-up agreement with the Underwriters of the Public Offering;

(iii) upon death or by will, testamentary document or intestate succession; *provided that* any such transfer shall not involve a disposition for value; *provided further* that the transferee signs and delivers a lock-up agreement substantially in the form of this agreement; and *provided further* that no public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Restricted Period, other than if the undersigned is required to file a report under Section 16(a) of the Exchange Act or Schedule 13D during the Restricted Period, in which case the undersigned shall include a statement in such report to the effect that (A) such transfer relates to the circumstances described in this clause (iii), and (B) the shares received are subject to a lock-up agreement with the Underwriters of the Public Offering;

(iv) in connection with a sale of the undersigned's shares of Common Stock acquired (A) from the Underwriters in the Public Offering or (B) in open market transactions after the Public Offering Date; *provided that* it shall be a condition to the transfer that no filing under Section 16(a) of the Exchange Act reporting such transfer of the undersigned's shares of Common Stock, or other public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period;

(v) if the undersigned is a partnership, limited liability company, corporation, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (within the meaning set forth in Rule 405 as promulgated by the SEC under the Securities Act of 1933, as amended, and including the subsidiaries of the undersigned) of the undersigned, (B) to any investment fund or other entity controlled or managed by the undersigned or affiliates of the undersigned or (C) as part of a distribution, transfer or disposition by the undersigned to its stockholders, limited partners, general partners, limited liability company members or other equityholders or to the estate of any such stockholders, limited partners, general partners, limited liability company members or equityholders; *provided that* in each case (A) through (C) it shall be a condition to such transfer that the transferee or distributee signs and delivers a lock-up agreement substantially in the form of this agreement; *provided further* that in each case (A) through (C) such transfer shall not involve a disposition for value; and *provided further* that in each case (A) through (C) no filing under Section 16(a) of the Exchange Act reporting such transfer of the undersigned's shares of Common Stock, or other public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period;

(vi) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i), (ii) and (iii) above; *provided that* in it shall be a condition to such transfer that the transferee signs and delivers a lock-up agreement substantially in the form of this agreement; and *provided further* that no filing under Section 16(a) of the Exchange Act reporting such transfer of the undersigned's shares of Common Stock, or other public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period;

(vii) to the Company in connection with the exercise of options, including "net" or "cashless" exercises, or settlement of other equity awards, including any transfer of shares of Common Stock to the Company for the payment of tax withholdings or remittance payments due as a result of the exercise of any such equity awards; *provided that* in all such cases, (A) the exercise be pursuant to equity awards granted under a stock incentive plan or other equity award plan that is described in the Time of Sale Prospectus and the Prospectus, (B) any shares of Common Stock received upon such exercise shall be subject to the terms of this agreement, and (C) no public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Restricted Period, other than if the undersigned is required to file a report under Section 16(a) of the Exchange Act during the Restricted Period, in which case the undersigned shall include a statement in such report to the effect that (1) such transfer relates to the circumstances described in this clause (vii), and (2) the shares received are subject to a lock-up agreement with the Underwriters of the Public Offering;

(viii) by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement; *provided that* the transferee signs and delivers a lock-up agreement substantially in the form of this agreement; and *provided further* that no public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Restricted Period, other than if the undersigned is required to file a report under Section 16(a) of the Exchange Act or Schedule 13D during the Restricted Period, in which case the undersigned shall include a statement in such report to the effect that (A) such transfer relates to the circumstances described in this clause (viii), and (B) the shares received are subject to a lock-up agreement with the Underwriters of the Public Offering;

(ix) to the Company, in connection with the repurchase of shares of Common Stock issued pursuant to an employee benefit plan or stock plan disclosed in the Prospectus or pursuant to the agreements pursuant to which such shares were issued as disclosed in the Prospectus, in each case, upon termination of the undersigned's relationship with the Company; *provided that* that no public filing, report or announcement by or on behalf of the undersigned reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Restricted Period, other than if the undersigned is required to file a report under Section 16(a) of the Exchange Act during the Restricted Period, in which case the undersigned shall include a statement in such report to the effect that such transfer relates to the circumstances described in this clause (ix);

(x) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of the Company's capital stock and approved by the board of directors of the Company, and the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of at least 50% of total voting power of the voting stock of the Company or the surviving entity (a "**Change of Control Transaction**"); *provided that* in the event that the Change of Control Transaction is not completed, the undersigned's shares shall remain subject to the provisions of this agreement;

(xi) to the Company in connection with the conversion or reclassification of the outstanding equity securities of the Company into shares of Common Stock, or any reclassification or conversion of the Company's Common Stock, in each case as described and as contemplated in the Time of Sale Prospectus and the Prospectus; *provided that* any such shares of Common Stock received upon such conversion or reclassification shall be subject to the terms of this agreement;

(xii) in the case of Employee Stockholders or Officers, in connection with the sale or transfer of the undersigned's shares of Common Stock to satisfy any income, employment, or social tax withholding and remittance obligations of the undersigned arising in connection with the vesting or settlement of restricted stock units held by the undersigned and outstanding as of the date of the Public Offering; *provided that* that the undersigned shall include a statement in any report under Section 16(a) of the Exchange Act reporting such transfer to the effect that such transfer relates to the circumstances described in this clause (xii); and

(xiii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer, sale or other disposition of shares of Common Stock, if then permitted by the Company; *provided that* such plan does not provide for the transfer of Common Stock during the Restricted Period (except to the extent otherwise allowed pursuant to paragraph (a) or (b) above); and *provided further* no public announcement or filing under the Exchange Act, or any other public filing or announcement, shall be required or shall be voluntarily made regarding the establishment of such plan during the Restricted Period.

For purposes of this agreement, "immediate family member" shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin and "permitted transferee" shall mean any relationship described in clauses (i), (ii), (iii), (v), (vi) or (viii) above.

In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley and J.P. Morgan Securities LLC on behalf of the Underwriters, it will not, during the Restricted Period, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed Shares the undersigned may purchase in the offering.

If the undersigned is an officer (as such term is defined under the rules and regulations of FINRA) or director of the Company, (i) Morgan Stanley agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, Morgan Stanley will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service or by such other means not prohibited by FINRA Rule 5131 (or any successor rule) at least two business days before the effective date of the release or waiver. Any release or waiver granted by Morgan Stanley hereunder to any such officer (as such term is defined under the rules and regulations of FINRA) or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration or to an immediate family member as defined in FINRA Rule 5130(i)(5) and (b) the transferee has agreed in writing to be bound by the same terms described in this agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of the Shares and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Underwriters may provide certain Regulation Best Interest and Form CRS disclosures or other related documentation to you in connection with the Public Offering, the Underwriters are not making a recommendation to you to participate in the Public Offering or sell any Shares at the price determined in the Public Offering, and nothing set forth in such disclosures or documentation is intended to suggest that any Underwriter is making such a recommendation.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

The undersigned understands that, if (i) the Underwriting Agreement does not become effective by September 30, 2021 (*provided, however*, that the Company may, by written notice to the undersigned prior to such date, extend such date for a period of up to an additional 90 days), (ii) the Company shall advise the Representatives in writing prior to the execution of the Underwriting Agreement that it has determined not to proceed with the Public Offering, (iii) the Registration Statement is withdrawn prior to the execution of the Underwriting Agreement, or (iv) the Underwriting Agreement shall terminate or be terminated prior to payment for and delivery of the Class A Stock to be sold thereunder, then upon the earliest to occur of any of clauses (i) through (iv) above, the undersigned shall automatically, and without any action on the part of any party, be released from all obligations under this agreement.

The undersigned hereby consents to receipt of this agreement in electronic form and understands and agrees that this agreement may be signed electronically. In the event that any signature is delivered by facsimile transmission, electronic mail, or otherwise by electronic transmission evidencing an intent to sign this agreement, such facsimile transmission, electronic mail or other electronic transmission shall create a valid and binding obligation of the undersigned with the same force and effect as if such signature were an original. Execution and delivery of this agreement by facsimile transmission, electronic mail or other electronic transmission is legal, valid and binding for all purposes.

This agreement shall be governed by and construed in accordance with the laws of the State of New York.

[*Signature page follows*]

Very truly yours,

IF AN INDIVIDUAL:

IF AN ENTITY:

(duly authorized signature)

(please print complete name of entity)

Name: _____
(please print full name)

By: _____
(duly authorized signature)

Name: _____
(please print full name)

Title: _____
(please print full title)

Address: _____

Address: _____

E-mail: _____

E-mail: _____

ANNEX A

A-2

FORM OF WAIVER OF LOCK-UP

_____, 20__

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to Morgan Stanley & Co. LLC (“**Morgan Stanley**”) in connection with the offering by Confluent, Inc. (the “**Company**”) of ____ shares of Class A common stock, \$0.00001 par value (the “**Class A Common Stock**”), of the Company and the lock-up agreement dated ____, 2021 (the “**Lock-up Agreement**”), executed by you in connection with such offering, and your request for a [waiver] [release] dated ____, 20__, with respect to ____ shares of Class A Common Stock (the “**Shares**”).

Morgan Stanley hereby agrees to [waive] [release] the transfer restrictions set forth in the Lock-up Agreement, but only with respect to the Shares, effective ____, 20__; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Agreement shall remain in full force and effect.

Very truly yours,

Morgan Stanley & Co. LLC
Acting severally on behalf of themselves and the several
Underwriters named in Schedule I hereto

By: _____
Name:
Title:

cc: Company

FORM OF PRESS RELEASE

Confluent, Inc.
[Date]

Confluent, Inc. (the “**Company**”) announced today that Morgan Stanley & Co. LLC, the lead book-running manager in the Company’s recent public sale of shares of its Class A common stock is [waiving][releasing] a lock-up restriction with respect to ____ shares of the Company’s Class A common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on ____, 20__, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
CONFLUENT, INC.**

The undersigned, Edward Jay Kreps, hereby certifies that:

1. The undersigned is the duly elected and acting President of Confluent, Inc., a Delaware corporation.
2. The Certificate of Incorporation of this corporation was originally filed with the Secretary of State of Delaware on September 11, 2014 under the name "*Infinitem, Inc.*"
3. The Certificate of Incorporation of this corporation shall be amended and restated to read in full as follows:

ARTICLE I

The name of this corporation is Confluent, Inc. (the "*Corporation*").

ARTICLE II

The address of the Corporation's registered office in the state of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808 and the name of the registered agent of the Corporation in the State of Delaware at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

(A) Classes of Stock. The Corporation is authorized to issue three classes of stock to be designated, respectively, "*Common Stock*," "*Founder Stock*" and "*Preferred Stock*." The total number of shares which the Corporation is authorized to issue is 1,615,913,668 shares, each with a par value of \$0.00001 per share. 1,000,000,000 shares shall be a series designated as Class A Common Stock (the "*Class A Common Stock*"), 500,000,000 shares shall be a series designated Class B Common Stock (the "*Class B Common Stock*" and together with the Class A Common Stock, the "*Common Stock*"), 635,818 shares shall be Founder Stock and 115,277,850 shares shall be Preferred Stock.

(B) Powers, Preferences, Special Rights and Restrictions of Preferred Stock. The Preferred Stock authorized by this Amended and Restated Certificate of Incorporation (the "*Restated Certificate*") shall be divided into series as provided herein. 34,911,252 shares of Preferred Stock shall be designated "*Series A Preferred Stock*," 24,948,780 shares of Preferred Stock shall be designated "*Series B Preferred Stock*", 18,657,756 shares of Preferred Stock shall be designated "*Series C Preferred Stock*", 12,106,303 shares of Preferred Stock shall be designated "*Series D Preferred Stock*" and 24,653,759 shares of Preferred Stock shall be designated "*Series E Preferred Stock*". The powers, preferences, special rights and restrictions granted to and imposed on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock are as set forth below in this Article IV(B).

1. Dividend Provisions. The holders of shares of Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, on a *pari passu* basis and prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Corporation) on the Founder Stock and Common Stock of the Corporation, at the rate of \$0.01605 per share (as adjusted for stock splits, stock dividends, reclassification and the like) per annum on each outstanding share of Series A Preferred Stock, then held by them, \$0.077125 per share (as adjusted for stock splits, stock dividends, reclassification and the like) per annum on each outstanding share of Series B Preferred Stock, \$0.2144 per share (as adjusted for stock splits, stock dividends, reclassification and the like) per annum on each outstanding share of Series C Preferred Stock, then held by them, \$0.826016 per share (as adjusted for stock splits, stock dividends, reclassification and the like) per annum on each outstanding share of Series D Preferred Stock, then held by them, and \$1.197496 per share (as adjusted for stock splits, stock dividends, reclassification and the like) per annum on each outstanding share of Series E Preferred Stock, then held by them; payable when, as and if declared by the Board of Directors of the Corporation (the “**Board of Directors**”), calculated on the record date for determination of holders entitled to such dividend. Such dividends shall not be cumulative. After payment of such dividends, any additional dividends shall be distributed among the holders of Preferred Stock, Founder Stock and Common Stock pro rata based on the number of shares of Common Stock then held by each holder (assuming conversion of all such Preferred Stock and Founder Stock into Class B Common Stock), calculated on the record date for determination of holders entitled to such dividend.

2. Liquidation.

(a) Preference. In the event of any Liquidation Transaction, the holders of Preferred Stock shall be entitled to receive, on a *pari passu* basis and prior and in preference to any distribution of any of the assets of the Corporation to the holders of Founder Stock and Common Stock, by reason of their ownership thereof, an amount per share equal to \$0.20050825 per share (as adjusted for stock splits, stock dividends, reclassification and the like) for each outstanding share of Series A Preferred Stock then held by them, \$0.963975 per share (as adjusted for stock splits, stock dividends, reclassification and the like) for each outstanding share of Series B Preferred Stock then held by them, \$2.67985 per share (as adjusted for stock splits, stock dividends, reclassification and the like) for each outstanding share of Series C Preferred Stock then held by them, \$10.3252 per share (as adjusted for stock splits, stock dividends, reclassification and the like) for each outstanding share of Series D Preferred Stock then held by them, and \$14.9687 per share (as adjusted for stock splits, stock dividends, reclassification and the like) for each outstanding share of Series E Preferred Stock then held by them, plus any declared but unpaid dividends on such shares. If, upon the occurrence of such event, the assets and funds thus distributed among the holders of Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive under this Section 2(a).

(b) Remaining Assets. Upon the completion of the distribution required by Article IV(B)2(a) above, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of the Founder Stock and Common Stock pro rata based on the number of shares of Common Stock held by each (assuming conversion of all such Founder Stock into Class B Common Stock).

(c) Deemed Conversion. Notwithstanding the above, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidation Transaction, as defined below, each such holder of shares of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Class B Common Stock immediately prior to the Liquidation Transaction if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Class B Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Class B Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Class B Common Stock.

(d) Certain Acquisitions.

(i) Deemed Liquidation. For purposes of this Restated Certificate, a "**Liquidation Transaction**" shall be deemed to occur if the Corporation shall (I) sell, convey, exclusively license or otherwise dispose of all or substantially all of its assets, property or business in a single transaction or series of related transactions, (II) merge with or into or consolidate with any other corporation, limited liability company or other entity (other than a wholly-owned subsidiary of the Corporation) or there shall be the closing of a transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Corporation's securities), of the Corporation's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Corporation (or the surviving or acquiring entity), or (III) effect a liquidation, dissolution or winding up of the Corporation pursuant to the applicable provisions of Section 275 of the Delaware General Corporation Law; provided, however that none of the following shall be considered a Liquidation Transaction: a merger effected exclusively for the purpose of changing the domicile of the Corporation, the sale of shares of Preferred Stock in a bona fide equity financing in which the Corporation is the surviving corporation or (C) a transaction in which the stockholders of the Corporation immediately prior to the transaction own immediately following such transaction, as a result of securities of the Corporation held immediately prior to such transaction 50% or more of the voting power of the surviving or acquiring entity following the transaction. In the event of a Liquidation Transaction pursuant to the provisions of subsection (II) above, all references in this Article IV(B)2 to "assets of the Corporation" shall be deemed instead to refer to the aggregate consideration to be paid to the holders of the Corporation's capital stock in such merger or consolidation. Nothing in this subsection (i) shall require the distribution to stockholders of anything other than proceeds of such transaction in the event of a merger or consolidation of the Corporation. Notwithstanding the foregoing, the treatment of any transaction as a Liquidation Transaction may be waived by the vote or written consent of (A) the holders of at least a majority of the Corporation's outstanding Preferred Stock, voting together as a single class on an as-converted basis, (B) the holders of at least a majority of the Corporation's outstanding Series B Preferred Stock, voting as a separate class on an as-converted basis, (C) the holders of at least a majority of the Corporation's outstanding Series C Preferred Stock, voting as a separate class on an as-converted basis, (D) the holders of at least a majority of the Corporation's outstanding Series D Preferred Stock, voting as a separate class on an as-converted basis and (E) the holders of at least a majority of the Corporation's outstanding Series E Preferred Stock, voting as a separate class on an as-converted basis.

(ii) Valuation of Consideration. In the event of a Liquidation Transaction, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability:

(1) If traded on a securities exchange, the value shall be based on a formula approved by the Board of Directors and derived from the closing prices of the securities on such exchange over a specified time period;

(2) If actively traded over-the-counter, the value shall be based on a formula approved by the Board of Directors and derived from the closing bid or sales prices (whichever is applicable) of such securities over a specified time period; and

(3) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors (including the approval of a majority of the Preferred Directors, as defined below).

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as specified in Article IV(B)2(d)(ii)(A) above to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors (including the approval of a majority of the Preferred Directors).

(C) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Transaction shall, with the appropriate approval of the definitive agreements governing such Liquidation Transaction by the stockholders under the Delaware General Corporation Law and Article IV(B)6 below, be superseded by the determination of such value set forth in the definitive agreements governing such Liquidation Transaction.

(iii) **Notice of Liquidation Transaction.** The Corporation shall give each holder of record of Preferred Stock written notice of any impending Liquidation Transaction not later than 10 days prior to the stockholders' meeting called to approve such Liquidation Transaction, or 10 days prior to the closing of such Liquidation Transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such Liquidation Transaction. The first of such notices shall describe the material terms and conditions of the impending Liquidation Transaction and the provisions of this Section 2, and the Corporation shall thereafter give such holders prompt notice of any material changes. Unless such notice requirements are waived, the Liquidation Transaction shall not take place sooner than 10 days after the Corporation has given the first notice provided for herein or sooner than 10 days after the Corporation has given notice of any material changes provided for herein. Notwithstanding the other provisions, all notice periods or requirements in this Restated Certificate may be shortened or waived on behalf of all holders of Preferred Stock, either before or after the action for which notice is required, upon the vote or written consent of the holders of at least a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted basis, that are entitled to such notice rights.

(iv) **Allocation Escrow and Contingent Consideration.** In the event of a Liquidation Transaction, if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the definitive agreement with respect to such transaction shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 2(a) and 2(b) as if the Initial Consideration were the only consideration payable in connection with such Liquidation Transaction; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 2(a) and 2(b) after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this subsection, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Liquidation Transaction shall be deemed to be Additional Consideration.

(v) **Effect of Noncompliance.** In the event the requirements of this Section 2(d) are not complied with or waived, the Corporation shall forthwith either cause the closing of the Liquidation Transaction to be postponed until the requirements of this Section 2 have been complied with, or cancel such Liquidation Transaction, in which event the rights, preferences, privileges and restrictions of the holders of Preferred Stock shall revert to and be the same as such rights, preferences, privileges and restrictions existing immediately prior to the date of the first notice referred to in Section 2(d)(iii).

3. **Redemption.** The Preferred Stock is not mandatorily redeemable.

4. **Conversion.** The holders of shares of Preferred Stock shall be entitled to conversion rights as follows:

(a) **Right to Convert.** Subject to Article IV(B)4(c) below, each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class B Common Stock as is determined by dividing \$0.20050825 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to the Series A Preferred Stock) in the case of the Series A Preferred Stock, \$0.963975 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to the Series B Preferred Stock) in the case of the Series B Preferred Stock, \$2.67985 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to the Series C Preferred Stock), \$10.3252 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to the Series D Preferred Stock) in the case of the Series D Preferred Stock, and \$14.9687 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to the Series E Preferred Stock) in the case of the Series E Preferred Stock, by the Conversion Price applicable to such shares (such quotient is referred to herein as the “**Conversion Rate**”), determined as hereafter provided, in effect on (i) the date the certificate is surrendered for conversion or (ii) in the case of uncertificated securities, the date the notice of conversion is received by the Corporation. The initial Conversion Price per share shall be \$0.20050825 in the case of the Series A Preferred Stock, \$0.963975 in the case of the Series B Preferred Stock, \$2.67985 in the case of the Series C Preferred Stock, \$10.3252 in the case of the Series D Preferred Stock and \$14.9687 in the case of the Series E Preferred Stock. Such initial Conversion Prices shall be subject to adjustment as set forth in Article IV(B)4(d) below.

(b) **Automatic Conversion.** Each share of Preferred Stock shall automatically be converted into shares of Class B Common Stock at the Conversion Rate then in effect for such share immediately upon the earlier of (i) except as provided in Article IV(B)4(c) below, (x) the Corporation’s sale of its Class A Common Stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended (the “**Securities Act**”), which results in aggregate cash proceeds to the Corporation of not less than \$80,000,000, net of underwriting discounts and commissions or (y) the “direct listing” of any equity securities of the Corporation, which has been approved by the Preferred Directors holding a majority of the voting power of the Preferred Directors and after which such equity securities are listed on the New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or their respective successors) (a “**Direct Listing**” and, each of (x) and (y), a “**Qualified IPO**”) or (ii) the date, or upon the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Preferred Stock, voting together as a single class on an as-converted basis; provided, however, that notwithstanding the foregoing, the shares of Series B Preferred Stock shall not automatically be converted into shares of Class B Common Stock pursuant to this Article IV(B)4(b)(ii) without the written consent of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, voting together as a separate class; provided, further, the shares of Series C Preferred Stock shall not automatically be converted into shares of Class B Common Stock pursuant to this Article IV(B)4(b)(ii) without the written consent of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, voting together as a separate class; provided, further, the shares of Series D Preferred Stock shall not automatically be converted into shares of Class B Common Stock pursuant to this Article IV(B)4(b)(ii) without the written consent of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, voting together as a separate class; provided, further, the shares of Series E Preferred Stock shall not automatically be converted into shares of Class B Common Stock pursuant to this Article IV(B)4(b)(ii) without the written consent of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock, voting together as a separate class.

(c) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to convert such Preferred Stock into shares of Class B Common Stock, the holder shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the shares of Class B Common Stock are to be issued and, in the case of Preferred Stock represented by a certificate, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such series of Preferred Stock. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates or, upon request in the case of uncertificated securities, a notice of issuance, for the number of shares of Class B Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of certificates, or in the case of uncertificated securities, on the date such notice of conversion is received by the Corporation, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock as of such date. If the conversion is in connection with a firm commitment underwritten public offering of securities, the conversion may, at the option of any holder tendering such Preferred Stock for conversion, be conditioned upon the closing of the sale of securities pursuant to such offering, in which event any persons entitled to receive Class B Common Stock upon conversion of such Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price of the Preferred Stock shall be subject to adjustment from time to time as follows:

(i) Issuance of Additional Stock Below Purchase Price. If the Corporation should issue, at any time after the date upon which any shares of Series E Preferred Stock were first issued (the "**Purchase Date**"), any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price for any series of Preferred Stock in effect immediately prior to the issuance of such Additional Stock (as adjusted for stock splits, stock dividends, reclassification and the like), the Conversion Price for such series in effect immediately prior to each such issuance shall automatically be adjusted as set forth in this Article IV(B)4(d)(i), unless otherwise provided in this Article IV(B)4(d)(i).

(A) Adjustment Formula. Whenever the Conversion Price is adjusted pursuant to this Article IV(B)4(d)(i), the new Conversion Price for such series shall be determined by multiplying the Conversion Price for such series then in effect by a fraction, (x) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance (the “**Outstanding Common**”) plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Conversion Price; and (y) the denominator of which shall be the number of shares of Outstanding Common plus the number of shares of such Additional Stock. For purposes of the foregoing calculation, the term “**Outstanding Common**” shall include the following: (1) shares of outstanding Common Stock, (2) shares of Class B Common Stock issuable upon conversion of outstanding Preferred Stock and Founders Stock, (3) shares of Class B Common Stock issuable upon exercise of outstanding stock options and (4) shares of Common Stock issuable upon exercise (and, in the case of warrants to purchase Preferred Stock, conversion) of outstanding warrants, in each case as calculated pursuant to Article IV(B)4(d)(i)(E) below.

(B) Definition of “Additional Stock”. For purposes of this Article IV(B)4(d)(i), “**Additional Stock**” shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to Article IV(B)4(d)(i)(E) below) by the Corporation after the Purchase Date, other than:

- (1) securities issued pursuant to stock splits, stock dividends or similar transactions, as described in Article IV(B)4(d)(ii) below;
- (2) securities issuable upon conversion, exchange or exercise of convertible, exchangeable or exercisable securities outstanding as of the Purchase Date including, without limitation, warrants, notes or options;
- (3) Class B Common Stock (or options therefor) issued or issuable to employees, consultants, officers, directors of the Corporation or other persons performing services for the Corporation for the primary purpose of soliciting, retaining, compensating, or rewarding their services, pursuant to stock option plans or restricted stock plans or agreements approved by the Board of Directors, including the approval of a majority of the Preferred Directors;
- (4) Class A Common Stock issued or issuable in a bona fide, firmly underwritten public offering;
- (5) securities issued or issuable in connection with the acquisition by the Corporation of another company or business, which issuance is approved by the Board of Directors, including the approval of a majority of the Preferred Directors;
- (6) securities issued or issuable to financial institutions, equipment lessors, brokers or similar persons in connection with commercial credit arrangements, equipment financings, commercial property lease transactions or similar transactions, provided that such issuance is for primarily non-equity financing purposes and is approved by the Board of Directors, including the approval of a majority of the Preferred Directors;
- (7) securities issued or issuable to an entity as a component of any business relationship with such entity primarily for the purpose of (a) joint venture, technology licensing or development activities, (b) distribution, supply or manufacture of the Corporation’s products or services or (c) any other arrangements involving corporate partners that are primarily for purposes other than raising capital, which issuance is approved by the Board of Directors, including the approval of a majority of the Preferred Directors;

(8) Class B Common Stock issued or issuable upon conversion of the Preferred Stock and Founder Stock; and

(9) With respect to any series of Preferred Stock, securities issued or issuable in any other transaction for which exemption from these price-based antidilution provisions is approved before or after issuance of the securities by the affirmative vote of at least a majority of the then-outstanding shares of such series of Preferred Stock.

(C) **No Fractional Adjustments.** No adjustment of the Conversion Price for the Preferred Stock shall be made in an amount less than one hundredth of one cent per share (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), provided that any adjustments which are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three years from the date of the event giving rise to the adjustment being carried forward.

(D) **Determination of Consideration.** In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof. In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors (including the approval of a majority of the Preferred Directors) irrespective of any accounting treatment.

(E) **Deemed Issuances of Common Stock.** In the case of the issuance of securities or rights convertible into, exercisable or exchangeable into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (the “**Common Stock Equivalents**”), the following provisions shall apply for all purposes of this Article IV(B)4(d)(i):

(1) The aggregate maximum number of shares of Common Stock deliverable upon conversion, exchange or exercise (assuming the satisfaction of any conditions to convertibility, exchangeability or exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of any Common Stock Equivalents and subsequent conversion, exchange or exercise thereof shall be deemed to have been issued at the time such securities were issued or such Common Stock Equivalents were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related Common Stock Equivalents (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation (without taking into account potential antidilution adjustments and without double counting for cancellation of indebtedness) upon the conversion, exchange or exercise of any Common Stock Equivalents (the consideration in each case to be determined in the manner provided in Article IV(B)4(d)(i)(D) above).

(2) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon conversion, exchange or exercise of any Common Stock Equivalents, other than a change resulting from the antidilution provisions thereof, the Conversion Price of any series of Preferred Stock, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the conversion, exchange or exercise of such Common Stock Equivalents.

(3) Upon the termination or expiration of the convertibility, exchangeability or exercisability of any Common Stock Equivalents, the Conversion Price of any series of Preferred Stock, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and Common Stock Equivalents that remain convertible, exchangeable or exercisable) actually issued upon the conversion, exchange or exercise of such Common Stock Equivalents.

(4) The number of shares of Class B Common Stock deemed issued and the consideration deemed paid therefor pursuant to Article IV(B)4(d)(i)(D) above shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Article IV(B)4(d)(i)(E)(2) above or Article IV(B)4(d)(i)(E)(3) above.

(F) **No Increased Conversion Price.** Notwithstanding any other provisions of this Article IV(B)4(d)(i), except to the limited extent provided for in Article IV(B)4(d)(i)(E)(2) above and Article IV(B)4(d)(i)(E)(3) above, no adjustment of the Conversion Price pursuant to this Article IV(B)4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(ii) **Stock Splits and Combinations.** In the event the Corporation should at any time after the filing date of this Restated Certificate fix a record date for the effectuation of a split or subdivision of the outstanding shares of Class B Common Stock, then, as of such record date (or the date of such split or subdivision if no record date is fixed), the Conversion Price of each series of Preferred Stock that is convertible into Class B Common Stock shall be appropriately proportionately decreased so that the number of shares of Class B Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Class B Common Stock outstanding. If the number of shares of Class B Common Stock outstanding at any time after the filing date of this Restated Certificate is decreased by a combination of the outstanding shares of Class B Common Stock, then, following the record date of such combination (or the date of such combination if no record date is fixed), the Conversion Price for each series of Preferred Stock that is convertible into Class B Common Stock shall be appropriately proportionally increased so that the number of shares of Class B Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Class B Common Stock outstanding.

(iii) **Dividends.** In the event the Corporation should at any time after the filing date of this Restated Certificate fix a record date for the determination of holders of Class B Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class B Common Stock or Common Stock Equivalents (such Common Stock Equivalents, if any, "**Additional Common Stock Equivalents**") without payment of any consideration by such holder for the additional shares of Class B Common Stock or the Additional Common Stock Equivalents (including the additional shares of Class B Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution if no record date is fixed), the Conversion Price of each series of Preferred Stock that is convertible into Class B Common Stock shall be appropriately proportionally decreased by multiplying the Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Class B Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(B) the denominator of which shall be the total number of shares of Class B Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class B Common Stock issuable in payment of such dividend or distribution and those issuable with respect to such Additional Common Stock Equivalents.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price of each series of Preferred Stock that is convertible into Class B Common Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price of each series of Preferred Stock that is convertible into Class B Common Stock shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of a series of Preferred Stock simultaneously receive a dividend or other distribution of shares of Class B Common Stock or Common Stock Equivalents in a number equal to the number of shares of Class B Common Stock or Common Stock Equivalents as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Class B Common Stock on the date of such event.

(e) Other Distributions. In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in Article IV(B)4(d)(i) above or in Article IV(B)4(d)(ii) above, then, in each such case for the purpose of this Article IV(B)4(e), the holders of each series of Preferred Stock that is convertible into Class B Common Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Class B Common Stock of the Corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Class B Common Stock of the Corporation entitled to receive such distribution (or the date of such distribution if no record date is fixed).

(f) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Class B Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in Article IV(B)2 above or this Article IV(B)4) provision shall be made so that the holders of each series of Preferred Stock that is convertible into Class B Common Stock shall thereafter be entitled to receive upon conversion of such Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Class B Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article IV(B)4 with respect to the rights of the holders of such Preferred Stock after the recapitalization to the end that the provisions of this Article IV(B)4 (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of such Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(g) No Fractional Shares and Notices as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of Preferred Stock, and the number of shares of Class B Common Stock to be issued to a particular stockholder shall be rounded down to the nearest whole share. The number of shares issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Class B Common Stock and the number of shares of Class B Common Stock issuable upon such aggregate conversion. If the conversion would result in any fractional share, the Corporation shall, in lieu of issuing any such fractional share, upon demand by the stockholder otherwise entitled to such fractional share, pay the holder thereof an amount in cash equal to the fair market value of such fractional share on the date of conversion, as determined in good faith by the Board of Directors.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Preferred Stock pursuant to this Article IV(B)4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of such Preferred Stock, furnish or cause to be furnished to such holder a notice setting forth such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect and (C) the number of shares of Class B Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of such series of Preferred Stock.

(h) **Notices of Record Date.** In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Preferred Stock, at least 10 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(i) **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of each series of Preferred Stock that is convertible into Class B Common Stock, such number of its shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of such series of Preferred Stock; and if at any time the number of authorized but unissued shares of Class B Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of such series of Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class B Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Restated Certificate.

(j) **Notices.** Any notice required by the provisions of this Article IV(B)4 to be given to the holders of shares of Preferred Stock shall be deemed given if deposited in the U.S. mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation or delivered by electronic transmission to the holder of Preferred Stock using the contact information previously provided by such holder to the Corporation.

5. Voting Rights and Powers.

(a) Except as expressly provided by this Restated Certificate or as provided by law, the holders of Preferred Stock shall be entitled to the same voting rights as the holders of the Common Stock and Founder Stock, and to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and the holders of Common Stock, the holders of Founder Stock and the holders of Preferred Stock shall vote together as a single class on all matters. Each holder of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Class B Common Stock into which such shares of Preferred Stock could be converted. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded down to the nearest whole number.

(b) At each meeting of stockholders at which members of the Board of Directors are to be elected, or whenever members of the Board of Directors are to be elected by written consent of the stockholders, (i) the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors (the “**Series A Director**”), (ii) the holders of at least a majority of the outstanding shares of Series B Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors (the “**Series B Director**”), (iii) the holders of at least a majority of the outstanding shares of Series C Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors (the “**Series C Director**,” and, together with the Series A Director and Series B Director, the “**Preferred Directors**”), (iv) the holders of at least a majority of the voting power of the then-outstanding shares of Common Stock and Founder Stock, voting together as a single class on an as-converted basis, shall be entitled to elect two (2) members of the Board of Directors (the “**Common Directors**”) and (v) the holders of at least a majority of the voting power of the then-outstanding shares of Common Stock, the Founder Stock, the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock, voting together as a single class on an as-converted basis, shall be entitled to elect the remaining members of the Board of Directors. For the avoidance of doubt, the holders of Series D Preferred Stock and Series E Preferred Stock shall not be entitled to vote pursuant to this Section 5(b).

(c) Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the Delaware General Corporation Law, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Restated Certificate, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board of Directors’ action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of the Corporation’s stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders. Any director may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of such stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent.

6. Protective Provisions.

(a) **Preferred Stock Protective Provisions.** So long as at least 8,000,000 shares (as adjusted for stock splits, stock dividends, reclassification and the like) of Preferred Stock are outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise) do any of the following without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Preferred Stock, voting together as a single class on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

(i) effect a Liquidation Transaction;

(ii) alter or change the powers, rights, preferences, privileges or restrictions of any series of Preferred Stock so as to adversely affect the shares of such series;

(iii) declare or pay a dividend or other distribution with respect to any shares of the Corporation's capital stock;

(iv) redeem, purchase or otherwise acquire (or pay into or set aside funds for a sinking fund for such purpose) any share or shares of Preferred Stock or Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, consultants, officers or directors of the Corporation, or other persons performing services for the Corporation or any subsidiary at no greater than cost pursuant to agreements under which the Corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment, or through the exercise of any right of first refusal;

(v) change the number of authorized directors;

(vi) enter into a transaction with any subsidiary or other entity affiliated with the Corporation, unless approved by a majority of the disinterested members of the Board of Directors, including a majority of the Preferred Directors;

(vii) enter into a transaction with an officer or director of the Corporation, or affiliate thereof, unless approved by a majority of the disinterested members of the Board of Directors, including a majority of the Preferred Directors;

(viii) amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation;

(ix) increase or decrease (other than by conversion) the total number of authorized shares of Preferred Stock (or any series of Preferred Stock) or any class of Common Stock;

(x) authorize or issue, or obligate itself to issue, any other equity security, including any security (other than the issuance of any series of Preferred Stock authorized by this Restated Certificate) convertible into or exercisable for any equity security, having a preference over, or being on a parity with, the series of Preferred Stock authorized by this Restated Certificate with respect to voting (other than the pari passu voting rights of Class B Common Stock), dividends, redemption, conversion or upon liquidation; or

(xi) amend this Article IV(B)6(a).

(b) Series B Preferred Stock Protective Provisions. So long as at least 2,400,000 shares (as adjusted for stock splits, stock dividends, reclassification and the like) of Series B Preferred Stock are outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise) do any of the following without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, voting together as a single class on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(i) alter or change the powers, rights, preferences, privileges or restrictions of the Series B Preferred Stock so as to adversely affect the shares of Series B Preferred Stock without similarly affecting the entire class of Preferred Stock;

(ii) increase the number of authorized shares of Series B Preferred Stock;

- Stock;
- (iii) redeem any shares of Preferred Stock if such redemption is not made on a pro-rata basis among all series of Preferred Stock;
 - (iv) waive, amend, alter or repeal Article IV(B)4(d)(i) or Article IV(B)4(b)(ii) so as to change the rights of the Series B Preferred Stock; or
 - (v) amend this Article IV(B)6(b).

(c) Series C Preferred Stock Protective Provisions. So long as at least 2,000,000 shares (as adjusted for stock splits, stock dividends, reclassification and the like) of Series C Preferred Stock are outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise) do any of the following without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, voting together as a single class on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

- (i) alter or change the powers, rights, preferences, privileges or restrictions of the Series C Preferred Stock so as to adversely affect the shares of Series C Preferred Stock without similarly affecting the entire class of Preferred Stock;
- (ii) increase the number of authorized shares of Series C Preferred Stock;
- (iii) redeem any shares of Preferred Stock if such redemption is not made on a pro-rata basis among all series of Preferred Stock;
- (iv) waive, amend, alter or repeal Article IV(B)4(d)(i) or Article IV(B)4(b)(ii) so as to change the rights of the Series C Preferred Stock; or
- (v) amend this Article IV(B)6(c).

(d) Series D Preferred Stock Protective Provisions. So long as at least 1,000,000 shares (as adjusted for stock splits, stock dividends, reclassification and the like) of Series D Preferred Stock are outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise) do any of the following without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, voting together as a single class on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

- (i) alter or change the powers, rights, preferences, privileges or restrictions of the Series D Preferred Stock so as to adversely affect the shares of Series D Preferred Stock without similarly affecting the entire class of Preferred Stock;
- (ii) increase the number of authorized shares of Series D Preferred Stock;
- (iii) redeem any shares of Preferred Stock if such redemption is not made on a pro-rata basis among all series of Preferred Stock;
- (iv) waive, amend, alter or repeal Article IV(B)4(d)(i) or Article IV(B)4(b)(ii) so as to change the rights of the Series D Preferred Stock; or

(v) amend this Article IV(B)6(d).

(e) Series E Preferred Stock Protective Provisions. So long as at least 1,000,000 shares (as adjusted for stock splits, stock dividends, reclassification and the like) of Series E Preferred Stock are outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise) do any of the following without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock, voting together as a single class on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(i) alter or change the powers, rights, preferences, privileges or restrictions of the Series E Preferred Stock so as to adversely affect the shares of Series E Preferred Stock without similarly affecting the entire class of Preferred Stock;

(ii) increase the number of authorized shares of Series E Preferred Stock;

(iii) waive, amend, alter or repeal Article IV(B)4(d)(i), Article IV(B)4(b)(ii) or Article IV(B)2(d)(i) so as to change the rights of the Series E Preferred Stock;

(iv) waive a downward adjustment of the Conversion Price of the Series E Preferred Stock;

(v) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series E Preferred Stock with respect to dividends, liquidation or redemption, if such reclassification, alteration or amendment would render such other security senior to the Series E Preferred Stock in respect of any such right, preference or privilege; or

(vi) amend this Article IV(B)6(e).

7. Status of Converted Stock. In the event any shares of Preferred Stock shall be converted pursuant to Article IV(B)4 above hereof, the shares so converted shall be cancelled and shall not be issuable by the Corporation. The Corporation shall take all such actions as are necessary to cause this Restated Certificate to be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock and the authorized shares of Preferred Stock.

8. Waiver of Rights. Except as otherwise set forth in this Restated Certificate, any of the rights, powers, preferences and other terms of a particular series of Preferred Stock set forth herein may be waived (either prospectively or retrospectively) on behalf of all holders of such series of Preferred Stock and with respect to all shares of such series of Preferred Stock by the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the shares of such series of Preferred Stock then outstanding.

(C) Powers, Rights, Preferences, Privileges and Restrictions of Founder Stock. The powers, rights, preferences, privileges and restrictions granted to and imposed on the Founder Stock are as set forth below in this Article IV(C).

1. Dividend Provisions. The holders of shares of Founder Stock shall be entitled to receive, out of any assets legally available therefor, such dividends (other than payable solely in Common Stock or Common Stock Equivalents, as defined below), when, as and if declared by the Board of Directors, on a pro rata basis with the holders of Class B Common Stock based on the number of shares of Class B Common Stock held by each (assuming conversion of all such Founder Stock into Class B Common Stock), calculated on the record date for determination of holders entitled to such dividend.

2. **Liquidation Rights.** Upon the liquidation, dissolution or winding up of the Corporation, or the occurrence of a Liquidation Transaction, the assets of the Corporation shall be distributed as provided in Article IV(B)2 above.

3. **Redemption.** The Founder Stock is not mandatorily redeemable.

4. **Conversion.** The holders of shares of Founder Stock shall be entitled to conversion rights as follows:

(a) **Right to Convert to Class B Common Stock.** Subject to Article IV(C)4(c) below, each share of Founder Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class B Common Stock as is determined by dividing \$1.00 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) by the Conversion Price applicable to such shares (the conversion rate for Founder Stock into Class B Common Stock is referred to herein as the “**Founder Conversion Rate**”), determined as hereafter provided, in effect on (i) the date the certificate is surrendered for conversion or (ii) in the case of uncertificated securities, the date the notice of conversion is received by the Corporation. Any transfer of shares of Founder Stock that is neither (A) made in connection with an Equity Financing (as such term is defined in Article IV(C)4(g) below), nor (B) authorized by a majority of the Board of Directors, shall be deemed an election of an option to convert such shares into Class B Common Stock and each such transferred share of Founder Stock shall automatically convert into such number of fully paid and nonassessable shares of Class B Common Stock as is determined by dividing \$1.00 (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) by the Conversion Price applicable to such share, determined as hereafter provided, effective immediately prior to such transfer. The initial Conversion Price per share of Founder Stock shall be \$1.00. Such initial Conversion Price shall be subject to adjustment as set forth in Article IV(C)4(d) below.

(b) **Automatic Conversion.** Each share of Founder Stock shall automatically be converted into shares of Class B Common Stock at the Founder Conversion Rate then in effect for such share immediately upon the earlier of (i) except as provided in Article IV(C)4(c) below, a Qualified IPO, or (ii) the date specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Founder Stock, voting as a single class, or (iii) the automatic conversion of all outstanding shares of Preferred Stock in accordance with Article IV(B)4(b)(ii).

(c) **Mechanics of Conversion.** Before any holder of Founder Stock shall be entitled to convert such Founder Stock into shares of Class B Common Stock, the holder shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the shares of Class B Common Stock are to be issued and, in the case of Founder Stock represented by a certificate, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such Founder Stock. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Founder Stock, or to the nominee or nominees of such holder, a certificate or certificates or, upon request in the case of uncertificated securities, a notice of issuance, for the number of shares of Class B Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of certificates, or in the case of uncertificated securities, on the date such notice of conversion is received by the Corporation, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock as of such date. If the conversion is in connection with a firm commitment underwritten public offering of securities, the conversion may, at the option of any holder tendering such Founder Stock for conversion, be conditioned upon the closing of the sale of securities pursuant to such offering, in which event any persons entitled to receive Class B Common Stock upon conversion of such Founder Stock shall not be deemed to have converted such Founder Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments of Founder Stock for Splits and Combinations. The Conversion Price of the Founder Stock shall be subject to adjustment from time to time as follows:

(i) Stock Splits and Combinations. In the event the Corporation should, at any time after the filing date of this Restated Certificate, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Class B Common Stock, then, as of such record date (or the date of such split or subdivision if no record date is fixed), the Conversion Price of the Founder Stock shall be appropriately proportionately decreased so that the number of shares of Class B Common Stock issuable on conversion of each share of such Founder Stock shall be increased in proportion to such increase in the aggregate number of shares of Class B Common Stock outstanding. If the number of shares of Class B Common Stock outstanding at any time after the filing date of this Restated Certificate is decreased by a combination of the outstanding shares of Class B Common Stock, then, following the record date of such combination (or the date of such combination if no record date is fixed), the Conversion Price of the Founder Stock shall be appropriately proportionately increased so that the number of shares of Class B Common Stock issuable on conversion of each share of such Founder Stock shall be decreased in proportion to such decrease in the aggregate number of shares of Class B Common Stock outstanding.

(ii) Deemed Issuances of Common Stock. The following provisions shall apply for purposes of this Article IV(C)4(d).

(A) The aggregate maximum number of shares of Common Stock deliverable upon conversion, exchange or exercise (assuming the satisfaction of any conditions to convertibility, exchangeability or exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of any Common Stock Equivalents and subsequent conversion, exchange or exercise thereof shall be deemed to have been issued at the time such securities were issued or such Common Stock Equivalents were issued.

(B) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon conversion, exchange or exercise of any Common Stock Equivalents, other than a change resulting from the antidilution provisions thereof, the Conversion Price of the Founder Stock, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the conversion, exchange or exercise of such Common Stock Equivalents.

(C) Upon the termination or expiration of the convertibility, exchangeability or exercisability of any Common Stock Equivalents, the Conversion Price of the Founder Stock, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and Common Stock Equivalents that remain convertible, exchangeable or exercisable) actually issued upon the conversion, exchange or exercise of such Common Stock Equivalents.

(iii) Dividends. In the event the Corporation should, at any time after the filing date of this Restated Certificate, fix a record date for the determination of holders of Class B Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class B Common Stock or other securities or rights convertible into, exercisable or exchangeable into, or entitling the holder thereof to receive directly or indirectly, additional shares of Class B Common Stock or Common Stock Equivalents (such Common Stock Equivalents, if any, "**Additional Common Stock Equivalents**") without payment of any consideration by such holder for the additional shares of Class B Common Stock or the Additional Common Stock Equivalents (including the additional shares of Class B Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution if no record date is fixed), the Conversion Price of the Founder Stock shall be appropriately proportionately decreased so by multiplying the Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Class B Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(B) the denominator of which shall be the total number of shares of Class B Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class B Common Stock issuable in payment of such dividend or distribution and those issuable with respect to such Additional Common Stock Equivalents.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price of the Founder Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price of the Founder Stock shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the Founder Stock simultaneously receive a dividend or other distribution of shares of Class B Common Stock or Common Stock Equivalents in a number equal to the number of shares of Class B Common Stock or Common Stock Equivalents as they would have received if all outstanding shares of the Founder Stock had been converted into Class B Common Stock on the date of such event.

(e) No Fractional Shares and Notices as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of Founder Stock, and the number of shares of Class B Common Stock to be issued shall be rounded down to the nearest whole share. The number of shares issuable upon such conversion shall be determined on the basis of the total number of shares of Founder Stock the holder is at the time converting into Class B Common Stock and the number of shares of Class B Common Stock issuable upon such aggregate conversion. If the conversion would result in any fractional share, the Corporation shall, in lieu of issuing any such fractional share, pay the holder thereof an amount in cash equal to the fair market value of such fractional share on the date of conversion, as determined in good faith by the Board of Directors.

(A) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Founder Stock pursuant to this Article IV(C)4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such Founder Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of such Founder Stock, furnish or cause to be furnished to such holder a notice setting forth such adjustment and readjustment, **(B)** the Conversion Price for the Founder Stock at the time in effect and **(C)** the number of shares of Class B Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Founder Stock.

(f) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of Founder Stock, such number of its shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Founder Stock; and if at any time the number of authorized but unissued shares of Class B Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Founder Stock, in addition to such other remedies as shall be available to the holder of such Founder Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class B Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Restated Certificate.

(g) Right to Convert to Preferred Stock. If a share of Founder Stock is purchased by an investor in connection with an Equity Financing (as defined below), then immediately upon the closing of such purchase, each such share of Founder Stock transferred to the investor shall automatically convert, at the Conversion Ratio (as defined below), into shares of a subsequent series of preferred stock of the Corporation sold by the Corporation in such Equity Financing ("**Subsequent Preferred Stock**"). "**Conversion Ratio**" shall mean, for each Equity Financing, one divided by the number of shares into which a share of Subsequent Preferred Stock issued in such Equity Financing is convertible into Class B Common Stock of the Corporation, and "**Equity Financing**" shall mean an equity financing of the Corporation in which the Corporation signs a purchase agreement and sells and issues Subsequent Preferred Stock of the Corporation. By way of example only, in the event that one share of Subsequent Preferred Stock issued in the Equity Financing is convertible into two shares of Class B Common Stock, the Conversion Ratio shall be one-half (1/2).

(h) Notices. Any notice required by the provisions of this Article IV(C)4 to be given to the holders of shares of Founder Stock shall be deemed given (i) if deposited in the U.S. mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation or (ii) if such notice is provided by electronic transmission in a manner permitted by Section 232 of the Delaware General Corporation Law.

5. Voting Rights and Powers. Except as expressly provided by this Restated Certificate or as provided by law, the holders of Founder Stock shall be entitled to the same voting rights as the holders of the Common Stock and to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and the holders of Common Stock, the holders of Preferred Stock and the holders of Founder Stock shall vote together as a single class on all matters. Each holder of Founder Stock shall be entitled to the number of votes equal to the number of shares of Class B Common Stock into which such shares of Founder Stock could be converted. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Founder Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). The number of authorized shares of Founder Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of the Corporation representing at least a majority of the votes represented by all outstanding shares of stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law.

6. Status of Converted Stock. In the event any shares of Founder Stock shall be converted pursuant to Article IV(C)4 hereof, the shares so converted shall be cancelled and shall not be issuable by the Corporation. This Restated Certificate shall be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock and the authorized shares of Founder Stock.

7. Waiver of Rights. Except as otherwise set forth in this Restated Certificate, any of the rights, powers, preferences and other terms of the Founder Stock set forth herein may be waived (either prospectively or retrospectively) on behalf of all holders of the Founder Stock and with respect to all shares of the Founder Stock by the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the shares of the Founder Stock then outstanding.

(D) Common Stock.

Except as provided above, the rights, preferences, privileges, restrictions and other matters relating to the Class A Common Stock and Class B Common Stock are as follows:

1. Definitions.

For purposes of this Article IV(D), the following definitions shall apply:

(a) “**Direct Listing**” shall have the meaning set forth in Section 4(b) of Article IV(B).

(b) “**Family Member**” shall mean with respect to any Qualified Stockholder who is a natural person, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings (in each case whether by blood relation, adoption, marriage or domestic partnership) of such Qualified Stockholder.

(c) “**Final Conversion Date**” means 5:00 p.m. in New York City, New York on the earliest to occur following the IPO or the Direct Listing of (i) the date fixed by the Board of Directors that is no less than sixty one (61) days and no more than one hundred eighty (180) days following the date on which the outstanding shares of Class B Common Stock represent less than ten percent (10%) of the aggregate number of shares of the then outstanding Class A Common Stock and Class B Common Stock, (ii) the last Trading Day of the fiscal year following the tenth (10th) anniversary of the IPO or the Direct Listing or (iii) the date specified by the holders of a majority of the outstanding shares of Class B Common Stock.

(d) “**Founder**” means the following individuals: Neha Narkhede, Edward Jay Kreps and Jun Rao, and “**Founders**” shall mean all of them.

(e) “**Incapacity**” shall mean, with respect to an individual, that such individual is incapable of managing his or her financial affairs under the criteria set forth in the applicable probate code, that can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

(f) “**IPO**” means the Corporation’s first firmly underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of Class A Common Stock where the Class A Common Stock and Class B Common Stock are each a “covered security” as described in Section 18(b) of the Securities Act and shall include a Qualified IPO.

(g) “**Permitted Entity**” shall mean, with respect to a Qualified Stockholder that is not a natural person, any corporation, partnership or limited liability company in which such Qualified Stockholder directly, or indirectly through one or more Permitted Entities or Permitted Transferees, owns shares, partnership interests or membership interests, as applicable, with sufficient Voting Control in the corporation, partnership or limited liability company, as the case may be, or otherwise has legally enforceable rights, such that the Qualified Stockholder retains sole dispositive power and exclusive Voting Control (or, if the Qualified Stockholder is a Founder, shared dispositive power and exclusive Voting Control with one or more Family Members of such Founder) with respect to all shares of Class B Common Stock held of record by such corporation, partnership or limited liability company, as the case may be.

(h) “**Permitted Transfer**” shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder that is a natural person, to the trustee or co-trustees of a Permitted Trust of such Qualified Stockholder;

(ii) by a Permitted Trust of a Qualified Stockholder, to (A) the Qualified Stockholder, (B) the trustee of any other Permitted Trust of such Qualified Stockholder, (C) any Permitted Entity of such Qualified Stockholder or (D) a Founder;

(iii) by a Qualified Stockholder that is not a natural person to (A) a Founder’s estate or a Founder’s heirs, effective either (1) upon the death of such Founder or (2) during or following any Incapacity of such Founder, (B) any Permitted Entity of such Qualified Stockholder, (C) such Qualified Stockholder’s revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder or (D) a Founder;

(iv) by a Permitted Entity of a Qualified Stockholder that is not a natural person to (A) the Qualified Stockholder, (B) any other Permitted Entity of such Qualified Stockholder or (C) a Founder;

(v) by a Qualified Stockholder that is a natural person or a Permitted Trust of a Qualified Stockholder, to a foundation in which such Qualified Stockholder or Family Members of the Qualified Stockholder directly, or indirectly through one or more Permitted Entities or Permitted Transferees, own shares with sufficient Voting Control in the corporation, or otherwise have legally enforceable rights, such that the Qualified Stockholder or Family Members of the Qualified Stockholder retain sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such foundation; provided that in the event the Qualified Stockholder or Family Members of the Qualified Stockholder no longer own sufficient shares or no longer have sufficient legally enforceable rights to ensure the Qualified Stockholder or Family Members of the Qualified Stockholder to retain sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such foundation, each such share of Class B Common Stock then held by such foundation shall automatically convert as provided in Article IV(D)(6); or

(vi) by a Qualified Stockholder that is a partnership or limited liability company that beneficially held more than one percent (1%) of the total outstanding shares of Class B Common Stock as of immediately following the closing of the IPO or the Direct Listing, to any person or entity that, upon the closing of the IPO or the Direct Listing, was a Control Person of such partnership or limited liability company, in accordance with the terms of such partnership or limited liability company and without the payment of additional consideration, and any further Transfer(s) by such Control Person that is a partnership or limited liability company to any person or entity that was upon the closing of the IPO or the Direct Listing a general partner, managing member or manager of such partnership or limited liability company in accordance with the terms of such partnership or limited liability company and without the payment of additional consideration. All shares of Class B Common Stock held by affiliated entities shall be aggregated together for the purposes of determining the satisfaction of such one percent (1%) threshold. For the purposes of the foregoing, a “Control Person” shall mean any general partner of a limited partnership and any managing member, managing director or manager of a limited liability company.

(i) “**Permitted Transferee**” shall mean a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

(j) “**Permitted Trust**” shall mean a bona fide trust for the benefit of a Qualified Stockholder or Family Members of the Qualified Stockholder, if such Transfer does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust) to the Qualified Stockholder or a trust under the terms of which such Qualified Stockholder has retained a “qualified interest” within the meaning of §2702(b)(1) of the Internal Revenue Code and/or a reversionary interest, in each case so long as the Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust.

(k) “**Qualified Stockholder**” shall mean (i) the registered holder of a share of Class B Common Stock immediately prior to the IPO or the Direct Listing; (ii) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Corporation after the IPO or the Direct Listing (including, without limitation, upon conversion of the Series Preferred or upon exercise of options or warrants and settlement of restricted stock units); and (iii) a Permitted Transferee.

(l) “**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(m) “**Transfer**” of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a “Transfer” within the meaning of this Article IV:

(i) the granting of a revocable proxy to (i) officers or directors or agents of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders or (ii) any other person with specific direction to vote such shares of Class B Common Stock as directed by the holder of such shares, without discretion, in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer”; or

(iv) entering into a support or similar voting agreement (with or without granting a proxy) in connection with a Liquidation Event.

A “Transfer” shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) a Permitted Transferee on the date that such Permitted Transferee ceases to meet the qualifications to be a Permitted Transferee of the Qualified Stockholder who effected the Transfer of such shares to such Permitted Transferee or (ii) an entity that is a Qualified Stockholder, if there occurs a Transfer on a cumulative basis, from and after the IPO or the Direct Listing, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are, as of the time of the effectiveness of the filing of this Amended and Restated Certificate of Incorporation first setting for the this sentence with the Secretary of State of the State of Delaware, holders of voting securities of any such entity or Parent of such entity. “Parent” of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(n) “**Voting Control**” shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

2. Rights Relating to Dividends, Subdivisions and Combinations.

(a) Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, the holders of the Class A Common Stock and Class B Common Stock shall be entitled to receive, when, as and if declared by the Board, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board. Any dividends paid to the holders of shares of Class A Common Stock and Class B Common Stock shall be paid pro rata, on an equal priority, pari passu basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the applicable class of Common Stock treated adversely, voting separately as a class.

(b) The Corporation shall not declare or pay any dividend or make any other distribution to the holders of Class A Common Stock or Class B Common Stock payable in securities of the Corporation unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock (or unless such dividend or distribution is approved in accordance with Section 2(a) of Article IV(D)); *provided, however*, that (i) dividends or other distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock, or rights to acquire shares of Class B Common Stock, as applicable, are declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date; and (ii) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock, or rights to acquire shares of Class A Common Stock, as applicable, are declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date (and provided that any dividend or other distribution paid in accordance with this proviso shall not require any approval of holders of Class A Common Stock or Class B Common Stock under Section 2(a) of Article IV(D)).

(c) If the Corporation in any manner subdivides or combines the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner.

3. Voting Rights.

(a) **Class A Common Stock.** Each holder of shares of Class A Common Stock shall be entitled to one (1) vote for each share thereof held.

(b) **Class B Common Stock.** Each holder of shares of Class B Common Stock shall be entitled to ten (10) votes for each share thereof held.

(c) **Class B Common Stock Protective Provisions.** Following the IPO or the Direct Listing, so long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Common Stock then outstanding, voting as a separate class, directly or indirectly, or whether by amendment, or through merger, recapitalization, consolidation or otherwise:

(i) amend, alter, or repeal any provision of this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, that modifies the voting, conversion or other powers, preferences, or other special rights or privileges, or restrictions of the Class B Common Stock; or

(ii) reclassify any outstanding shares of Class A Common Stock of the Corporation into shares having rights as to dividends or liquidation that are senior to the Class B Common Stock or the right to more than one (1) vote for each share thereof.

(d) **General.** Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock, Class A Common Stock and Class B Common Stock shall vote together and not as separate series or classes.

4. Liquidation Rights.

In the event of a Liquidation Event, the assets of the Corporation legally available for distribution to stockholders shall be distributed as provided in Article IV(B)2 above, unless different treatment of the shares of the Class A Common Stock and Class B Common Stock is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; provided, however, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a "distribution to stockholders" in respect of the Class A Common Stock or Class B Common Stock.

5. Optional Conversion.

(a) Optional Conversion of the Class B Common Stock.

(i) At the option of the holder thereof, each share of Class B Common Stock shall be convertible, at any time or from time to time following the closing of the IPO or the Direct Listing, into one fully paid and nonassessable share of Class A Common Stock as provided herein.

(ii) Each holder of Class B Common Stock who elects to convert the same into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled upon such conversion. Such conversion shall be deemed to have been made immediately prior to 5:00 p.m. in New York City, New York on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock as of such time on such date. If a conversion election under this Section 5(a)(ii) is made in connection with an underwritten public offering of the Corporation's securities pursuant to the Securities Act, the conversion may, at the option of the holder tendering shares of Class B Common Stock for conversion, be conditioned upon the closing with the underwriters of the sale of the Corporation's securities pursuant to such offering, in which event the holders making such elections who are entitled to receive Class A Common Stock upon conversion of their Class B Common Stock shall not be deemed to have converted such shares of Class B Common Stock until immediately after to the closing of such sale of the Corporation's securities in the offering.

6. Automatic Conversion.

(a) Automatic Conversion of the Class B Common Stock. At any time following the closing of the IPO or the Direct Listing, each share of Class B Common Stock shall automatically be converted into one fully paid and nonassessable share of Class A Common Stock upon a Transfer, other than a Permitted Transfer, of such share of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Class A Common Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Class A Common Stock into which the shares of Class B Common Stock surrendered were convertible on the date on which such automatic conversion occurred.

(b) Conversion Upon Death or Incapacity. At any time following the closing of the IPO or the Direct Listing, each share of Class B Common Stock held of record by a natural person, other than a Founder, shall automatically, without any further action, convert into one fully paid and nonassessable share of Class A Common Stock upon the death or Incapacity of such stockholder. At any time following the closing of the IPO or the Direct Listing, each share of Class B Common Stock held of record by a Founder or a Permitted Transferee of such Founder shall automatically, without any further action, convert into one fully paid and nonassessable share of Class A Common Stock nine (9) months after the date of the death or Incapacity of such Founder.

7. Final Conversion.

On the Final Conversion Date, each one (1) issued share of Class B Common Stock shall automatically, without any further action, convert into one (1) share of Class A Common Stock. Following the Final Conversion Date, the Corporation may no longer issue any additional shares of Class B Common Stock.

8. Reservation of Stock Issuable Upon Conversion.

The Corporation shall at all times following the closing of the IPO or the Direct Listing reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, as applicable, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock; and if at any time following the closing of the IPO or the Direct Listing the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, as applicable, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such numbers of shares as shall be sufficient for such purpose.

ARTICLE V

Except as otherwise set forth herein, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal Bylaws of the Corporation.

ARTICLE VI

Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation.

ARTICLE VII

Distributions by the Corporation may be made without regard to “preferential dividends arrears amount” or any “preferential rights,” as such terms may be used in Section 500 of the California Corporations Code.

ARTICLE VIII

(A) To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

(B) The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

(C) Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article VIII, shall eliminate or reduce the effect of this Article VIII in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VIII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE IX

The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (A) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (B) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

ARTICLE X

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action, suit or proceeding brought on behalf of the Corporation, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action, suit or proceeding asserting a claim against the Corporation or any current or former director, officer, or other employee of the Corporation arising out of or pursuant to, or seeking to enforce any right, obligation or remedy under, or to interpret, apply, or determine the validity of, any provision of the DGCL, the Certificate of Incorporation, or the Bylaws, (iv) any action, suit, or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, and (v) any action, suit or proceeding asserting a claim against the Corporation or any current or former director, officer, or other employee of the Corporation governed by the internal-affairs doctrine, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants. This Article V(D) shall not apply to actions, suits or proceedings brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction. Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by the Corporation, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying such offering. Any person or Entity holding, owning or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Restated Certificate.

The foregoing Amended and Restated Certificate of Incorporation has been duly adopted by this corporation's Board of Directors and stockholders in accordance with the applicable provisions of Sections 228, 242 and 245 of the Delaware General Corporation Law.

Executed at Mountain View, California, on June 15, 2021.

/s/ Edward Jay Kreps

Edward Jay Kreps, President

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CONFLUENT, INC.**

Edward Jay Kreps hereby certifies that:

ONE: The original name of this company is Infinitem, Inc. and the date of filing the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was September 11, 2014.

TWO: He is the duly elected and acting Chief Executive Officer of Confluent, Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this company is hereby amended and restated to read as follows:

I.

The name of this corporation is Confluent, Inc. (the "**Company**").

II.

The address of the registered office of the Company in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808 and the name of the registered agent of the Company in the State of Delaware at such address is Corporation Service Company.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law ("**DGCL**").

IV.

A. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Company is authorized to issue is 1,510,000,000 shares, of which (A) 1,500,000,000 shall be Common Stock with (i) 1,000,000,000 shares of the Common Stock being a series designated as Class A Common Stock (the "**Class A Common Stock**") and (ii) 500,000,000 shares of the Common Stock being a series designated as Class B Common Stock (the "**Class B Common Stock**") and, together with the Class A Common Stock, the "**Common Stock**") and (B) 10,000,000 shares shall be Preferred Stock (the "**Preferred Stock**"). The Preferred Stock shall have a par value of \$0.00001 per share, and the Common Stock shall have a par value of \$0.00001 per share.

B. The Preferred Stock may be issued from time to time in one or more series, the shares of each series to have such designations and powers, preferences, privileges and rights, and qualifications, limitations and restrictions thereof, as are stated and expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereafter prescribed (a "**Preferred Stock Designation**"). Subject to any limitation prescribed by law and the rights of any series of the Preferred Stock then outstanding, if any, authority is hereby expressly granted to and vested in the Board of Directors to authorize the issuance of all or any of the shares of the Preferred Stock in one or more series, and, with respect to each series of Preferred Stock, to fix the number of shares and state by the Preferred Stock Designation, the designations, powers, preferences, privileges and relative participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase (but not above the authorized number of shares of Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series.

C. The number of authorized shares of Preferred Stock, Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, Class A Common Stock or Class B Common Stock, irrespective of the provisions of Section 242(b)(2) of the DGCL, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation filed with respect to any series of Preferred Stock.

D. Except as provided above, the designations, powers, preferences, privileges and relative participating, optional, or other rights, and qualifications, limitations, or restrictions of the Class A Common Stock and Class B Common Stock are as follows:

1. DEFINITIONS.

(a) “**Acquisition**” means (A) any consolidation or merger of the Company with or into any other Entity, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold a majority of the voting power of the surviving Entity in substantially the same proportions (or, if the surviving Entity is a wholly owned subsidiary of another Entity, the surviving Entity’s Parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company’s voting power is transferred; *provided* that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof.

(b) “**Asset Transfer**” means a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(c) “**Certificate of Incorporation**” means the certificate of incorporation of the Company, as amended or restated from time to time, including the terms of any Preferred Stock Designation of any series of Preferred Stock.

(d) “**Entity**” means any corporation, partnership, limited liability company or other legal entity.

(e) “**Effective Time**” means the time of the effectiveness of the filing of the Amended and Restated Certificate of Incorporation first setting forth this sentence with the Secretary of State of the State of Delaware.

(f) **“Family Member”** means with respect to any natural person, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings (in each case whether by blood relation, adoption, marriage or domestic partnership) of such person.

(g) **“Final Conversion Date”** means 5:00 p.m. in New York City, New York on the earliest to occur following the IPO of (i) the date fixed by the Board of Directors that is no less than sixty one (61) days and no more than one hundred eighty (180) days following the date on which the outstanding shares of Class B Common Stock represent less than ten percent (10%) of the aggregate number of shares of the then outstanding Class A Common Stock and Class B Common Stock, (ii) the last Trading Day of the fiscal year following the tenth (10th) anniversary of the effectiveness of the registration statement in connection with the IPO or (iii) the date specified by the holders of a majority of the outstanding shares of Class B Common Stock.

(h) **“Founder”** means the following individuals: Neha Narkhede, Edward Jay Kreps and Jun Rao, and **“Founders”** shall mean all of them.

(i) **“Incapacity”** shall mean, with respect to an individual, that such individual is incapable of managing his or her financial affairs under the criteria set forth in the applicable probate code, that can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

(j) **“IPO”** means the Company’s first firmly underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of Class A Common Stock where the Class A Common Stock and Class B Common Stock are each a “covered security” as described in Section 18(b) of the Securities Act.

(k) **“Liquidation Event”** means (i) any Asset Transfer or Acquisition in which cash or other property is, pursuant to the express terms of the Asset Transfer or Acquisition, to be distributed to the stockholders in respect of their shares of capital stock in the Company or (ii) any liquidation, dissolution and winding up of the Company; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock.

(l) **“Parent”** of an Entity means any Entity that directly or indirectly owns or controls a majority of the voting power of the voting securities or interests of such Entity.

(m) **“Permitted Entity”** means, with respect to a Qualified Stockholder, any Entity in which such Qualified Stockholder directly, or indirectly through one or more Permitted Entities or Permitted Transferees, has sole dispositive power and exclusive Voting Control (or, if the Qualified Stockholder is a Founder, shared dispositive power and exclusive Voting Control with one or more Family Members of such Founder) with respect to all shares of Class B Common Stock held of record by such Entity.

(n) **“Permitted Transfer”** means, and shall be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder that is a natural person (including a natural person serving in a trustee capacity with regard to a trust for the benefit of himself or herself or his or her Family Members), to the trustee or co-trustees of a Permitted Trust of such Qualified Stockholder or to such Qualified Stockholder in his or her individual capacity or as a trustee of a Permitted Trust;

(ii) by the trustee or co-trustees of a Permitted Trust of a Qualified Stockholder, to (A) such Qualified Stockholder, (B) the trustee of any other Permitted Trust of such Qualified Stockholder, (C) any Permitted Entity of such Qualified Stockholder or (D) a Founder;

(iii) by a Qualified Stockholder to (A) a Founder's estate or a Founder's heirs, effective either (1) upon the death of such Founder or (2) during or following any Incapacity of such Founder, (B) any Permitted Entity of such Qualified Stockholder, (C) such Qualified Stockholder's revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder or (D) a Founder;

(iv) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder, (B) any other Permitted Entity or the trustee or co-trustees of a Permitted Trust of such Qualified Stockholder or (C) a Founder;

(v) by a Qualified Stockholder that is a natural person or a Permitted Trust of a Qualified Stockholder, to a foundation in which such Qualified Stockholder or one or more Family Members of the Qualified Stockholder directly, or indirectly through one or more Permitted Entities or Permitted Transferees, has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such foundation; *provided* that in the event the Qualified Stockholder or Family Members of the Qualified Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such foundation, each such share of Class B Common Stock then held by such foundation shall automatically convert as provided in Article IV(D)(6); or

(vi) by a Qualified Stockholder that is a partnership or limited liability company that beneficially held more than one percent (1%) of the total outstanding shares of Class B Common Stock as of immediately following the Effective Time, to any person or Entity that, upon the Effective Time, was a Control Person of such partnership or limited liability company, in accordance with the terms of the documents governing such partnership or limited liability company and without the payment of additional consideration, and any further Transfer(s) by such Control Person that is a partnership or limited liability company to any person or Entity that was upon the Effective Time a Control Person of such partnership or limited liability company in accordance with the terms of the documents governing such partnership or limited liability company and without the payment of additional consideration. All shares of Class B Common Stock held by affiliated Entities shall be aggregated together for the purposes of determining the satisfaction of such one percent (1%) threshold. For the purposes of the foregoing, a "**Control Person**" means any general partner of a limited partnership and any managing member, managing director or manager of a limited liability company.

(o) "**Permitted Transferee**" means a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

(p) "**Permitted Trust**" means a validly created and existing trust the beneficiaries of which are either a Qualified Stockholder or Family Members of the Qualified Stockholder or both, or a trust under the terms of which such Qualified Stockholder has retained a "qualified interest" within the meaning of §2702(b)(1) of the Internal Revenue Code (as amended from time to time) or a reversionary interest.

(q) “Qualified Stockholder” means (i) the registered holder of a share of Class B Common Stock at the Effective Time; (ii) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Company after the Effective Time (including, without limitation upon exercise of options or warrants and settlement of restricted stock units); or (iii) a Permitted Transferee.

(r) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(s) “Transfer” of a share of Class B Common Stock means any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; *provided, however*, that the following shall not be considered a “Transfer” within the meaning of this Article IV:

(i) the granting of a revocable proxy to (i) officers or directors or agents of the Company at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders or (ii) any other person with specific direction to vote such shares of Class B Common Stock as directed by the holder of such shares, without discretion, in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Company, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise exclusive Voting Control over such pledged shares; *provided, however*, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer”;

(iv) entering into, or reaching an agreement, arrangement or understanding regarding, a support or similar voting or tender agreement (with or without granting a proxy) in connection with a Liquidation Event, Asset Transfer or Acquisition that has been approved by the Board of Directors;

(v) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which the Company is a party or that has been approved by the Board of Directors;

(vi) the fact that, as of the Effective Time or at any time after the Effective Time, the spouse of any holder of Class B Common Stock possesses or obtains an interest in such holder’s shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class B Common Stock; *provided*, that any transfer of shares by any holder of shares of Class B Common Stock to such holder’s spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a “Transfer” of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer;

A "Transfer" shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) a Permitted Transferee on the date that such Permitted Transferee ceases to meet the qualifications to be a Permitted Transferee of the Qualified Stockholder who effected the Transfer of such shares to such Permitted Transferee or (ii) an Entity that is a Qualified Stockholder, if there occurs a Transfer on a cumulative basis, from and after the Effective Time, of a majority of the voting power of the voting securities of such Entity or any Parent of such Entity, other than a Transfer to parties that are, as of the Effective Time, holders of voting securities of any such Entity or Parent of such Entity.

(t) "Voting Control" means, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

2. RIGHTS RELATING TO DIVIDENDS, SUBDIVISIONS AND COMBINATIONS

(a) Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, the holders of the Class A Common Stock and Class B Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of the Company legally available therefor, such dividends as may be declared from time to time by the Board of Directors. Except as permitted in Section 2(b) of Article IV(D), any dividends paid to the holders of shares of Class A Common Stock and Class B Common Stock shall be paid pro rata, on an equal priority, pari passu basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the applicable class of Common Stock treated adversely, voting separately as a class.

(b) The Company shall not declare or pay any dividend or make any distribution to the holders of Class A Common Stock or Class B Common Stock payable in securities of the Company unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock (or unless such dividend or distribution is approved in accordance with Section 2(a) of Article IV(D)); *provided, however*, that (i) dividends or other distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock, or rights to acquire shares of Class B Common Stock, as applicable, are declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date; and (ii) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock, or rights to acquire shares of Class A Common Stock, as applicable, are declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date (and provided that any dividend or other distribution paid in accordance with this proviso shall not require any approval of holders of Class A Common Stock or Class B Common Stock under Section 2(a) of Article IV(D)).

(c) If the Company in any manner subdivides or combines the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner.

3. VOTING RIGHTS.

(a) **Class A Common Stock.** Each holder of shares of Class A Common Stock shall be entitled to one (1) vote for each share thereof held on all matters submitted to a vote of the stockholders of the Company.

(b) **Class B Common Stock.** Each holder of shares of Class B Common Stock shall be entitled to ten (10) votes for each share thereof held on all matters submitted to a vote of the stockholders of the Company.

(c) **Class B Common Stock Protective Provisions.** So long as any shares of Class B Common Stock remain outstanding, the Company shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Common Stock then outstanding, voting as a separate class, directly or indirectly, or whether by amendment, or through merger, recapitalization, consolidation or otherwise:

(i) amend, alter, or repeal any provision of the Certificate of Incorporation or the Bylaws of the Company (the “**Bylaws**”) (including any filing of a Certificate of Designation in connection with a Preferred Stock Designation relating to any series of Preferred Stock), that modifies the voting, conversion or other powers, preferences, or other special rights or privileges, or restrictions of the Class B Common Stock; or

(ii) reclassify any outstanding shares of Class A Common Stock of the Company into shares having rights as to dividends or liquidation that are senior to the Class B Common Stock or the right to more than one (1) vote for each share thereof.

(d) **General.** Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock, Class A Common Stock and Class B Common Stock shall vote together and not as separate series or classes on all matters submitted to a vote of the stockholders of the Company. Except as otherwise required by applicable law, holders of Class A Common Stock and Class B Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock) or applicable law.

4. LIQUIDATION RIGHTS.

In the event of a Liquidation Event, upon the completion of the distributions required with respect to each series of Preferred Stock that may then be outstanding, the remaining assets of the Company legally available for distribution to stockholders shall be distributed on an equal priority, pro rata basis to the holders of Class A Common Stock and Class B Common Stock, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and a majority of the outstanding shares of Class B Common Stock, each voting separately as a class; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock.

5. OPTIONAL CONVERSION.

(a) Optional Conversion of the Class B Common Stock.

(i) At the option of the holder thereof, each share of Class B Common Stock shall be convertible, at any time or from time to time, into one (1) duly authorized, validly issued, fully paid and nonassessable share of Class A Common Stock as provided herein.

(ii) Each holder of Class B Common Stock who elects to convert the same into shares of Class A Common Stock shall surrender the certificate or certificates therefor (if any), duly endorsed, at the office of the Company or any transfer agent for the Class B Common Stock, and shall give written notice to the Company at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Such conversion shall be deemed to have been made immediately prior to 5:00 p.m. in New York City, New York on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, or, if the shares are uncertificated, immediately prior to 5:00 p.m. in New York City, New York on the date that the holder delivers notice of such conversion to the Company's transfer agent, and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock as of such time on such date. If a conversion election under this Section 5(a)(ii) is made in connection with an underwritten public offering of the Company's securities pursuant to the Securities Act, the conversion may, at the option of the holder tendering shares of Class B Common Stock for conversion, be conditioned upon the closing with the underwriters of the sale of the Company's securities pursuant to such offering, in which event the holders making such elections who are entitled to receive Class A Common Stock upon conversion of their Class B Common Stock shall not be deemed to have converted such shares of Class B Common Stock until immediately after to the closing of such sale of the Company's securities in the offering.

6. AUTOMATIC CONVERSION.

(a) **Automatic Conversion of the Class B Common Stock.** Each share of Class B Common Stock shall automatically be converted into one (1) duly authorized, validly issued, fully paid and nonassessable share of Class A Common Stock upon a Transfer, other than a Permitted Transfer, of such share of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; *provided, however*, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or any transfer agent for the Class A Common Stock.

(b) **Conversion Upon Death or Incapacity.** Each share of Class B Common Stock held of record by a natural person, including a natural person serving in a trustee capacity, other than a Founder (including a Founder holding shares in a trustee capacity), shall automatically, without any further action, convert into one (1) duly authorized, validly issued, fully paid and nonassessable share of Class A Common Stock upon the death or Incapacity of such natural person. Each share of Class B Common Stock held of record by a Founder (including a Founder holding shares in a trustee capacity) shall automatically, without any further action, convert into one (1) duly authorized, validly issued, fully paid and nonassessable share of Class A Common Stock nine (9) months after the date of the death or Incapacity of such Founder.

7. FINAL CONVERSION.

(a) Final Conversion. On the Final Conversion Date, each one (1) issued share of Class B Common Stock shall automatically, without any further action, convert into one (1) duly authorized, validly issued, fully paid and nonassessable share of Class A Common Stock. Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; *provided, however*, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock, if any, are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or any transfer agent for the Class A Common Stock.

(b) Procedures. The Company may, from time to time, establish such policies and procedures relating to the conversion of Class B Common Stock to Class A Common Stock and the general administration of this dual class stock structure, including the issuance of stock certificates (or the establishment of book-entry positions) with respect thereto, as it may deem reasonably necessary or advisable, and may from time to time request that holders of shares of Class B Common Stock furnish certifications, affidavits or other proof to the Company as it deems necessary to verify the ownership of Class B Common Stock and to confirm that a conversion to Class A Common Stock has not occurred. A determination by the Secretary of the Company as to whether a Transfer results in a conversion to Class A Common Stock shall be conclusive and binding.

(c) Immediate Effect. In the event of a conversion of shares of Class B Common Stock to shares of Class A Common Stock pursuant to this Section 7, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares occurred or immediately upon the Final Conversion Date, as applicable. Upon any conversion of Class B Common Stock to Class A Common Stock, all rights of the holder of shares of Class B Common Stock shall cease and the person or persons in whose names or names the certificate or certificates (or book-entry position(s)) representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

8. RESERVATION OF STOCK ISSUABLE UPON CONVERSION

The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, as applicable, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, as applicable, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such numbers of shares as shall be sufficient for such purpose.

9. PROHIBITION ON REISSUANCE OF SHARES

Shares of Class B Common Stock that are acquired by the Company for any reason (whether by repurchase, upon conversion, or otherwise) shall be retired in the manner required by law and shall not be reissued.

V.

A. The liability of the directors of the Company for monetary damages for breach of fiduciary duty as a director shall be eliminated to the fullest extent authorized under applicable law.

B. To the fullest extent permitted by applicable law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law.

C. If applicable law is amended after approval by the stockholders of this Article V to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law as so amended. Any repeal or modification of this Article V shall only be prospective and shall not affect the rights under this Article V in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

D. Unless the Company consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action, suit or proceeding brought on behalf of the Company, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Company to the Company or the Company's stockholders or any action asserting a claim for aiding and abetting any such breach of fiduciary duty, (iii) any action, suit or proceeding asserting a claim against the Company or any current or former director, officer, or other employee of the Company arising out of or pursuant to, or seeking to enforce any right, obligation or remedy under, or to interpret, apply, or determine the validity of, any provision of the DGCL, the Certificate of Incorporation, or the Bylaws, (iv) any action, suit, or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, and (v) any action, suit or proceeding asserting a claim against the Company or any current or former director, officer, or other employee of the Company governed by the internal-affairs doctrine, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants. This Article V(D) shall not apply to actions, suits or proceedings brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

E. Unless the Company consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by the Company, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying such offering.

F. Any person or Entity holding, owning or otherwise acquiring any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of this Amended and Restated Certificate of Incorporation.

G. Failure to enforce the foregoing provisions would cause the Company irreparable harm, and the Company shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions.

VI.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. BOARD OF DIRECTORS.

1. GENERALLY. The management of the business and the conduct of the affairs of the Company shall be vested in the Board of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the authorized number of directors which shall constitute the Board of Directors shall be fixed exclusively by the Board of Directors.

2. ELECTION.

(a) Other than any directors elected by the holders of any series of Preferred Stock as specified in any Preferred Stock Designation, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

(b) At any time that applicable law prohibits a classified board as described in Section A.2.(a) of this Article VI, all directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

(c) No stockholder will be permitted to cumulate votes at any election of directors.

(d) Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

3. REMOVAL OF DIRECTORS. Subject to any limitations imposed by applicable law, directors shall be subject to removal as provided in Section 141(k) of the DGCL. For the avoidance of doubt, subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of capital stock of the Company then entitled to vote at an election of directors, voting together as a single class.

4. VACANCIES. Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by a majority of the directors then in office, although less than a quorum, or by the sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

B. STOCKHOLDER ACTIONS. Subject to the rights of the holders of any series of Preferred Stock and the rights of the holders of Class B Common Stock under Section 3(c) of Article IV(D), no action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws, and no action shall be taken by the stockholders by written consent; *provided, that* the foregoing restrictions shall not apply to any stockholder election or determination pursuant to Section 1(g)(iii) of Article IV(D). Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws.

C. BYLAWS. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws. The stockholders shall also have the power to adopt, amend or repeal the Bylaws; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

VII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by the DGCL, except as provided in paragraph B. of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of the Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Company required by law or by the Certificate of Incorporation or any Preferred Stock Designation filed with respect to a series of Preferred Stock, the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal, or adopt any provision inconsistent with, Articles V, VI, and VII.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the Company.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

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In Witness Whereof, Confluent, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer on this day of June, 2021.

CONFLUENT, INC.

Edward Jay Kreps
Chief Executive Officer

**AMENDED AND RESTATED
BYLAWS
OF
CONFLUENT, INC.
(A DELAWARE CORPORATION)**

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**ARTICLE I
OFFICES**

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be as set forth in the certificate of incorporation of the corporation (the “*Certificate of Incorporation*”).

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, “Corporate Seal-Delaware.” Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS’ MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law (“*DGCL*”). For the avoidance of doubt, the Board of Directors may, in its sole discretion, determine that a meeting of stockholders of the corporation may be held both in a place and by means of remote communication.

Section 5. Annual Meetings.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held at such place, if any, and on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation’s notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors or a duly authorized committee thereof; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder’s notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation’s notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the “*1934 Act*”)) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the corporation which are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) a statement whether such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors; and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve (i) as an independent director (as such term is used in any applicable stock exchange listing requirements or applicable law) of the corporation or (ii) on any committee or sub-committee of the Board of Directors under any applicable stock exchange listing requirements or applicable law, and that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the corporation (the "**Bylaws**"), the language of the proposed amendment), the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; *provided, however*, that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class, series and number of shares of each class of capital stock of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

(c) A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors of the Board of Directors of the corporation is increased and there is no public announcement of the appointment of a director, or, if no appointment was made, of the vacancy, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder's notice required by this Section 5 and which complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(e) A person shall not be eligible for election or re-election as a director, unless the person is nominated in accordance with either clause (ii) or (iii) of Section 5(a). Except as otherwise required by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(f) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however*, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

(g) For purposes of Sections 5 and 6,

(i) "*affiliates*" and "*associates*" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the "*1933 Act*");

(ii) **“Derivative Transaction”** means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial: (A) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation, (B) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation, (C) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (D) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member; and

(iii) **“public announcement”** shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation (i) may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (A) the Chairperson of the Board of Directors, (B) the Chief Executive Officer, or (C) the Board of Directors pursuant to a resolution adopted by the Board of Directors.

(b) For a special meeting called pursuant to Section 6(a)(i), the persons calling the meeting shall determine the time and place, if any, of the meeting; provided, however, that only the Board of Directors or a duly authorized committee thereof may authorize a meeting solely by means of remote communication. Upon determination of the time and place of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at a special meeting, otherwise than as specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation’s notice of meeting, if written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth (90th) day prior to such meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder’s notice as described above.

(d) A person shall not be eligible for election or re-election as a director at the special meeting unless the person is nominated either in accordance with clause (i) or clause (ii) of Section 6(c). Except as otherwise required by law, the chairperson of the special meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in these Bylaws and, if any nomination or business is not in compliance with these Bylaws, to declare that such nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination may have been solicited or received.

(e) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however*, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors or proposals of other business to be considered pursuant to Section 6(c) of these Bylaws.

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If sent via electronic transmission, notice is given as of the sending time recorded at the time of transmission. Notice of the time, place, if any, and purpose of any meeting of stockholders (to the extent required) may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum; Voting. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat and entitled to vote thereon, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute, by applicable stock exchanges rules or by the Certificate of Incorporation or these Bylaws, a majority of the voting power of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute, by applicable exchange rules or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority (plurality, in the case of the election of directors) of voting power of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by person(s) who called the meeting or the chairperson of the meeting or by the vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote thereon. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his or her act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, no action shall be taken by the stockholders of the corporation except at an annual or a special meeting of the stockholders called in accordance with these Bylaws, and no action of the stockholders of the corporation may be taken by the stockholders by written consent or electronic transmission.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a chairperson has not been appointed, is absent or refuses to act, the Chief Executive Officer, or, if no Chief Executive Officer is then serving, is absent or refuses to act, the President, or, if the President is absent or refuses to act, a chairperson of the meeting designated by the Board of Directors, or, if the Board of Directors does not designate such chairperson, a chairperson chosen by a majority of the voting power of the stockholders entitled to vote, present in person or by proxy duly authorized, shall act as chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

(c) The corporation shall, in advance of any meeting of stockholders, appoint one (1) or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one (1) or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one (1) or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspectors shall: (1) ascertain the number of shares outstanding and the voting power of each; (2) determine the shares represented at a meeting and the validity of proxies and ballots; (3) count all votes and ballots; (4) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (5) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Sections 211(e) or 212(c)(2) of the DGCL, or any information provided pursuant to Sections 211(a)(2)b.(i) or (iii) of the DGCL, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to Section 231(b)(5) of the DGCL shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 16. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Classes of Directors. The directors shall be divided into classes as and to the extent provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 18. Vacancies. Vacancies on the Board of Directors shall be filled as provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the Secretary, in his or her discretion, may either (a) require confirmation from the director prior to deeming the resignation effective, in which case the resignation will be deemed effective upon receipt of such confirmation, or (b) deem the resignation effective at the time of delivery of the resignation to the Secretary. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his or her successor shall have been duly elected and qualified.

Section 20. Removal. Subject to the rights of holders of any series of Preferred Stock (as defined in the Certificate of Incorporation) to elect additional directors or remove such directors under specified circumstances, neither the Board of Directors nor any individual director may be removed except in the manner specified in Section 141(k) of the DGCL.

Section 21. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer or the Board of Directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the directors currently serving on the Board of Directors (but in no event less than one third of the total authorized number of directors); *provided, however*, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, including, if so approved, by resolution of the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) **Executive Committee.** The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation (c) .

(b) **Other Committees.** The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) **Term.** The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Duties of Chairperson of the Board of Directors. The Chairperson of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

Section 27. Lead Independent Director. The Chairperson of the Board of Directors, or if the Chairperson is not an independent director, one of the independent directors, may be designated by the Board of Directors as lead independent director to serve until replaced by the Board of Directors ("**Lead Independent Director**"). The Lead Independent Director will: with the Chairperson of the Board of Directors, establish the agenda for regular Board meetings and serve as chairperson of Board of Directors meetings in the absence of the Chairperson of the Board of Directors; establish the agenda for meetings of the independent directors; coordinate with the committee chairs regarding meeting agendas and informational requirements; preside over meetings of the independent directors; preside over any portions of meetings of the Board of Directors at which the evaluation or compensation of the Chief Executive Officer is presented or discussed; preside over any portions of meetings of the Board of Directors at which the performance of the Board of Directors is presented or discussed; and perform such other duties as may be established or delegated by the Chairperson of the Board of Directors.

Section 28. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his or her absence, any Assistant Secretary or other officer or director directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 29. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chairperson of the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility.

Section 30. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairperson of the Board of Directors or the Lead Independent Director has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairperson of the Board of Directors, the Lead Independent Director, or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(g) Duties of Treasurer; Assistant Treasurer. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer (if not Treasurer) shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer may direct any Assistant Treasurer or the controller or any assistant controller to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer shall designate from time to time.

Section 31. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 32. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 33. Removal. Any officer may be removed from office at any time, either with or without cause, by the Board of Directors, or by any committee or superior officer upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 34. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer or any designee of any such officer (each, an “**Authorized Employee**”), no officer, agent or employee other than an Authorized Employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 35. Voting of Securities Owned by the Corporation. All stock and other securities and interests of other corporations and entities owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 36. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by certificate in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by any two (2) authorized officers of the corporation, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he or she were such officer, transfer agent, or registrar at the date of issue.

Section 37. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner’s legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 38. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 39. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 40. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 41. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 35), may be signed by any executive officer (as defined in Article XI) or any other officer or person as may be authorized by the Board of Directors; *provided, however*, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by an executive officer of the corporation or such other officer or person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 42. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 43. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 44. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 45. Indemnification of Directors, Executive Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, “executive officers” shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the extent not prohibited by the DGCL or any other applicable law; *provided, however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further*, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this section, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim to the fullest extent permitted by law. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term “proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the “corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a “director,” “executive officer,” “officer,” “employee,” or “agent” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this section.

ARTICLE XII

NOTICES

Section 46. Notices.

(a) **Notice to Stockholders.** Notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders, including under any agreement or contract with such stockholder, subject to Section 232(e) of the DGCL, any notice to stockholders given by the corporation under any provision of the DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice or electronic transmission to the corporation. Notice shall be deemed given pursuant to this Section 45, (1) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (2) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting, and (b) the giving of such separate notice; and (3) if by any other form of electronic transmission, when directed to the stockholder. For purposes of these Bylaws, (1) “**Electronic transmission**” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process; (2) “**Electronic mail**” means an electronic transmission directed to a unique electronic mail address (which electronic mail shall be deemed to include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the corporation who is available to assist with accessing such files and information); and (3) “**Electronic mail address**” means a destination, commonly expressed as a string of characters, consisting of a unique user name or mailbox (commonly referred to as the “local part” of the address) and a reference to an internet domain (commonly referred to as the “domain part” of the address), whether or not displayed, to which electronic mail can be sent or delivered.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), as otherwise provided in these Bylaws, or by overnight delivery service, facsimile, telex or telegram, except that such notice other than one which is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person to Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 47. Amendments. Subject to the limitations set forth in Section 44(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

LOANS TO OFFICERS

Section 48. Loans to Officers. Except as otherwise prohibited by applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

CONFLUENT, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT	(Custodian)	(Minor)
TEN ENT - as tenants by the entrees		under Uniform Gifts to Minors Act	
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	(Custodian (until age _____))	(State)
		(Minor)	(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____

PLEASE PRINT OR TYPE (WRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____ Shares
of the Class A Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney
to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed Medallion Guarantee Stamp
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Bank, Broker/Dealer, Savings and Loan Association and Credit Union) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO SEC C RULE 15c2-11

SECURITY INSTRUCTIONS
THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.
If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534201



John C. Avina
+1 650 843 5307
javina@cooley.com

June 16, 2021

Confluent, Inc.
899 W. Evelyn Avenue
Mountain View, California 94041

Ladies and Gentlemen:

We have acted as counsel to Confluent, Inc., a Delaware corporation (the "**Company**"), in connection with the filing by the Company of a Registration Statement (No. 333-256693) on Form S-1 (the "**Registration Statement**") with the Securities and Exchange Commission, including a related prospectus included in the Registration Statement (the "**Prospectus**"), covering an underwritten public offering by the Company of up to 23,000,000 shares (the "**Shares**") of the Company's Class A common stock, par value \$0.00001 per share.

In connection with this opinion, we have (i) examined and relied upon (a) the Registration Statement and the Prospectus, (b) the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each as currently in effect, (c) the forms of the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each of which is to be in effect immediately prior to the closing of the offering contemplated by the Registration Statement, in the forms filed as Exhibits 3.2 and 3.4 of the Registration Statement, respectively, and (d) originals or copies certified to our satisfaction of such records, documents, certificates, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below and (ii) assumed that the Shares will be sold at a price established by the Board of Directors of the Company or a duly authorized committee thereof and that the Amended and Restated Certificate of Incorporation referred to in clause (i)(c) is filed with the Secretary of State of the State of Delaware before issuance of the Shares.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies, the accuracy, completeness and authenticity of the certificates of public officials and the due authorization, execution and delivery by all persons other than by the Company of all documents where due authorization, execution and delivery are prerequisites to the effectiveness thereof. As to certain factual matters, we have relied upon a certificate of an officer of the Company and have not independently verified such matters.

Our opinion is expressed only with respect to the General Corporation Law of the State of Delaware. We express no opinion to the extent that any other laws are applicable to the subject matter hereof and express no opinion and provide no assurance as to compliance with any federal or state securities law, rule or regulation.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued against payment therefor as provided in the Registration Statement and the Prospectus, will be validly issued, fully paid and non-assessable.

* * *

Cooley LLP 3175 Hanover Street Palo Alto, CA 94304-1130
t: (650) 843-5000 f: (650) 843-7400 cooley.com



Confluent, Inc.
June 16, 2021
Page Two

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus and to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

Cooley LLP

By: /s/ Jon C. Avina
Jon C. Avina

Cooley LLP 3175 Hanover Street Palo Alto, CA 94304-1130
t: (650) 843-5000 f: (650) 843-7400 cooley.com

CONFLUENT, INC.

AMENDED AND RESTATED 2014 STOCK PLAN

(As amended through June 15, 2021)

1. **Purposes of the Plan.** The purposes of this Amended and Restated 2014 Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants, and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant of an Option and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder. Restricted Stock and Restricted Stock Units may also be granted under the Plan. For purposes of clarity, this Amended and Restated 2014 Stock Plan will apply only to Awards granted under the Plan on or after the date this Amended and Restated 2014 Stock Plan is adopted by the Board.

2. **Definitions.** As used herein, the following definitions shall apply:

(a) **"Administrator"** means the Board or a Committee.

(b) **"Affiliate"** means (i) an entity other than a Subsidiary which, together with the Company, is under common control of a third person or entity and (ii) an entity other than a Subsidiary in which the Company and /or one or more Subsidiaries own a controlling interest.

(c) **"Applicable Laws"** means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal or state laws, any Stock Exchange rules or regulations, and the applicable laws, rules or regulations of any other country or jurisdiction where Options, Restricted Stock or Restricted Stock Units are granted under the Plan or Participants reside or provide services, as such laws, rules, and regulations shall be in effect from time to time.

(d) **"Award"** means any award of an Option, Restricted Stock, or Restricted Stock Unit granted under the Plan.

(e) **"Board"** means the Board of Directors of the Company.

(f) **"California Participant"** means a Participant whose Award is issued in reliance on Section 25102(o) of the California Corporations Code.

(g) **"Cashless Transaction"** means a program approved by the Administrator in which payment of the Option exercise price or tax withholding obligations or other required deductions applicable to an Award may be satisfied, in whole or in part, with Shares subject to the Award, including by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Company) to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of such amount.

(h) **"Cause"** for termination of a Participant's Continuous Service Status will exist (unless another definition is provided in an applicable Option Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement, employment agreement or other applicable written agreement) if the Participant's Continuous Service Status is terminated for any of the following reasons: (i) any material breach by Participant of any material written agreement between Participant and the Company and Participant's failure to cure such breach within 30 days after receiving written notice thereof; (ii) any failure by Participant to comply with the Company's material written policies or rules as they may be in effect from time to time; (iii) neglect or persistent unsatisfactory performance of Participant's duties and Participant's failure to cure such condition within 30 days after receiving written notice thereof; (iv) Participant's repeated failure to follow reasonable and lawful instructions from the Board or Chief Executive Officer and Participant's failure to cure such condition within 30 days after receiving written notice thereof; (v) Participant's conviction of, or plea of guilty or nolo contendere to, any crime that results in, or is reasonably expected to result in, material harm to the business or reputation of the Company; (vi) Participant's commission of or participation in an act of fraud against the Company; (vii) Participant's intentional material damage to the Company's business, property or reputation; or (viii) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company. For purposes of clarity, a termination without "Cause" does not include any termination that occurs as a result of Participant's death or disability. The determination as to whether a Participant's Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time, and the term "Company" will be interpreted to include any Subsidiary, Parent, Affiliate, or any successor thereto, if appropriate.

(i) **“Change of Control”** means (i) a sale of all or substantially all of the Company’s assets other than to an Excluded Entity (as defined below), (ii) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, limited liability company or other entity other than an Excluded Entity, or (iii) the consummation of a transaction, or series of related transactions, in which any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of all of the Company’s then outstanding voting securities.

Notwithstanding the foregoing, a transaction shall not constitute a Change of Control if its purpose is to (A) change the jurisdiction of the Company’s incorporation, (B) create a holding company that will be owned in substantially the same proportions by the persons who hold the Company’s securities immediately before such transaction, or (C) obtain funding for the Company in a financing that is approved by the Company’s Board. An **“Excluded Entity”** means a corporation or other entity of which the holders of voting capital stock of the Company outstanding immediately prior to such transaction are the direct or indirect holders of voting securities representing at least a majority of the votes entitled to be cast by all of such corporation’s or other entity’s voting securities outstanding immediately after such transaction.

(j) **“Code”** means the Internal Revenue Code of 1986, as amended.

(k) **“Committee”** means one or more committees or subcommittees of the Board consisting of two (2) or more Directors (or such lesser or greater number of Directors as shall constitute the minimum number permitted by Applicable Laws to establish a committee or sub-committee of the Board) appointed by the Board to administer the Plan in accordance with Section 4 below.

(l) **“Common Stock”** means the Company’s common stock, par value \$0.00001 per share, as adjusted pursuant to Section 10 below.

(m) **“Company”** means Confluent, Inc., a Delaware corporation.

(n) **“Consultant”** means any person or entity, including an advisor but not an Employee, that renders, or has rendered, services to the Company, or any Parent, Subsidiary or Affiliate and is compensated for such services, and any Director whether compensated for such services or not.

(o) **“Continuous Service Status”** means the absence of any interruption or termination of service as an Employee or Consultant. Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of: (i) Company approved sick leave; (ii) military leave; (iii) any other bona fide leave of absence approved by the Company, provided that, if an Employee is holding an Incentive Stock Option and such leave exceeds 3 months then, for purposes of Incentive Stock Option status only, such Employee’s service as an Employee shall be deemed terminated on the 1st day following such 3-month period and the Incentive Stock Option shall thereafter automatically become a Nonstatutory Stock Option in accordance with Applicable Laws, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Company policy. Also, Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its Parents, Subsidiaries or Affiliates, or their respective successors, or a change in status from an Employee to a Consultant or from a Consultant to an Employee.

(p) **“Director”** means a member of the Board.

(q) **“Disability”** means “disability” within the meaning of Section 22(e)(3) of the Code.

(r) **“Employee”** means any person employed by the Company, or any Parent, Subsidiary or Affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Company in its sole discretion, subject to any requirements of Applicable Laws, including the Code. The payment by the Company of a director’s fee shall not be sufficient to constitute “employment” of such director by the Company or any Parent, Subsidiary or Affiliate.

- (s) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.
- (t) **“Fair Market Value”** means, as of any date, the per share fair market value of the Common Stock, as determined by the Administrator in good faith on such basis as it deems appropriate and applied consistently with respect to Participants. Whenever possible, the determination of Fair Market Value shall be based upon the per share closing price for the Shares as reported in The Wall Street Journal for the applicable date.
- (u) **“Family Members”** means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Participant, any person sharing the Participant’s household (other than a tenant or employee), a trust in which these persons (or the Participant) have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests.
- (v) **“Incentive Stock Option”** means an Option intended to, and which does, in fact, qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (w) **“Involuntary Termination”** means (unless another definition is provided in the applicable Option Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement, employment agreement or other applicable written agreement) the termination of a Participant’s Continuous Service Status other than for (i) death, (ii) Disability or (iii) for Cause by the Company or a Parent, Subsidiary, Affiliate or successor thereto, as appropriate.
- (x) **“Listed Security”** means any security of the Company that is listed or approved for listing on a national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the Financial Industry Regulatory Authority (or any successor thereto).
- (y) **“Nonstatutory Stock Option”** means an Option that is not intended to, or does not, in fact, qualify as an Incentive Stock Option.
- (z) **“Option”** means a stock option granted pursuant to the Plan.
- (aa) **“Option Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of an Option granted under the Plan and includes any documents attached to or incorporated into such Option Agreement, including, but not limited to, a notice of stock option grant and a form of exercise notice.
- (bb) **“Option Exchange Program”** means a program approved by the Administrator whereby outstanding Options (i) are exchanged for Options with a lower exercise price, Restricted Stock, Restricted Stock Units, cash or other property or (ii) are amended to decrease the exercise price as a result of a decline in the Fair Market Value.
- (cc) **“Optioned Stock”** means Shares that are subject to an Option or that were issued pursuant to the exercise of an Option.
- (dd) **“Optionee”** means an Employee or Consultant who receives an Option.
- (ee) **“Parent”** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of grant of the Award, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.
- (ff) **“Participant”** means any holder of one or more Awards or Shares issued pursuant to an Award.
- (gg) **“Plan”** means this Amended and Restated 2014 Stock Plan.
- (hh) **“Restricted Stock”** means Shares acquired pursuant to a right to purchase or receive Common Stock granted pursuant to Section 8 below.

- (ii) **“Restricted Stock Purchase Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock granted under the Plan and includes any documents attached to such agreement.
- (jj) **“Restricted Stock Unit”** means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8(b) below. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.
- (kk) **“Restricted Stock Unit Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock Units granted under the Plan and includes any document attached to such agreement.
- (ll) **“Rule 16b-3”** means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.
- (mm) **“Section 409A”** means Section 409A of the Code, the regulations and other guidance thereunder and any state law of similar effect.
- (nn) **“Securities Act”** means the Securities Act of 1933, as amended.
- (oo) **“Share”** means a share of Common Stock, as adjusted in accordance with Section 10 below.
- (pp) **“Stock Exchange”** means any stock exchange or consolidated stock price reporting system on which prices for the Common Stock are quoted at any given time.
- (qq) **“Subsidiary”** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of grant of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.
- (rr) **“Ten Percent Holder”** means a person who owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Parent or Subsidiary measured as of an Award’s date of grant.

3. **Stock Subject to the Plan.** Subject to the provisions of Section 10 below, the maximum aggregate number of Shares that may be issued under the Plan is 136,572,162 Shares, all of which Shares may be issued under the Plan pursuant to Incentive Stock Options. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares. If an Award should expire or become unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unissued Shares that were subject thereto shall, unless the Plan shall have been terminated, continue to be available under the Plan for issuance pursuant to future Awards. In addition, any Shares which are retained by the Company upon exercise of an Award in order to satisfy the exercise or purchase price for such Award or any withholding taxes due with respect to such Award shall be treated as not issued and shall continue to be available under the Plan for issuance pursuant to future Awards. Shares issued under the Plan and later forfeited to the Company due to the failure to vest or repurchased by the Company at the original purchase price paid to the Company for the Shares (including, without limitation, upon forfeiture to or repurchase by the Company in connection with the termination of a Participant’s Continuous Service Status) shall again be available for future grant under the Plan. Notwithstanding the foregoing, subject to the provisions of Section 10 below, in no event shall the maximum aggregate number of Shares that may be issued under the Plan pursuant to Incentive Stock Options exceed the number set forth in the first sentence of this Section 3 plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated there under, any Shares that again become available for issuance pursuant to the remaining provisions of this Section 3.

4. **Administration of the Plan.**

(a) **General.** The Plan shall be administered by the Board, a Committee appointed by the Board, or any combination thereof, as determined by the Board. The Plan may be administered by different administrative bodies with respect to different classes of Participants and, if permitted by Applicable Laws, the Board may authorize one or more officers of the Company to make Awards under the Plan to Employees and Consultants (who are not subject to Section 16 of the Exchange Act) within parameters specified by the Board.

(b) **Committee Composition.** If a Committee has been appointed pursuant to this Section 4, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of any Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies (however caused) and dissolve a Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws and, in the case of a Committee administering the Plan in accordance with the requirements of Rule 16b-3 or Section 162(m) of the Code, to the extent permitted or required by such provisions.

(c) **Powers of the Administrator.** Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its sole discretion:

(i) to determine the Fair Market Value in accordance with Section 2(t) above, provided that such determination shall be applied consistently with respect to Participants under the Plan;

(ii) to select the Employees and Consultants to whom Awards may from time to time be granted;

(iii) to determine the number of Shares to be covered by each Award;

(iv) to approve the form(s) of agreement(s) and other related documents used under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions include but are not limited to the exercise or purchase price, the time or times when Awards may vest, be exercised and/or be settled (which may be based on performance criteria), the circumstances (if any) when vesting will be accelerated or forfeiture restrictions will be waived, and any restriction or limitation regarding any Award, Optioned Stock, Restricted Stock or Restricted Stock Unit;

(vi) to amend any outstanding Award or agreement related to any Optioned Stock, Restricted Stock or Restricted Stock Unit, including any amendment adjusting vesting and/or settlement (e.g., in connection with a change in the terms or conditions under which such person is providing services to the Company), provided that no amendment shall be made that would materially and adversely affect the rights of any Participant without his or her consent;

(vii) to determine whether and under what circumstances an Option may be settled in cash under Section 7(c)(iii) below instead of Common Stock;

(viii) subject to Applicable Laws, to implement an Option Exchange Program and establish the terms and conditions of such Option Exchange Program without consent of the holders of capital stock of the Company, provided that no amendment or adjustment to an Option that would materially and adversely affect the rights of any Participant shall be made without his or her consent;

(ix) to approve addenda pursuant to Section 18 below or to grant Awards to, or to modify the terms of, any outstanding Option Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement or any agreement related to any Optioned Stock, Restricted Stock or Restricted Stock Unit held by Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences; and

(x) to construe and interpret the terms of the Plan, any Option Agreement, Restricted Stock Purchase Agreement or Restricted Stock Unit Agreement, and any agreement related to any Optioned Stock, Restricted Stock or Restricted Stock Unit, which constructions, interpretations and decisions shall be final and binding on all Participants.

(d) **Indemnification.** To the maximum extent permitted by Applicable Laws, each member of the Committee (including officers of the Company, if applicable), or of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions taken in bad faith or failures to act in good faith, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

5. Eligibility.

(a) **Recipients of Grants.** Nonstatutory Stock Options, Restricted Stock and Restricted Stock Units may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees, provided that Employees of Affiliates shall not be eligible to receive Incentive Stock Options.

(b) **Type of Option.** Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option.

(c) **ISO \$100,000 Limitation.** Notwithstanding any designation under Section 5(b) above, to the extent that the aggregate Fair Market Value of Shares with respect to which options designated as incentive stock options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess options shall be treated as nonstatutory stock options. For purposes of this Section 5(c), incentive stock options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an incentive stock option shall be determined as of the date of the grant of such option.

(d) **No Employment Rights.** Neither the Plan nor any Award shall confer upon any Employee or Consultant any right with respect to continuation of an employment or consulting relationship with the Company (any Parent, Subsidiary or Affiliate), nor shall it interfere in any way with such Employee's or Consultant's right or the Company's (Parent's, Subsidiary's or Affiliate's) right to terminate his or her employment or consulting relationship at any time, with or without cause.

6. **Term of Plan.** The amendment and restatement of the Plan shall become effective upon its adoption by the Board and the Plan shall continue in effect through and until March 19, 2031 unless sooner terminated under Section 14 below.

7. Options.

(a) **Term of Option.** The term of each Option shall be the term stated in the Option Agreement; provided that the term shall be no more than 10 years from the date of grant thereof or such shorter term as may be provided in the Option Agreement and provided further that, in the case of an Incentive Stock Option granted to a person who at the time of such grant is a Ten Percent Holder, the term of the Option shall be 5 years from the date of grant thereof or such shorter term as may be provided in the Option Agreement.

(b) Option Exercise Price and Consideration.

(i) **Exercise Price.** The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be such price as is determined by the Administrator and set forth in the Option Agreement, but shall be subject to the following:

(1) In the case of an Incentive Stock Option

a. granted to an Employee who at the time of grant is a Ten Percent Holder, the per Share exercise price shall be no less than 110% of the Fair Market Value on the date of grant; and

b. granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value on the date of grant;

(2) Except as provided in subsection (3) below, in the case of a Nonstatutory Stock Option the per Share exercise price shall be such price as is determined by the Administrator, provided that, if the per Share exercise price is less than 100% of the Fair Market Value on the date of grant, it shall otherwise comply with all Applicable Laws, including Section 409A.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(ii) **Permissible Consideration.** The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option and to the extent required by Applicable Laws, shall be determined at the time of grant) and may consist entirely of (1) cash; (2) check; (3) to the extent permitted under, and in accordance with, Applicable Laws, delivery of a promissory note with such recourse, interest, security and redemption provisions as the Administrator determines to be appropriate (subject to the provisions of Section 152 of the Delaware General Corporation Law); (4) cancellation of indebtedness; (5) other previously owned Shares that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is exercised; (6) a Cashless Transaction; (7) such other consideration and method of payment permitted under Applicable Laws; or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

(c) Exercise of Option.

(i) General.

(1) **Exercisability.** Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, consistent with the terms of the Plan and reflected in the Option Agreement, including vesting requirements and/or performance criteria with respect to the Company, and Parent, Subsidiary or Affiliate, and/or the Optionee.

(2) **Leave of Absence.** The Administrator shall have the discretion to determine at any time whether and to what extent the vesting of Options shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of Options shall continue during any paid leave and shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, vesting shall toll during any unpaid portion of such leave, provided that, upon an Optionee's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniformed Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Options to the same extent as would have applied had the Optionee continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(3) **Minimum Exercise Requirements.** An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares, provided that such requirement shall not prevent an Optionee from exercising the full number of Shares as to which the Option is then exercisable.

(4) **Procedures for and Results of Exercise.** An Option shall be deemed exercised when written notice of such exercise has been received by the Company in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and the Company has received full payment for the Shares with respect to which the Option is exercised and has paid, or made arrangements to satisfy, any applicable taxes, withholding, required deductions or other required payments in accordance with Section 9 below. The exercise of an Option shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(5) **Rights as Holder of Capital Stock.** Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock is issued, except as provided in Section 10 below.

(ii) **Termination of Continuous Service Status.** The Administrator shall establish and set forth in the applicable Option Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of an Optionee's Continuous Service Status, which provisions may be waived or modified by the Administrator at any time. To the extent that an Option Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of an Optionee's Continuous Service Status, the following provisions shall apply:

(1) **General Provisions.** If the Optionee (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified below, the Option shall terminate and the Optioned Stock underlying the unexercised portion of the Option shall revert to the Plan. In no event may any Option be exercised after the expiration of the Option term as set forth in the Option Agreement (and subject to this Section 7).

(2) **Termination other than Upon Disability or Death or for Cause.** In the event of termination of an Optionee's Continuous Service Status other than under the circumstances set forth in the subsections (3) through (5) below, such Optionee may exercise any outstanding Option at any time within 3 month(s) following such termination to the extent the Optionee is vested in the Optioned Stock.

(3) **Disability of Optionee.** In the event of termination of an Optionee's Continuous Service Status as a result of his or her Disability, such Optionee may exercise any outstanding Option at any time within 12 month(s) following such termination to the extent the Optionee is vested in the Optioned Stock.

(4) **Death of Optionee.** In the event of the death of an Optionee during the period of Continuous Service Status since the date of grant of any outstanding Option, or within 3 month(s) following termination of the Optionee's Continuous Service Status, the Option may be exercised by any beneficiaries designated in accordance with Section 16 below, or if there are no such beneficiaries, by the Optionee's estate, or by a person who acquired the right to exercise the Option by bequest or inheritance, at any time within 12 month(s) following the date the Optionee's Continuous Service Status terminated, but only to the extent the Optionee is vested in the Optioned Stock.

(5) **Termination for Cause.** In the event of termination of an Optionee's Continuous Service Status for Cause, any outstanding Option (including any vested portion thereof) held by such Optionee shall immediately terminate in its entirety upon first notification to the Optionee of termination of the Optionee's Continuous Service Status for Cause. If an Optionee's Continuous Service Status is suspended pending an investigation of whether the Optionee's Continuous Service Status will be terminated for Cause, all the Optionee's rights under any Option, including the right to exercise the Option, shall be suspended during the investigation period. Nothing in this Section 7(c)(ii)(5) shall in any way limit the Company's right to purchase unvested Shares issued upon exercise of an Option as set forth in the applicable Option Agreement.

(iii) **Buyout Provisions.** The Administrator may at any time offer to buy out for a payment in cash or Shares an Option previously granted under the Plan based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

8. Restricted Stock and Restricted Stock Units.

(a) Restricted Stock.

(i) **Rights to Purchase.** When a right to purchase or receive Restricted Stock is granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, if any (which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and the time within which such person must accept such offer. The permissible consideration for Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 7(b)(ii) above with respect to exercise of Options. The offer to purchase Shares shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(ii) Repurchase Option.

(1) **General.** Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the Participant's Continuous Service Status for any reason (including death or Disability) at a purchase price for Shares equal to the original purchase price paid by the purchaser to the Company for such Shares and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(2) **Leave of Absence.** The Administrator shall have the discretion to determine at any time whether and to what extent the lapsing of Company repurchase rights shall be tolled during any leave of absence; provided, however, that in the absence of such determination, such lapsing shall continue during any paid leave and shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, the lapsing of Company repurchase rights shall toll during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Shares purchased pursuant to the Restricted Stock Purchase Agreement to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(iii) **Other Provisions.** The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each Participant.

(iv) **Rights as a Holder of Capital Stock.** Once the Restricted Stock is purchased, the Participant shall have the rights equivalent to those of a holder of capital stock, and shall be a record holder when his or her purchase and the issuance of the Shares is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is purchased, except as provided in Section 10 below.

(b) **Restricted Stock Units.**

(i) **Grant.** When Restricted Stock Units are granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions applicable to the Award, including the number of Restricted Stock Units that such person shall be entitled to receive. The offer to receive Restricted Stock Units shall be accepted by execution of a Restricted Stock Unit Agreement in the form determined by the Administrator.

(ii) **Vesting.**

(1) **General.** The Administrator may, in its discretion, set vesting criteria for the Restricted Stock Units that must be met in order to be eligible to receive a payout pursuant to the Award (note that the Administrator may specify additional conditions which must also be met in order to receive a payout pursuant to the Award). Any such vesting criteria may be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any applicable vesting criteria.

(2) **Leave of Absence.** The Administrator shall have the discretion to determine at any time whether and to what extent the vesting of an Award of Restricted Stock Units shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting shall continue during any paid leave and shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, vesting shall be tolled during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to the Restricted Stock Units received pursuant to the Restricted Stock Unit Agreement to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(iii) **Form and Timing of Settlement.** Settlement of earned Restricted Stock Units will be made upon the date(s) determined by the Administrator and may be subject to additional conditions, if any, each as set forth in the Restricted Stock Unit Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(iv) **Other Provisions.** The Restricted Stock Unit Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Unit Agreements need not be the same with respect to each Participant.

(v) **Rights as a Holder of Capital Stock.** Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Restricted Stock Units. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock is issued, except as provided in Section 10 below.

9. Taxes.

(a) As a condition of the grant, vesting, exercise (if applicable) and settlement of an Award, the Participant (or in the case of the Participant's death or a permitted transferee, the person holding, exercising or receiving the proceeds of the Award) shall make such arrangements as the Administrator may require for the satisfaction of any applicable U.S. federal, state, local or foreign tax, withholding, and any other required deductions or payments that may arise in connection with such Award. The Company shall not be required to issue any Shares under the Plan until such obligations are satisfied.

(b) The Administrator may, to the extent permitted under Applicable Laws, permit a Participant (or in the case of the Participant's death or a permitted transferee, the person holding, exercising or receiving the proceeds of the Award) to satisfy all or part of his or her tax, withholding, or any other required deductions or payments by Cashless Transaction or by surrendering Shares (either directly or by stock attestation) that he or she previously acquired; provided that, unless specifically permitted by the Company, (i) any such Cashless Transaction must be an approved broker-assisted Cashless Transaction or the Shares withheld in the Cashless Transaction must be limited to avoid financial accounting charges under applicable accounting guidance, and (ii) any such surrendered Shares must have been previously held for any minimum duration required to avoid financial accounting charges under applicable accounting guidance. Any payment of taxes by surrendering Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the Securities and Exchange Commission.

10. Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions.

(a) **Changes in Capitalization.** Subject to any action required under Applicable Laws by the holders of capital stock of the Company, (i) the numbers and class of Shares, units representing Shares or other stock or securities: (x) available for future Awards under Section 3 above and (y) covered by each outstanding Award, (ii) the exercise price per Share of each such outstanding Option, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, shall be automatically proportionately adjusted in the event of a stock split, reverse stock split, stock dividend, combination, consolidation, reclassification of the Shares or subdivision of the Shares. In the event of any increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, a declaration of an extraordinary dividend with respect to the Shares payable in a form other than Shares in an amount that has a material effect on the Fair Market Value, a recapitalization (including a recapitalization through a large nonrecurring cash dividend), a rights offering, a reorganization, merger, a spin-off, split-up, change in corporate structure or a similar occurrence, the Administrator shall make appropriate adjustments, in its discretion, in one or more of (i) the numbers and class of Shares, units representing Shares or other stock or securities: (x) available for future Awards under Section 3 above and (y) covered by each outstanding Award, (ii) the exercise price per Share of each outstanding Option and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, and any such adjustment by the Administrator shall be made in the Administrator's sole and absolute discretion and shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. If, by reason of a transaction described in this Section 10(a) or an adjustment pursuant to this Section 10(a), a Participant's Award agreement or agreement related to any Optioned Stock, Restricted Stock or Restricted Stock Unit covers additional or different shares of stock or securities (or units representing additional or different shares of stock or securities), then such additional or different shares (and the units representing such additional or different shares), and the Award agreement or agreement related to the Optioned Stock, Restricted Stock or Restricted Stock Unit in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award, Optioned Stock, Restricted Stock and Restricted Stock Unit prior to such transaction or adjustment.

(b) **Dissolution or Liquidation.** In the event of the dissolution or liquidation of the Company, each Award will terminate immediately prior to the consummation of such action, unless otherwise determined by the Administrator.

(c) **Corporate Transactions.** In the event of (i) a transfer of all or substantially all of the Company's assets, (ii) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, entity or person, or (iii) the consummation of a transaction, or series of related transactions, in which any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 50% of the Company's then outstanding capital stock (a "**Corporate Transaction**"), each outstanding Award (vested or unvested) will be treated as the Administrator determines, which determination may be made without the consent of any Participant and need not treat all outstanding Awards (or portion thereof) in an identical manner. Such determination, without the consent of any Participant, may provide for one or more of the following in the event of a Corporate Transaction: (A) the continuation of such outstanding Awards by the Company (if the Company is the surviving corporation); (B) the assumption of such outstanding Awards by the surviving corporation or its parent; (C) the substitution by the surviving corporation or its parent of equivalent options or equity awards for such Awards; or (D) the cancellation of such Awards (for the avoidance of doubt, whether vested or unvested) in exchange for a payment to the Participants equal to the excess of (1) the Fair Market Value of the Shares subject to such Awards as of the closing date of such Corporate Transaction over (2) the exercise price or purchase price paid or to be paid for the Shares subject to the Awards (if any).

11. Non-Transferability of Awards.

(a) **General.** Except as set forth in this Section 11, Awards (or any rights of such Awards) may not be sold, pledged, encumbered, assigned, hypothecated or disposed of or otherwise transferred in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by a Participant pursuant to Section 16 below will not constitute a transfer. An Option may be exercised, during the lifetime of the holder of the Option, only by such holder or a transferee permitted by this Section 11.

(b) **Limited Transferability Rights.** Notwithstanding anything else in this Section 11, the Administrator may in its sole discretion provide that any Nonstatutory Stock Options may be transferred by instrument to an inter vivos or testamentary trust in which the Options are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to Family Members. Further, beginning with (i) the period when the Company begins to rely on the exemption described in Rule 12h-1(f)(1) promulgated under the Exchange Act, as determined by the Board in its sole discretion, and (ii) ending on the earlier of (A) the date when the Company ceases to rely on such exemption, as determined by the Board in its sole discretion, or (B) the date when the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are Family Members through gifts or domestic relations orders, or (ii) to an executor or guardian of the Participant upon the death or disability of the Participant. Notwithstanding the foregoing sentence, the Board, in its sole discretion, may permit transfers of Nonstatutory Stock Options to the Company or in connection with a Change of Control or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f).

12. Non-Transferability of Stock Underlying Awards.

(a) **General.** Notwithstanding anything to the contrary, no Participant or other stockholder shall Transfer (as such term is defined below), any Shares (or any rights of or interests in such Shares) acquired pursuant to any Award (including, without limitation, Shares acquired upon exercise of an Option) to any person or entity unless such Transfer is approved by the Company prior to such Transfer, which approval may be granted or withheld in the Company's sole and absolute discretion. "Transfer" shall mean, with respect to any security, the direct or indirect assignment, sale, transfer, tender, pledge, hypothecation, or the grant, creation or suffrage of a lien or encumbrance in or upon, or the gift, placement in trust, or the Constructive Sale (as such term is defined below) or other disposition of such security (including transfer by testamentary or intestate succession, merger or otherwise by operation of law) or any right, title or interest therein (including, but not limited to, any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise), or the record or beneficial ownership thereof, the offer to make such a sale, transfer, Constructive Sale or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. "Constructive Sale" shall mean, with respect to any security, a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of materially changing the economic benefits and risks of ownership. Any purported Transfer effected in violation of this Section 12 shall be null and void and shall have no force or effect and the Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of the Plan or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

(b) **Approval Process.** Any Participant or stockholder seeking the approval of the Company to Transfer some or all of its Shares shall give written notice thereof to the Secretary of the Company that shall include: (1) the name of the stockholder; (2) the proposed transferee; (3) the number of shares of the Transfer of which approval is thereby requested; and (4) the purchase price, if any, of the shares proposed for Transfer. The Company may require the Participant to supplement its notice with such additional information as the Company may request or as may otherwise be required by the applicable Option Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement or other applicable written agreement. In addition, such request for transfer shall be subject to such right of first refusal, transfer provisions and any other terms and conditions as may be set forth in the applicable Option Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement or other applicable written agreement.

13. **Time of Granting Awards.** The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such other date as is determined by the Administrator.

14. **Amendment and Termination of the Plan.** The Board may at any time amend or terminate the Plan, but no amendment or termination shall be made that would materially and adversely affect the rights of any Participant under any outstanding Award, without his or her consent. In addition, to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain the approval of holders of capital stock with respect to any Plan amendment in such a manner and to such a degree as required.

15. **Conditions Upon Issuance of Shares.** Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the Plan unless such issuance or delivery would comply with Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. As a condition to the exercise of any Option, purchase or receipt of any Restricted Stock or settlement of any Restricted Stock Units, the Company may require the person exercising the Option or purchasing or receiving the Restricted Stock or Shares pursuant to settlement of Restricted Stock Units to represent and warrant at the time of any such exercise, purchase, receipt or settlement that the Shares are being purchased or received only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is advisable or required by Applicable Laws. Shares issued upon exercise of Options, purchase or receipt of Restricted Stock or settlement of any Restricted Stock Units prior to the date, if ever, on which the Common Stock becomes a Listed Security shall be subject to a right of first refusal in favor of the Company pursuant to which the Participant will be required to offer Shares to the Company before selling or transferring them to any third party on such terms and subject to such conditions as is reflected in the applicable Option Agreement, Restricted Stock Purchase Agreement or Restricted Stock Unit Agreement.

16. **Beneficiaries.** If permitted by the Company, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. Except as otherwise provided in an Award Agreement, if no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate or to any person who has the right to acquire the Award by bequest or inheritance.

17. **Approval of Holders of Capital Stock.** If required by Applicable Laws, continuance of the Plan shall be subject to approval by the holders of capital stock of the Company within 12 months before or after the date the Plan is adopted or, to the extent required by Applicable Laws, any date the Plan is amended. Such approval shall be obtained in the manner and to the degree required under Applicable Laws.

18. **Addenda.** The Administrator may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Employees or Consultants, which Awards may contain such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which may deviate from the terms and conditions set forth in this Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

19. **Information to Holders of Options.** In the event the Company is relying on the exemption provided by Rule 12h-1(f) under the Exchange Act, the Company shall provide the information described in Rule 701(e)(3), (4) and (5) of the Securities Act to all holders of Options in accordance with the requirements thereunder until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act. The Company may request that holders of Options agree to keep the information to be provided pursuant to this Section confidential. If the holder does not agree to keep the information to be provided pursuant to this Section confidential, then the Company will not be required to provide the information unless otherwise required pursuant to Rule 12h-1(f)(1) of the Exchange Act.

ADDENDUM A

Confluent, Inc. Amended and Restated 2014 Stock Plan

(California Participants)

Prior to the date, if ever, on which the Common Stock becomes a Listed Security and/or the Company is subject to the reporting requirements of the Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Option in the event of termination of the Participant's Continuous Service Status:

(a) If such termination was for reasons other than death, "Permanent Disability" (as defined below), or Cause, the Participant shall have at least 30 days after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Option Agreement.

(b) If such termination was due to death or Permanent Disability, the Participant shall have at least 6 months after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Option Agreement.

"Permanent Disability" for purposes of this Addendum shall mean the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Company or any Parent or Subsidiary because of the sickness or injury of the Participant.

2. Notwithstanding anything to the contrary in Section 10(a) of the Plan, the Administrator shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code.

3. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the 10th anniversary of the date of grant and any Award agreement shall terminate on or before the 10th anniversary of the date of grant.

4. The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of Applicable Laws, at least annually to each California Participant during the period such Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

CONFLUENT, INC.

2014 STOCK PLAN

NOTICE OF STOCK OPTION GRANT

<Employee Name>

You have been granted an option to purchase Common Stock of Confluent, Inc., a Delaware corporation (the "Company"), as follows:

Date of Grant: <Date>

Exercise Price Per Share: <\$ Value>

Total Number of Shares: <Value>

Total Exercise Price: <\$ Value>

Type of Option: <Value>

Expiration Date: 10 Years after Date of Grant

Vesting Commencement Date: <Date>

Vesting/Exercise Schedule: The Option is immediately exercisable. So long as your Continuous Service Status does not terminate (and provided that no vesting shall occur following the Termination Date (as defined in Section 5 of the Stock Option Agreement)), the Shares underlying this Option shall vest in accordance with the following schedule: 1/4th of the original number of shares shall vest on the twelve- month anniversary of the Vesting Commencement Date, and 1/48th of the original number of shares shall vest on each monthly anniversary of the Vesting Commencement Date thereafter.

Termination Period: You may exercise this Option for 3 months after the Termination Date except as set out in Section 5 of the Stock Option Agreement (but in no event later than the Expiration Date). You are responsible for keeping track of these exercise periods following the Termination Date. The Company will not provide further notice of such periods.

Transferability: You may not transfer this Option except as set forth in Section 6 of the Stock Option Agreement (subject to compliance with Applicable Laws). You must obtain Company approval prior to any transfer of the Shares received upon exercise of this Option.

By your signature and the signature of the Company's representative or by otherwise accepting or exercising this Option, you and the Company agree that this Option is granted under and governed by the terms and conditions of this Notice and the Confluent, Inc. 2014 Stock Plan and Stock Option Agreement (which includes the Country-Specific Addendum, as applicable), both of which are attached to and made a part of this Notice.

In addition, you agree and acknowledge that your rights to any Shares underlying this Option will vest only as you provide services to the Company over time, that the grant of this Option is not as consideration for services you rendered to the Company prior to your date of hire, and that nothing in this Notice or the attached documents confers upon you any right to continue your employment or consulting relationship with the Company for any period of time, nor does it interfere in any way with your right or the Company's right to terminate that relationship at any time, for any reason, with or without cause, subject to Applicable Laws. Also, to the extent applicable, the Exercise Price Per Share has been set in good faith compliance with the applicable guidance issued by the IRS under Section 409A of the Code. However, there is no guarantee that the IRS will agree with the valuation, and by signing below, you agree and acknowledge that the Company, its Board, officers, employees, agents and stockholders shall not be held liable for any applicable costs, taxes, or penalties associated with this Option if, in fact, the IRS or any other person (including, without limitation, a successor corporation or an acquirer in a Change of Control) were to determine that this Option constitutes deferred compensation under Section 409A of the Code. You should consult with your own tax advisor concerning the tax consequences of such a determination by the IRS. For purposes of this paragraph, the term "Company" will be interpreted to include any Parent, Subsidiary or Affiliate.

THE COMPANY:

CONFLUENT, INC.

By: _____

(Signature)

Name: _____

Title: _____

OPTIONEE:

<Employee Name>

(Signature)

CONFLUENT, INC.

2014 STOCK PLAN

STOCK OPTION AGREEMENT

1. **Grant of Option.** Confluent, Inc., a Delaware corporation (the “Company”), hereby grants to the person (“Optionee”) named in the Notice of Stock Option Grant (the “Notice”), an option (the “Option”) to purchase the total number of shares of Common Stock (the “Shares”) set forth in the Notice, at the exercise price per Share set forth in the Notice (the “Exercise Price”) subject to the terms, definitions and provisions of the Confluent, Inc. 2014 Stock Plan (the “Plan”) adopted by the Company, including any additional terms and conditions for Optionee’s country set forth in the appendix attached thereto (the “Addendum,” and, collectively with the Stock Option Agreement, the “Agreement”). Unless otherwise defined in this Agreement, the terms used in this Agreement or the Notice shall have the meanings defined in the Plan.

2. **Designation of Option.** This Option is intended to be an Incentive Stock Option as defined in Section 422 of the Code only to the extent so designated in the Notice, and to the extent it is not so designated or to the extent this Option does not qualify as an Incentive Stock Option, it is intended to be a Nonstatutory Stock Option.

Notwithstanding the above, if designated as an Incentive Stock Option, in the event that the Shares subject to this Option (and all other incentive stock options granted to Optionee by the Company or any Parent or Subsidiary, including under other plans) that first become exercisable in any calendar year have an aggregate fair market value (determined for each Share as of the date of grant of the option covering such Share) in excess of USD \$100,000, the Shares in excess of USD \$100,000 shall be treated as subject to a nonstatutory stock option, in accordance with Section 5(c) of the Plan.

3. **Exercise of Option.** This Option shall be exercisable during its term in accordance with the Vesting/Exercise Schedule set out in the Notice and with the provisions of Section 7(c) of the Plan as follows:

(a) **Right to Exercise.**

(i) This Option may not be exercised for a fraction of a share.

(ii) In the event of Optionee’s death, Disability or other termination of Continuous Service Status, the exercisability of this Option is governed by Section 5 below, subject to the limitations contained in this Section 3.

(iii) In no event may this Option be exercised after the Expiration Date set forth in the Notice.

(b) **Method of Exercise.**

(i) This Option shall be exercisable by execution and delivery of the Early Exercise Notice and Restricted Stock Purchase Agreement attached hereto as Exhibit A, the Exercise Agreement attached hereto as Exhibit B (to the extent Optionee exercises the Option with respect to vested shares only) or of any other form of written notice approved for such purpose by the Company which shall state Optionee's election to exercise this Option, the number of Shares in respect of which this Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by Optionee and shall be delivered to the Company by such means as are determined by the Company in its discretion to constitute adequate delivery. The written notice shall be accompanied by payment of the aggregate Exercise Price for the purchased Shares.

(ii) As a condition to the grant, vesting and exercise of this Option and as further set forth in Section 9 of the Plan, Optionee hereby agrees to make adequate provision for the satisfaction of (and will indemnify the Company and any Subsidiary or Affiliate for) any applicable taxes or tax withholdings, social contributions, required deductions, or other payments, if any ("Tax-Related Items"), which arise upon the grant, vesting or exercise of this Option, ownership or disposition of Shares, receipt of dividends, if any, or otherwise in connection with this Option or the Shares, whether by withholding, direct payment to the Company, or otherwise as determined by the Company in its sole discretion. Regardless of any action the Company or any Subsidiary or Affiliate takes with respect to any or all applicable Tax-Related Items, Optionee acknowledges and agrees that the ultimate liability for all Tax-Related Items is and remains Optionee's responsibility and may exceed any amount actually withheld by the Company or any Subsidiary or Affiliate. Optionee further acknowledges and agrees that Optionee is solely responsible for filing all relevant documentation that may be required in relation to this Option or any Tax-Related Items (other than filings or documentation that is the specific obligation of the Company or any Subsidiary or Affiliate pursuant to Applicable Law), such as but not limited to personal income tax returns or reporting statements in relation to the grant, vesting or exercise of this Option, the holding of Shares or any bank or brokerage account, the subsequent sale of Shares, and the receipt of any dividends. Optionee further acknowledges that the Company makes no representations or undertakings regarding the treatment of any Tax-Related Items and does not commit to and is under no obligation to structure the terms or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Optionee also understands that Applicable Laws may require varying Share or option valuation methods for purposes of calculating Tax-Related Items, and the Company assumes no responsibility or liability in relation to any such valuation or for any calculation or reporting of income or Tax-Related Items that may be required of Optionee under Applicable Laws. Further, if Optionee has become subject to Tax-Related Items in more than one jurisdiction, Optionee acknowledges that the Company or any Subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(iii) The Company is not obligated, and will have no liability for failure to issue or deliver any Shares upon exercise of this Option unless such issuance or delivery would comply with the Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. Furthermore, Optionee understands that the Applicable Laws of the country in which Optionee is residing or working at the time of grant, vesting, and/or exercise

of this Option (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of this Option. This Option may not be exercised until such time as the Plan has been approved by the holders of capital stock of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any Applicable Laws, including any applicable U.S. federal or state securities laws or any other law or regulation, including any rule under Part 221 of Title 12 of the Code of Federal Regulations as promulgated by the Federal Reserve Board. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by the Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to Optionee on the date on which this Option is exercised with respect to such Shares, subject to Applicable Laws.

(iv) Subject to compliance with Applicable Laws, this Option shall be deemed to be exercised upon receipt by the Company of the appropriate written notice of exercise accompanied by the Exercise Price and the satisfaction of any applicable obligations described in Section 3(b)(ii) above.

4. Method of Payment. Unless otherwise specified by the Company in its sole discretion to comply with Applicable Laws or facilitate the administration of the Plan, payment of the Exercise Price shall be by cash or check or, following the initial public offering of the Company's Common Stock, by Cashless Exercise pursuant to which Optionee delivers an irrevocable direction to a securities broker (on a form prescribed by the Company and according to a procedure established by the Company).

Optionee understands and agrees that, if required by the Company or Applicable Laws, any cross-border cash remittance made to exercise this Option or transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require Optionee to provide to such entity certain information regarding the transaction. Moreover, Optionee understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease in value, even below the Exercise Price. Optionee understands that neither the Company nor any Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any Subsidiary or Affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Option (or the calculation of income or Tax-Related Items thereunder).

5. Termination of Relationship. Following the date of termination of Optionee's Continuous Service Status for any reason (the "Termination Date"), Optionee may exercise this Option only as set forth in the Notice and this Section 5. If Optionee does not exercise this Option within the Termination Period set forth in the Notice or the termination periods set forth below, this Option shall terminate in its entirety. In no event, may any Option be exercised after the Expiration Date of this Option as set forth in the Notice. For the avoidance of doubt and for purposes of this Option only, termination of Continuous Service Status and the Termination Date will be deemed to occur as of the date Optionee is no longer actively providing services as an Employee or Consultant (except, in certain circumstances, to the extent Optionee is on a Company-approved leave of absence and subject to any Company policy or Applicable Laws regarding such leaves) and will not be extended by any notice period or "garden leave" that may be required contractually or under Applicable Laws, unless otherwise determined by the Company in its sole discretion.

(a) **General Termination.** In the event of termination of Optionee's Continuous Service Status other than as a result of Optionee's Disability or death or Optionee's termination for Cause, Optionee may, to the extent Optionee is vested in the Optioned Stock, exercise this Option during the Termination Period set forth in the Notice.

(b) **Termination upon Disability of Optionee.** In the event of termination of Optionee's Continuous Service Status as a result of Optionee's Disability, Optionee may, but only within 12 months following the Termination Date, exercise this Option to the extent Optionee is vested in the Optioned Stock.

(c) **Death of Optionee.** In the event of termination of Optionee's Continuous Service Status as a result of Optionee's death, or in the event of Optionee's death within 3 months following Optionee's Termination Date, this Option may be exercised at any time within 12 months following the Termination Date, or if later, 12 months following the date of death by any beneficiaries designated in accordance with Section 16 of the Plan or, if there are no such beneficiaries, by Optionee's estate, or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent Optionee is vested in the Optioned Stock.

(d) **Termination for Cause.** In the event of termination of Optionee's Continuous Service Status for Cause, this Option (including any vested portion thereof) shall immediately terminate in its entirety upon first notification to Optionee of such termination for Cause. If Optionee's Continuous Service Status is suspended pending an investigation of whether Optionee's Continuous Service Status will be terminated for Cause, all Optionee's rights under this Option, including the right to exercise this Option, shall be suspended during the investigation period.

6. **Non-Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by him or her. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

7. **Lock-Up Agreement.** If so requested by the Company or the underwriters in connection with the initial public offering of the Company's securities registered under the Securities Act of 1933, as amended, Optionee shall not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however or whenever acquired (except for those being registered) without the prior written consent of the Company or such underwriters, as the case may be, for 180 days from the effective date of the registration statement, plus such additional period, to the extent required by FINRA rules, up to a maximum of 216 days from the effective date of the registration statement, and Optionee shall execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of such offering.

8. Effect of Agreement. Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the Option terms), and hereby accepts this Option and agrees to be bound by its contractual terms as set forth herein and in the Plan. Optionee hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Administrator regarding any questions relating to this Option. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of the Notice and this Agreement, the Plan terms and provisions shall prevail.

9. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Optionee's participation in the Plan, on this Option and the Shares subject to this Option and on any other Award or Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan. Optionee agrees to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Optionee acknowledges that the Applicable Laws of the country in which Optionee is residing or working at the time of grant, holding, vesting, and exercise of the Option or the holding or sale of Shares received pursuant to the Option (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Optionee to additional procedural or regulatory requirements that Optionee is and will be solely responsible for and must fulfill. If applicable, such requirements may be outlined in but are not limited to the Country-Specific Addendum (the "Addendum") attached hereto, which forms part of this Agreement. Notwithstanding any provision herein, Optionee's participation in the Plan shall be subject to any applicable special terms and conditions or disclosures as set forth in the Addendum.

10. Electronic Delivery and Translation. The Company may, in its sole discretion, decide to deliver any documents related to Optionee's current or future participation in the Plan, this Option, the Shares subject to this Option, any other Company Securities or any other Company-related documents, by electronic means. By accepting this Option, whether electronically or otherwise, Optionee hereby (i) consents to receive such documents by electronic means, (ii) consents to the use of electronic signatures, and (iii) if applicable, agrees to participate in the Plan and/or receive any such documents through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions. To the extent Optionee has been provided with a copy of this Agreement, the Plan, or any other documents relating to this Option in a language other than English, the English language documents will prevail in case of any ambiguities or divergences as a result of translation.

11. No Acquired Rights or Employment Rights. In accepting the Option, Optionee acknowledges that the Plan is established voluntarily by the Company, is discretionary in nature, and may be modified, amended, suspended or terminated by the Company at any time. The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options or any other Awards or benefits in lieu of Options, even if Options have been granted repeatedly in the past. All decisions with respect to future grants of Options or other Awards, if any, will be at the sole discretion of the Company. In addition, Optionee's participation in the Plan is voluntary, and the Option and the Shares subject to the Option are extraordinary items that do not constitute regular compensation for services rendered to the

Company or any Subsidiary or Affiliate and are outside the scope of Optionee's employment contract, if any. The Option and the Shares subject to the Option are not intended to replace any pension rights or compensation and are not part of normal or expected salary or compensation for any purpose, including but not limited to calculating severance payments, if any, upon termination. Nothing contained in this Agreement is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or any Subsidiary or Affiliate for any particular period of time. This Agreement shall not interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate Optionee's employment or service at any time, subject to Applicable Laws.

12. Data Privacy. *Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, whether in electronic or other form, of Optionee's personal data (as described below) by and among, as applicable, the Company and any Subsidiary or Affiliate or third parties as may be selected by the Company, for the exclusive purpose of implementing, administering, and managing Optionee's participation in the Plan. Optionee understands that refusal or withdrawal of consent may affect Optionee's ability to participate in the Plan or to realize benefits from the Option.*

Optionee understands that the Company and any Subsidiary or Affiliate may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Subsidiary or Affiliate, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor ("Personal Data"). Optionee understands that Personal Data may be transferred to any Subsidiary or Affiliate or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Optionee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Optionee's country.

13. Miscellaneous.

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of California, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts.

(b) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

(d) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

CONFLUENT, INC.

2014 STOCK PLAN

STOCK OPTION AGREEMENT

Addendum Of Country Specific Provisions For Optionees Outside The U.S.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan and/or in the Stock Option Agreement.

This Appendix includes additional terms and conditions that govern this Option granted to Optionee under the Plan if Optionee resides and/or works in one of the countries listed below. If Optionee is a citizen or resident of a country other than the one in which Optionee is currently working and/or residing, transfers to another country after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the additional terms and conditions contained herein apply to Optionee.

AUSTRALIA

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

Form of Exercise. The following provision supplements Section 3(b)(i) (Method of Exercise) and Section 3(b)(ii) (Responsibility for Taxes) of the Agreement:

Notwithstanding any provision of the Agreement or the Plan to the contrary, Optionee is prohibited from surrendering Shares that he or she already owns to pay the exercise price or any Tax-Related Items in connection with the exercise of the Option. The Company reserves the right to permit this method of payment depending upon the development of local law.

Termination of Relationship. The following provision replaces the first paragraph of Section 5 (Termination of Relationship) of the Agreement. For clarity, the following provision does not modify Section 5(a)—5(c):

Termination of Relationship. Following the date of termination of Optionee's Continuous Service Status for any reason (the "Termination Date"), Optionee may exercise this Option only as set forth in the Notice and this Section 5. If Optionee does not exercise this Option within the Termination Period set forth in the Notice or the termination periods set forth below, this Option shall terminate in its entirety. In no event, may any Option be exercised after the Expiration Date of this Option as set forth in the Notice. For the avoidance of doubt and for purposes of this Option only, termination of Continuous Service Status and the Termination Date will be deemed to occur as of the earlier of:

(1) the date Optionee is no longer actively providing services as an Employee or Consultant (no matter how the termination arises); and (2) the date Optionee receives notice of termination of employment. In either case, the date shall exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. For greater certainty, Optionee will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Optionee's right to vest terminates, nor will Optionee be entitled to any compensation for lost vesting. The Company shall have the exclusive discretion to determine when Optionee is no longer providing services for purposes of the Option (including whether Optionee is on a Company-approved leave of absence and subject to any Company policy or Applicable Laws regarding such leaves).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Optionee's right to vest in the Option under the Plan, if any, will terminate effective as of the last day of Optionee's minimum statutory notice period, but Optionee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Optionee's statutory notice period, nor will Optionee be entitled to any compensation for lost vesting.

The following provisions apply for residents of Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressément souhaité que la convention [“Agreement”], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy. The following provision supplements Section 12 of this Agreement:

The Optionee authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Optionee further authorizes the Company, the Service Recipient, any Subsidiary of the Company or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Optionee also authorizes the Company to record such information and to keep such information in Optionee's file.

DENMARK

There are no country-specific terms and conditions.

FRANCE

English Language Consent. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

GERMANY

There are no country-specific terms and conditions.

HONG KONG

Securities Law Information. The offer of this Option and the Shares subject to this Option do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Subsidiaries or Affiliates participating in the Plan. Optionee should be aware that the Plan, the Plan prospectus and the contents of this Agreement (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each Optionee and may not be distributed to any other person. Optionee is advised to exercise caution in relation to the offer. If Optionee is in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, Optionee should obtain independent professional advice.

Sale of Shares. The purchase of any Shares at exercise is made as a personal investment. The Optionee agrees that, in the event that any portion of the Option becomes vested and is exercisable prior to the six-month anniversary of the Grant Date, Optionee will not sell any Shares acquired upon exercise of the Option or otherwise dispose of the Shares prior to the six-month anniversary of the Grant Date.

INDIA

There are no country-specific terms and conditions.

INDONESIA

English Language Consent and Notification. A translation of the documents relating to this grant (i.e., the Plan and the Agreement) into Bahasa Indonesia can be provided to the Grantee upon request to: Equity Team, Confluent, Inc., 899 W. Evelyn Ave., Mountain View, CA 94041, U.S.A., or equity@confluent.io. By accepting the grant of the Option, the Grantee (i) confirms having read and understood the documents relating to this grant (i.e., the Plan and the Agreement) which were provided in the English language, (ii) accepts the terms of those documents accordingly, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Terjemahan dari dokumen-dokumen terkait dengan pemberian ini (yaitu, Program dan Perjanjian) ke Bahasa Indonesia dapat disediakan bagi Peserta berdasarkan permintaan kepada: Equity Team, Confluent, Inc., 899 W. Evelyn Ave., Mountain View, CA 94041, U.S.A., or equity@confluent.io. Dengan menerima pemberian Option, Peserta (i) mengkonfirmasi bahwa

dirinya telah membaca dan mengerti dokumen-dokumen yang terkait dengan pemberian ini (yaitu, Program dan Perjanjian) yang disediakan dalam Bahasa Inggris, (ii) menerima syarat-syarat dari dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa, dan Lambang Negara, Serta Lagu Kebangsaan atau Peraturan Presiden pelaksanaanya (ketika diterbitkan).

ISRAEL

There are no country-specific terms and conditions.

ITALY

Plan Document Acknowledgment. In accepting the grant of the Option, Optionee acknowledges that he or she has received a copy of the Plan and the Agreement, has reviewed the Plan and the Agreement, including this Country Appendix, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Country Appendix.

The Optionee acknowledges that he or she has read and specifically and expressly approves the following Sections of the Agreement: Section 2 (Designation of Option); Section 3 (Exercise of Option); Section 4 (Method of Payment); Section 5 (Termination of Relationship); Section 6 (Non-Transferability of Option); Section 7 (Lock Up Agreement); Section 8 (Effect of Agreement); Section 9 (Imposition of Other Requirements); Section 10 (Electronic Delivery and Transition); Section 11 (No Acquired Rights or Employment Rights); Section 12 (Data Privacy); and Section 13 (Miscellaneous).

JAPAN

There are no country-specific terms and conditions.

MALAYSIA

There are no country-specific terms and conditions.

NETHERLANDS

There are no country-specific terms and conditions.

SINGAPORE

Restrictions on Sale and Transferability. The Optionee hereby agrees that any Shares acquired pursuant to the Option will not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemption under Part XIII Division I Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Securities Law Information. The Option grant is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

SOUTH KOREA

There are no country-specific terms and conditions.

SPAIN

Nature of Grant. This provision supplements Section 8 of the Agreement:

In accepting the Option, Optionee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

The Optionee understands and agrees that, as a condition of the grant of the Option, Optionee’s Termination of Service for any reason (including for the reasons listed below) will automatically result in the forfeiture of any unvested Option as of the date of such termination without any payment to Optionee.

In particular, Optionee understands and agrees that the Option will be cancelled without entitlement to the Shares or to any amount as indemnification in the event of Optionee’s Termination of Service by reason of, including, but not limited to: resignation, death, disability, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Subsidiary or Affiliate, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Optionee understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Option under the Plan to individuals who may be employees of the Company or its Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or its Subsidiaries or Affiliate on an ongoing basis. Consequently, Optionee understands that Options are granted on the assumption and condition that the Option and the Shares issued upon exercise of the Option shall not become a part of any employment contract (either with the Company or any Subsidiaries or Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Optionee understands that the grant of the Option would not be made to Optionee but for the assumptions and conditions referred to above; thus, Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Option shall be null and void.

SWEDEN

Responsibility for Taxes. The following provision supplements Section 3(b)(ii) of the Agreement:

Without limiting the Company's and any Subsidiary or Affiliate's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 3(b)(ii) of the Agreement, in accepting the Option, Optionee authorizes the Company and/or any Subsidiary or Affiliate to withhold Shares or to sell Shares otherwise deliverable to Optionee upon exercise/settlement to satisfy Tax-Related Items, regardless of whether the Company and/or any Subsidiary or Affiliate have an obligation to withhold such Tax-Related Items.

SWITZERLAND

Securities Law Information. Neither this document nor any other materials relating to the Option (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than a participant or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

UNITED ARAB EMIRATES

Securities Law Information. The offer of the Option is available only for select service providers of the Company and its Subsidiaries or Affiliates and is in the nature of providing incentives to service providers in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such service providers and must not be delivered to, or relied on, by any other person. Prospective purchasers of securities should conduct their own due diligence.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement, including the Plan and the Agreement, or any other incidental communication materials distributed in connection with the Award. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development has approved this statement nor taken steps to verify the information set out in it, and has no responsibility for it. Residents of the United Arab Emirates who have any questions regarding the contents of the Plan and the Agreement should obtain independent professional advice.

UNITED KINGDOM

Responsibility for Taxes. This provision supplements Section 3(b)(ii) of the Agreement:

Without limitation to Section 3(b)(ii) of the Agreement, Optionee hereby agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or (if different) any Subsidiary or Affiliate or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Optionee also hereby agrees to indemnify and keep indemnified the Company and (if different) any Subsidiary or Affiliate against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Optionee's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Optionee is an executive officer or director of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she understands that Optionee may not be able to indemnify the Company or the Subsidiary or Affiliate for the amount of Tax-Related Items not collected from or paid by him or her because the indemnification could be considered to be a loan. In this case, any income tax not collected or paid within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to Optionee on which additional income tax and employee National Insurance contributions ("NICs") may be payable. Optionee understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company and/or any Subsidiary or Affiliate (as appropriate) the amount of employee NICs due on this additional benefit which the Company and/or any Subsidiary or Affiliate may recover from Optionee by any of the means set forth in the Agreement.

CONFLUENT, INC.

2014 STOCK PLAN

EXERCISE AGREEMENT

This Exercise Agreement (this "Agreement") is made as of _____, by and between Confluent, Inc., a Delaware corporation (the "Company"), and _____ ("Purchaser"). To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Company's 2014 Stock Plan (the "Plan") and the Option Agreement (as defined below).

1. **Exercise of Option.** Subject to the terms and conditions hereof, Purchaser hereby elects to exercise his or her option to purchase _____ Incentive Stock Option (ISO) shares and _____ Nonstatutory Stock Option (NSO) shares of the Common Stock (together, the "Shares") of the Company under and pursuant to the Plan, the Notice of Stock Option Grant and the Stock Option Agreement granted _____ (the "Option Agreement"). The purchase price for the Shares shall be USD \$ _____ per Share for a total purchase price of USD \$ _____. The term "Shares" refers to the purchased Shares and all securities received in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other property to which Purchaser is entitled by reason of Purchaser's ownership of the Shares.

2. **Time and Place of Exercise.** The purchase and sale of the Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution and delivery of this Agreement, the payment of the aggregate exercise price by any method listed in Section 4 of the Option Agreement, and the satisfaction of any applicable tax, withholding, required deductions or other payments, all in accordance with the provisions of Section 3(b) of the Option Agreement. The Company shall issue the Shares to Purchaser by entering such Shares in Purchaser's name as of such date in the books and records of the Company or, if applicable, a duly authorized transfer agent of the Company, against payment of the exercise price therefor by Purchaser. The Company will deliver to Purchaser a stock certificate or, in the case of uncertificated securities upon request, a notice of issuance, for the Shares as soon as practicable following such date.

3. **Limitations on Transfer.** Purchaser acknowledges and agrees that the Shares purchased under this Agreement are subject to (i) the transfer restrictions set forth in Section 12 of the Plan, (ii) the terms and conditions that apply to the Company's Common Stock, as set forth in the Company's Bylaws, as may be in effect at the time of any proposed transfer (the "Bylaw Restrictions"), and (iii) any other limitation or restriction on transfer created by Applicable Laws. Purchaser shall not assign, encumber or dispose of any interest in the Shares except to the extent permitted by, and in compliance with, Section 12 of the Plan, the Bylaw Restrictions, Applicable Laws, and the provisions below.

- (a) **Transfer Restrictions; Right of First Refusal.** Before any Shares held by Purchaser or any transferee of Purchaser (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company shall first have the right to approve such sale or transfer, in full or in part, and shall then have the right to purchase all or any part of the Shares proposed to be sold or transferred, in each case, in its sole and absolute discretion (the "Right of First Refusal"). If the Holder would like to sell or transfer any Shares, the Holder must provide the Company or its assignee(s) with a Notice (as defined below) requesting approval to sell or transfer the Shares and offering the Company or its assignee(s) a Right of First Refusal on the terms and conditions set forth in this Section 3(a). The Company may either (1) exercise its Right of First Refusal in full or in part and purchase such Shares pursuant to this Section 3(a), (2) decline to exercise its Right of First Refusal in full or in part and permit the sale or transfer of such Shares to the Proposed Transferee (as defined below) in full or in part, or (3) decline to exercise its Right of First Refusal in full or in part and decline the request to sell or transfer the Shares in full or in part.

(i) **Notice of Proposed Transfer.** The Holder of the Shares shall deliver to the Company a written notice (the “**Notice**”) stating: (A) the Holder’s desire to sell or otherwise transfer such Shares; (B) the name of each proposed purchaser or other transferee (“**Proposed Transferee**”); (C) the number of Shares to be sold or transferred to each Proposed Transferee; (D) the terms and conditions of each proposed sale or transfer, including (without limitation) the purchase price for such Shares (the “**Purchase Price**”); and (E) the Holder’s offer to the Company or its assignee(s) to purchase the Shares at the Purchase Price and upon the same terms (or terms that are no less favorable to the Company).

(ii) **Exercise of Right of First Refusal.** At any time within 30 days after receipt of the Notice, the Company and/or its assignee(s) shall deliver a written notice to the Holder indicating whether the Company and/or its assignee(s) elect to permit or reject the proposed sale or transfer, in full or in part, and/or elect to accept or decline the offer to purchase any or all of the Shares proposed to be sold or transferred to any one or more of the Proposed Transferees, at the Purchase Price, provided that if the Purchase Price consists of no legal consideration (as, for example, in the case of a transfer by gift), the purchase price will be the fair market value of the Shares as determined in good faith by the Company. If the Purchase Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Company in good faith.

(iii) **Payment.** Payment of the Purchase Price shall be made, at the election of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness, or by any combination thereof within 60 days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(iv) **Holder's Right to Transfer.** If any of the Shares proposed in the Notice to be sold or transferred to a given Proposed Transferee are both (A) not purchased by the Company and/or its assignee(s) as provided in this Section 3(a) and (B) approved by the Company to be sold or transferred, then the Holder may sell or otherwise transfer any such Shares to the applicable Proposed Transferee at the Purchase Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice; provided that any such sale or other transfer is also effected in accordance with the Bylaw Restrictions, the transfer restrictions set forth in the Plan and any Applicable Laws and the Proposed Transferee agrees in writing that the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including this Section 3 and the waiver of statutory information rights in Section 8, shall continue to apply to the Shares in the hands of such Proposed Transferee. The Company, in consultation with its legal counsel, may require the Holder to provide an opinion of counsel evidencing compliance with Applicable Laws. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, or if the Holder proposes to change the price or other terms to make them more favorable to the Proposed Transferee, a new Notice shall be given to the Company, and the Company and/or its assignees shall again have the right to approve such transfer and be offered the Right of First Refusal.

(v) **Exception for Certain Family Transfers.** Anything to the contrary contained in this Section 3(a) notwithstanding, the transfer of any or all of the Shares during Holder's lifetime or on Holder's death by will or intestacy to Holder's Immediate Family or a trust for the benefit of Holder's Immediate Family shall be exempt from the provisions of this Section 3(a). "Immediate Family," as used herein shall mean lineal descendant or antecedent, spouse (or spouse's antecedents), father, mother, brother or sister (or their descendants), stepchild (or their antecedents or descendants), aunt or uncle (or their antecedents or descendants), brother-in-law or sister-in-law (or their antecedents or descendants) and shall include adoptive relationships. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including this Section 3 and Section 8, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 3, the Plan and the Bylaw Restrictions.

- (b) **Company's Right to Purchase upon Involuntary Transfer.** In the event of any transfer by operation of law or other involuntary transfer (including death or divorce, but excluding a transfer to Immediate Family as set forth in Section 3(a)(v) above) of all or a portion of the Shares by the record holder thereof, the Company shall have an option to purchase any or all of the Shares transferred at the Fair Market Value of the Shares on the date of transfer (as determined by the Company in its sole discretion). Upon such a transfer, the Holder shall promptly notify the Secretary of the Company of such transfer. The right to purchase such Shares shall be provided to the Company for a period of 30 days following receipt by the Company of written notice from the Holder.

- (c) **Assignment.** The right of the Company to purchase any part of the Shares may be assigned in whole or in part to any holder or holders of capital stock of the Company or other persons or organizations.
- (d) **Restrictions Binding on Transferees.** All transferees of Shares or any interest therein will receive and hold such Shares or interest subject to the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including, without limitation, Section 7 of the Option Agreement, Sections 3 and 8 of this Agreement and Section 12 of the Plan. Any sale or transfer of the Shares shall be void unless the provisions of this Agreement are satisfied.
- (e) **Termination of Rights.** The transfer restrictions set forth in Section 3(a) above and Section 12 of the Plan, the Right of First Refusal granted the Company by Section 3(a) above and the option to repurchase the Shares in the event of an involuntary transfer granted the Company by Section 3(b) above shall terminate upon (i) the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (ii) any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Exchange Act. Upon termination of such transfer restrictions, the Company will remove any stop-transfer notices referred to in Section 6(b) below and related to the restrictions in this Section 3 and a new stock certificate or, in the case of uncertificated securities, notice of issuance, for the Shares not repurchased shall be issued, on request, without the legend referred to in Section 6(a)(ii) below and delivered to Holder.
- (f) **Lock-Up Agreement.** The lock-up provisions set forth in Section 7 of the Option Agreement shall apply to the Shares issued upon exercise of the Option hereunder and Purchaser reaffirms Purchaser's obligations set forth therein.

17. **Investment and Taxation Representations.** In connection with the purchase of the Shares, Purchaser represents to the Company the following:

- (a) Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Purchaser is purchasing the Shares for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or under any applicable provision of state law. Purchaser does not have any present intention to transfer the Shares to any other person or entity.

- (b) Purchaser understands that the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.
- (c) Purchaser further acknowledges and understands that the securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the securities.
- (d) Purchaser is familiar with the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of the securities (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Purchaser understands that the Company provides no assurances as to whether he or she will be able to resell any or all of the Shares pursuant to Rule 144, which rule requires, among other things, that the Company be subject to the reporting requirements of the Exchange Act, that resales of securities take place only after the holder of the Shares has held the Shares for certain specified time periods, and under certain circumstances, that resales of securities be limited in volume and take place only pursuant to brokered transactions. Notwithstanding this Section 4(d), Purchaser acknowledges and agrees to the restrictions set forth in Section 4(e) below.
- (e) Purchaser further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.
- (f) Purchaser represents that Purchaser is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act. Purchaser also agrees to notify the Company if Purchaser becomes subject to such disqualifications after the date hereof.

- (g) Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

18. **Voting Provisions.** As a condition precedent to entering into this Agreement, at the request of the Company, Purchaser shall become a party to any voting agreement to which the Company is a party at the time of Purchaser's execution and delivery of this Agreement, as such voting agreement may be thereafter amended from time to time (the "Voting Agreement"), by executing an adoption agreement or counterpart signature page agreeing to be bound by and subject to the terms of the Voting Agreement and to vote the Shares in the capacity of a "Common Holder" and a "Stockholder," as such terms may be defined in the Voting Agreement.

19. **Restrictive Legends and Stop-Transfer Orders.**

- (a) **Legends.** Any stock certificate or, in the case of uncertificated securities, any notice of issuance, for the Shares shall bear the following legends (as well as any legends required by the Company or applicable state and federal corporate and securities laws):

(i) "THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(ii) "THE SECURITIES REFERENCED HEREIN MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH AND MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY AT NO CHARGE."

(iii) "THE TRANSFER OF THE SECURITIES REFERENCED HEREIN IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS SET FORTH IN THE COMPANY'S STOCK PLAN, COPIES OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS. THE COMPANY SHALL NOT REGISTER OR OTHERWISE RECOGNIZE OR GIVE EFFECT TO ANY PURPORTED TRANSFER OF SECURITIES THAT DOES NOT COMPLY WITH SUCH TRANSFER RESTRICTIONS."

(iv) Any legend required by the Voting Agreement, as applicable.

- (b) **Stop-Transfer Notices.** Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.
- (c) **Refusal to Transfer.** The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

- (d) **Required Notices.** Purchaser acknowledges that the Shares are issued and shall be held subject to all the provisions of this Section 6, the Certificate of Incorporation and the Bylaws of the Company and any amendments thereto, copies of which are on file at the principal office of the Company. A statement of all of the rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and/or series of shares of stock of the Company and upon the holders thereof may be obtained by any stockholder upon request and without charge, at the principal office of the Company, and the Company will furnish any stockholder, upon request and without charge, a copy of such statement. Purchaser acknowledges that the provisions of this Section 6 shall constitute the notices required by Sections 151(f) and 202(a) of the Delaware General Corporation Law and the Purchaser hereby expressly waives the requirement of Section 151(f) of the Delaware General Corporation Law that it receive the written notice provided for in Sections 151(f) and 202(a) of the Delaware General Corporation Law within a reasonable time after the issuance of the Shares.

20. **No Employment Rights.** Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a parent, subsidiary or affiliate of the Company, to terminate Purchaser's employment or consulting relationship, for any reason, with or without cause.

21. **Waiver of Statutory Information Rights.** Purchaser acknowledges and understands that, but for the waiver made herein, Purchaser would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights of Purchaser as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, Purchaser hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to the Inspection Rights of Purchaser in Purchaser's capacity as a stockholder and shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of Purchaser under any written agreement with the Company.

22. **Miscellaneous.**

- (a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of California, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts.
- (b) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.
- (c) **Amendments and Waivers.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.
- (d) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.
- (e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.
- (f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under Applicable Law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

- (g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.
- (h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.
- (i) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. Purchaser hereby consents to (i) conduct business electronically (ii) receive such documents and notices by such electronic delivery and (iii) sign documents electronically and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(j) **California Corporate Securities Law.** THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

The parties have executed this Exercise Agreement as of the date first set forth above.

THE COMPANY:

CONFLUENT, INC.

By: _____
(Signature)

Name: _____

Title: _____

PURCHASER:

(SIGNATURE)

I, _____, spouse of _____ (“Purchaser”), have read and hereby approve the foregoing Agreement. In consideration of the Company’s granting my spouse the right to purchase the Shares as set forth in the Agreement, I hereby agree to be bound irrevocably by the Agreement and further agree that any community property or other such interest that I may have in the Shares shall hereby be similarly bound by the Agreement. I hereby appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under the Agreement.

Spouse of Purchaser (if applicable)

EARLY EXERCISE NOTICE AND RESTRICTED STOCK PURCHASE AGREEMENT

This Agreement ("Agreement") is made as of _____ by and between Confluent, Inc., a Delaware corporation (the "Company"), and _____ ("Purchaser"). To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Company's 2014 Stock Plan (the "Plan") and the Option Agreement (as defined below).

1. **Exercise of Option.** Subject to the terms and conditions hereof, Purchaser hereby elects to exercise his or her option to purchase _____ Incentive Stock Option (ISO) shares and _____ Nonstatutory Stock Option (NSO) shares of the Common Stock (together, the "Shares") of the Company under and pursuant to the Plan, the Notice of Stock Option Grant and the Stock Option Agreement granted _____ (the "Option Agreement"). Of these Shares, Purchaser has elected to purchase _____ ISO shares and _____ NSO shares which have become vested as of the date hereof under the Vesting/Exercise Schedule set forth in the Notice of Stock Option Grant (together, the "Vested Shares") and _____ ISO shares and _____ NSO shares which have not yet vested under such Vesting/Exercise Schedule (together, the "Unvested Shares"). The purchase price for the Shares shall be USD \$_____ per Share for a total purchase price of USD \$_____. The term "Shares" refers to the purchased Shares and all securities received in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other property to which Purchaser is entitled by reason of Purchaser's ownership of the Shares.

2. **Time and Place of Exercise.** The purchase and sale of the Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution and delivery of this Agreement, the payment of the aggregate exercise price by any method listed in Section 4 of the Option Agreement, and the satisfaction of any applicable tax, withholding, required deductions or other payments, all in accordance with the provisions of Section 3(b) of the Option Agreement. The Company shall issue the Shares to Purchaser by entering such Shares in Purchaser's name as of such date in the books and records of the Company or, if applicable, a duly authorized transfer agent of the Company, against payment of the exercise price therefor by Purchaser. The Company will deliver to Purchaser a stock certificate or, in the case of uncertificated securities upon request, a notice of issuance, for the Shares as soon as practicable following such date.

3. **Limitations on Transfer.** Purchaser acknowledges and agrees that the Shares purchased under this Agreement are subject to (i) the transfer restrictions set forth in Section 12 of the Plan, (ii) the terms and conditions that apply to the Company's Common Stock, as set forth in the Company's Bylaws, as may be in effect at the time of any proposed transfer (the "Bylaw Restrictions"), and (iii) any other limitation or restriction on transfer created by Applicable Laws. In addition to the foregoing limitations on transfer, Purchaser shall not assign, encumber or dispose of any interest in the Shares while the Shares are subject to the Company's Repurchase Option (as defined below). After any Shares have been released from such Repurchase Option, Purchaser shall not assign, encumber or dispose of any interest in the Shares except to the extent permitted by, and in compliance with, Section 12 of the Plan, the Bylaw Restrictions, Applicable Laws, and the provisions below.

(a) **Repurchase Option.**

(i) In the event of the voluntary or involuntary termination of Purchaser's Continuous Service Status with the Company for any reason (including death or Disability), with or without Cause, the Company shall upon the date of such termination (the "Termination Date") have an irrevocable, exclusive option (the "Repurchase Option") for a period of 3 months from such date to repurchase all or any portion of the Unvested Shares (as defined below) held by Purchaser as of the Termination Date at the original purchase price per Share (adjusted for any stock splits, stock dividends and the like) specified in Section 2. As used herein, "Unvested Shares" means Shares that have not yet been released from the Repurchase Option.

(ii) Unless the Company notifies Purchaser within 3 months from the Termination Date that it does not intend to exercise its Repurchase Option with respect to some or all of the Unvested Shares, the Repurchase Option shall be deemed automatically exercised by the Company as of the end of such 3-month period following the Termination Date, provided that the Company may notify Purchaser that it is exercising its Repurchase Option as of a date prior to the end of such 3-month period. Unless Purchaser is otherwise notified by the Company pursuant to the preceding sentence that the Company does not intend to exercise its Repurchase Option as to some or all of the Unvested Shares to which it applies at the time of termination, execution of this Agreement by Purchaser constitutes written notice to Purchaser of the Company's intention to exercise its Repurchase Option with respect to all Unvested Shares to which such Repurchase Option applies. The Company, at its choice, may satisfy its payment obligation to Purchaser with respect to exercise of the Repurchase Option by either (A) delivering a check to Purchaser in the amount of the purchase price for the Unvested Shares being repurchased, or (B) in the event Purchaser is indebted to the Company, canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, or (C) by a combination of (A) and (B) so that the combined payment and cancellation of indebtedness equals such purchase price. In the event of any deemed automatic exercise of the Repurchase Option pursuant to this Section 4(a)(ii) in which Purchaser is indebted to the Company, such indebtedness equal to the purchase price of the Unvested Shares being repurchased shall be deemed automatically canceled as of the end of such 3-month period following the Termination Date unless the Company otherwise satisfies its payment obligations. As a result of any repurchase of Unvested Shares pursuant to this Section 3, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and shall have all rights and interest therein or related thereto, and the Company shall have the right to transfer to its own name the number of Unvested Shares being repurchased by the Company, without further action by Purchaser.

(iii) One hundred percent (100%) of the Shares shall initially be subject to the Repurchase Option. The Unvested Shares shall be released from the Repurchase Option in accordance with the Vesting/Exercise Schedule set forth in the Notice of Stock Option Grant until all Shares are released from the Repurchase Option; provided, however, that such scheduled releases from the Repurchase Option shall immediately cease as of the Termination Date. Fractional shares shall be rounded to the nearest whole share.

(b) **Transfer Restrictions; Right of First Refusal.** Before any Shares held by Purchaser or any transferee of Purchaser (either being sometimes referred to herein as the “Holder”) may be sold or otherwise transferred (including transfer by gift or operation of law), the Company shall first have the right to approve such sale or transfer, in full or in part, and shall then have the right to purchase all or any part of the Shares proposed to be sold or transferred, in each case, in its sole and absolute discretion (the “Right of First Refusal”). If the Holder would like to sell or transfer any Shares, the Holder must provide the Company or its assignee(s) with a Notice (as defined below) requesting approval to sell or transfer the Shares and offering the Company or its assignee(s) a Right of First Refusal on the same terms and conditions set forth in this Section 4(b). The Company may either (1) exercise its Right of First Refusal in full or in part and purchase such Shares pursuant to this Section 4(b), (2) decline to exercise its Right of First Refusal in full or in part and permit the sale or transfer of such Shares to the Proposed Transferee (as defined below) in full or in part, or (3) decline to exercise its Right of First Refusal in full or in part and decline the request to sell or transfer the Shares in full or in part.

(i) **Notice of Proposed Transfer.** The Holder of the Shares shall deliver to the Company a written notice (the “Notice”) stating: (A) the Holder’s intention to sell or otherwise transfer such Shares; (B) the name of each proposed purchaser or other transferee (“Proposed Transferee”); (C) the number of Shares to be sold or transferred to each Proposed Transferee; (D) the terms and conditions of each proposed sale or transfer, including (without limitation) the purchase price for such Shares (the “Purchase Price”); and (E) the Holder’s offer to the Company or its assignee(s) to purchase the Shares at the Purchase Price and upon the same terms (or terms that are no less favorable to the Company).

(ii) **Exercise of Right of First Refusal.** At any time within 30 days after receipt of the Notice, the Company and/or its assignee(s) shall deliver a written notice to the Holder indicating whether the Company and/or its assignee(s) elect to permit or reject the proposed sale or transfer, in full or in part, and/or elect to accept or decline the offer to purchase any or all of the Shares proposed to be sold or transferred to any one or more of the Proposed Transferees, at the Purchase Price, provided that if the Purchase Price consists of no legal consideration (as, for example, in the case of a transfer by gift), the purchase price will be the fair market value of the Shares as determined in good faith by the Company. If the Purchase Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Company in good faith.

(iii) **Payment.** Payment of the Purchase Price shall be made, at the election of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness, or by any combination thereof within 60 days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(iv) **Holder’s Right to Transfer.** If any of the Shares proposed in the Notice to be sold or transferred to a given Proposed Transferee are both (A) not purchased by the Company and/or its assignee(s) as provided in this Section 4(b) and (B) approved by the Company to be sold or transferred, then the Holder may sell or otherwise transfer any such Shares to the applicable Proposed Transferee at the Purchase Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice; provided that any such sale or other transfer is also effected in accordance with the Bylaw Restrictions, the transfer restrictions set forth in the Plan and any Applicable Laws and the Proposed Transferee agrees in writing that the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including this Section 4 and the waiver of statutory information rights in Section 11, shall continue to apply to the Shares in the hands of such Proposed Transferee. The Company, in consultation with its legal counsel, may require the Holder to provide an opinion of counsel evidencing compliance with Applicable Laws. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, or if the Holder proposes to change the price or other terms to make them more favorable to the Proposed Transferee, a new Notice shall be given to the Company, and the Company and/or its assignees shall again have the right to approve such transfer and be offered the Right of First Refusal.

(v) **Exception for Certain Family Transfers.** Anything to the contrary contained in this Section 4(b) notwithstanding, the transfer of any or all of the Shares during Holder's lifetime or on Holder's death by will or intestacy to Holder's Immediate Family or a trust for the benefit of Holder's Immediate Family shall be exempt from the provisions of this Section 4(b). "**Immediate Family**," as used herein shall mean lineal descendant or antecedent, spouse (or spouse's antecedents), father, mother, brother or sister (or their descendants), stepchild (or their antecedents or descendants), aunt or uncle (or their antecedents or descendants), brother-in-law or sister-in-law (or their antecedents or descendants) and shall include adoptive relationships. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including this Section 4 and Section 10, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 4, the Plan and the Bylaw Restrictions.

(c) **Company's Right to Purchase upon Involuntary Transfer.** In the event of any transfer by operation of law or other involuntary transfer (including death or divorce, but excluding a transfer to Immediate Family as set forth in Section 4(b)(v) above) of all or a portion of the Shares by the record holder thereof, the Company shall have an option to purchase any or all of the Shares transferred at the Fair Market Value of the Shares on the date of transfer (as determined by the Company in its sole discretion). Upon such a transfer, the Holder shall promptly notify the Secretary of the Company of such transfer. The right to purchase such Shares shall be provided to the Company for a period of 30 days following receipt by the Company of written notice from the Holder.

(d) **Assignment.** The right of the Company to purchase any part of the Shares may be assigned in whole or in part to any holder or holders of capital stock of the Company or other persons or organizations.

(e) **Restrictions Binding on Transferees.** All transferees of Shares or any interest therein will receive and hold such Shares or interest subject to the Plan, the Bylaw Restrictions, and the provisions of the Option Agreement and this Agreement, including, without limitation, Section 7 of the Option Agreement, Sections 3 and 10 of this Agreement and Section 12 of the Plan and, including, insofar as applicable, the Repurchase Option. In the event of any purchase by the Company hereunder where the Shares or interest are held by a transferee, the transferee shall be obligated, if requested by the Company, to transfer the Shares or interest to the Purchaser for consideration equal to the amount to be paid by the Company hereunder. In the event the Repurchase Option is deemed exercised by the Company pursuant to Section 4(a)(ii) hereof, the Company may deem any transferee to have transferred the Shares or interest to Purchaser prior to their purchase by the Company, and payment of the purchase price by the Company to such transferee shall be deemed to satisfy Purchaser's obligation to pay such transferee for such Shares or interest, and also to satisfy the Company's obligation to pay Purchaser for such Shares or interest. Any sale or transfer of the Shares shall be void unless the provisions of this Agreement are satisfied.

(f) **Termination of Rights.** The transfer restrictions set forth in Section 3(b) above and Section 12 of the Plan, the Right of First Refusal granted the Company by Section 4(b) above and the right to repurchase the Shares in the event of an involuntary transfer granted the Company by Section 4(c) above shall terminate upon (i) the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (ii) any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Exchange Act. Upon termination of such transfer restrictions, the Company will remove any stop-transfer notices referred to in Section 8(b) below and related to the restrictions in this Section 4 and a new stock certificate or, in the case of uncertificated securities, notice of issuance, for the Shares not repurchased shall be issued, on request, without the legend referred to in Section 8(a)(ii) below and delivered to Holder.

(g) **Lock-Up Agreement.** The lock-up provisions set forth in Section 7 of the Option Agreement shall apply to the Shares issued upon exercise of the Option hereunder and Purchaser reaffirms Purchaser's obligations set forth therein.

4. **Escrow of Unvested Shares.** For purposes of facilitating the enforcement of the provisions of Section 4(a) above, Purchaser agrees, immediately upon receipt of the stock certificate(s) or, in the case of uncertificated securities, notice of issuance, for the Shares subject to the Repurchase Option, to deliver any such stock certificate(s), as well as a Stock Power in the form attached to this Agreement as Attachment A executed by Purchaser and by Purchaser's spouse (if required for transfer), in blank, to the Secretary of the Company, or the Secretary's designee, to hold such Shares (and such stock certificate(s), if any) and Stock Power in escrow and to take all such actions and to effectuate all such transfers and/or releases as are required in accordance with the terms of this Agreement. Purchaser hereby acknowledges that the Secretary of the Company, or the Secretary's designee, is so appointed as the escrow holder with the foregoing authorities as a material inducement to make this Agreement and that said appointment is coupled with an interest and is accordingly irrevocable. Purchaser agrees that said escrow holder shall not be liable to any party hereof (or to any other party). The escrow holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may resign at any time. Purchaser agrees that if the Secretary of the Company, or the Secretary's designee, resigns as escrow holder for any or no reason, the Board shall have the power to appoint a successor to serve as escrow holder pursuant to the terms of this Agreement.

5. **Investment and Taxation Representations.** In connection with the purchase of the Shares, Purchaser represents to the Company the following:

(a) Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Purchaser is purchasing the Shares for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or under any applicable provision of state law. Purchaser does not have any present intention to transfer the Shares to any other person or entity.

(b) Purchaser understands that the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.

(c) Purchaser further acknowledges and understands that the securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the securities.

(d) Purchaser is familiar with the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of the securities (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Purchaser understands that the Company provides no assurances as to whether he or she will be able to resell any or all of the Shares pursuant to Rule 144, which rule requires, among other things, that the Company be subject to the reporting requirements of the Exchange Act, that resales of securities take place only after the holder of the Shares has held the Shares for certain specified time periods, and under certain circumstances, that resales of securities be limited in volume and take place only pursuant to brokered transactions. Notwithstanding this Section 6(d), Purchaser acknowledges and agrees to the restrictions set forth in Section 6(e) below.

(e) Purchaser further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

(f) Purchaser represents that Purchaser is not subject to any of the “Bad Actor” disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act. Purchaser also agrees to notify the Company if Purchaser becomes subject to such disqualifications after the date hereof.

(g) Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser’s purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. **Voting Provisions.** As a condition precedent to entering into this Agreement, at the request of the Company, Purchaser shall become a party to any voting agreement to which the Company is a party at the time of Purchaser’s execution and delivery of this Agreement, as such voting agreement may be thereafter amended from time to time (the “Voting Agreement”), by executing an adoption agreement or counterpart signature page agreeing to be bound by and subject to the terms of the Voting Agreement and to vote the Shares in the capacity of a “Common Holder” and a “Stockholder,” as such terms may be defined in the Voting Agreement.

7. **Restrictive Legends and Stop-Transfer Orders.**

(a) **Legends.** Any stock certificate or, in the case of uncertificated securities, any notice of issuance, for the Shares shall bear the following legends (as well as any legends required by the Company or applicable state and federal corporate and securities laws):

(i) “THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.”

(ii) “THE SECURITIES REFERENCED HEREIN MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH AND MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY AT NO CHARGE.”

(iii) “THE TRANSFER OF THE SECURITIES REFERENCED HEREIN IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS SET FORTH IN THE COMPANY’S STOCK PLAN, COPIES OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS. THE COMPANY SHALL NOT REGISTER OR OTHERWISE RECOGNIZE OR GIVE EFFECT TO ANY PURPORTED TRANSFER OF SECURITIES THAT DOES NOT COMPLY WITH SUCH TRANSFER RESTRICTIONS.”

(iv) Any legend required by the Voting Agreement, as applicable.

(b) **Stop-Transfer Notices.** Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) **Refusal to Transfer.** The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

(d) **Required Notices.** Purchaser acknowledges that the Shares are issued and shall be held subject to all the provisions of this Section 8, the Certificate of Incorporation and the Bylaws of the Company and any amendments thereto, copies of which are on file at the principal office of the Company. A statement of all of the rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and/or series of shares of stock of the Company and upon the holders thereof may be obtained by any stockholder upon request and without charge, at the principal office of the Company, and the Company will furnish any stockholder, upon request and without charge, a copy of such statement. Purchaser acknowledges that the provisions of this Section 8 shall constitute the notices required by Sections 151(f) and 202(a) of the Delaware General Corporation Law and the Purchaser hereby expressly waives the requirement of Section 151(f) of the Delaware General Corporation Law that it receive the written notice provided for in Sections 151(f) and 202(a) of the Delaware General Corporation Law within a reasonable time after the issuance of the Shares.

8. **No Employment Rights.** Nothing in this Agreement shall affect in any manner whatsoever any right with respect to continuation of an employment or consulting relationship with the Company (any parent, subsidiary or affiliate), nor shall it interfere in any way with such employee's or consultant's right or the Company's (parent's, subsidiary's or affiliate's) right to terminate his or her employment or consulting relationship at any time, with or without cause.

9. **Section 83(b) Election.**

(a) Purchaser understands that Section 83(a) of the Internal Revenue Code of 1986, as amended (the "Code"), taxes as ordinary income for a Nonstatutory Stock Option and as alternative minimum taxable income for an Incentive Stock Option the difference between the amount paid for the Shares and the Fair Market Value of the Shares as of the date any restrictions on the Shares lapse. In this context, "restriction" means the right of the Company to buy back the Shares pursuant to the Repurchase Option set forth in Section 4(a) of this Agreement. Purchaser understands that Purchaser may elect to be taxed at the time the Shares are purchased, rather than when and as the Repurchase Option expires, by filing an election under Section 83(b) (an "83(b) Election") of the Code with the Internal Revenue Service within 30 days from the date of purchase. Even if the Fair Market Value of the Shares at the time of the execution of this Agreement equals the amount paid for the Shares, the election must be made to avoid income and alternative minimum tax treatment under Section 83(a) in the future. Purchaser understands that failure to file such an election in a timely manner may result in adverse tax consequences for Purchaser. Purchaser further understands that an additional copy of such election form should be filed with his or her federal income tax return for the calendar year in which the date of this Agreement falls. Purchaser acknowledges that the foregoing is only a summary of the effect of United States federal income taxation with respect to purchase of the Shares hereunder, does not purport to be complete, and is not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. Purchaser further acknowledges that the Company has directed Purchaser to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which Purchaser may reside, and the tax consequences of Purchaser's death, and Purchaser has consulted, and has been fully advised by, Purchaser's own tax advisor regarding such tax laws and tax consequences or has knowingly chosen not to consult such a tax advisor. Purchaser further acknowledges that neither the Company nor any subsidiary or representative of the Company has made any warranty or representation to Purchaser with respect to the tax consequences of Purchaser's purchase of the Shares or of the making or failure to make an 83(b) Election. PURCHASER (AND NOT THE COMPANY, ITS AGENTS OR ANY OTHER PERSON) SHALL BE SOLELY RESPONSIBLE FOR APPROPRIATELY FILING SUCH FORM WITH THE IRS, EVEN IF PURCHASER REQUESTS THE COMPANY, ITS AGENTS OR ANY OTHER PERSON MAKE THIS FILING ON PURCHASER'S BEHALF.

(b) Purchaser agrees that he or she will execute and deliver to the Company with this executed Agreement a copy of the Acknowledgment and Statement of Decision Regarding Section 83(b) Election (the "Acknowledgment") attached hereto as Attachment B. Purchaser further agrees that he or she will execute and submit with the Acknowledgment a copy of the 83(b) Election attached hereto as Attachment C (for tax purposes in connection with the early exercise of an option) if Purchaser has indicated in the Acknowledgment his or her decision to make such an election.

10. **Waiver of Statutory Information Rights.** Purchaser acknowledges and understands that, but for the waiver made herein, Purchaser would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the Delaware General Corporation Law (any and all such rights, and any and all such other rights of Purchaser as may be provided for in Section 220, the "Inspection Rights"). In light of the foregoing, until the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, Purchaser hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to the Inspection Rights of Purchaser in Purchaser's capacity as a stockholder and shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of Purchaser under any written agreement with the Company.

11. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of California, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts.

(b) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

(d) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under Applicable Law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

(i) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. Purchaser hereby consents to (i) conduct business electronically (ii) receive such documents and notices by such electronic delivery and (iii) sign documents electronically and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(j) **California Corporate Securities Law.** THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

The parties have executed this Early Exercise Notice and Restricted Stock Purchase Agreement as of the date first set forth above.

THE COMPANY:

CONFLUENT, INC.

By: _____
(Signature)

Name: _____

Title: _____

PURCHASER:

_____ (SIGNATURE)

I, _____, spouse of _____ (“**Purchaser**”), have read and hereby approve the foregoing Agreement. In consideration of the Company’s granting my spouse the right to purchase the Shares as set forth in the Agreement, I hereby agree to be bound irrevocably by the Agreement and further agree that any community property or other such interest shall hereby be similarly bound by the Agreement. I hereby appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under the Agreement.

Spouse of Purchaser (if applicable)

ATTACHMENT A

STOCK POWER

FOR VALUE RECEIVED, the undersigned ("**Holder**"), hereby sells, assigns and transfers unto _____ ("**Transferee**") _____ shares of the Common Stock of Confluent, Inc., a Delaware corporation (the "**Company**"), standing in Holder's name on the Company's books as Certificate No. UCS-____ whether held in certificated or uncertificated form, and does hereby irrevocably constitute and appoint _____ to transfer said stock on the books of the Company with full power of substitution in the premises.

Date: _____

HOLDER:

(PRINT NAME)

(Signature)

Spouse of Holder (if applicable)

This Stock Power may only be used as authorized by the Early Exercise Notice and Restricted Stock Purchase Agreement between the Holder and the Company, dated _____ and the exhibits thereto.

Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its repurchase option set forth in the Agreement without requiring additional signatures on the part of Holder.

IF YOU WISH TO MAKE A SECTION 83(B) ELECTION, THE FILING OF SUCH ELECTION IS YOUR RESPONSIBILITY.

THE FORM FOR MAKING THIS SECTION 83(B) ELECTION IS ATTACHED TO THIS AGREEMENT.

YOU MUST FILE THIS FORM WITHIN 30 DAYS OF PURCHASING THE SHARES.

YOU (AND NOT THE COMPANY, ANY OF ITS AGENTS OR ANY OTHER PERSON) SHALL BE SOLELY RESPONSIBLE FOR FILING SUCH FORM WITH THE IRS, EVEN IF YOU REQUEST THE COMPANY, ITS AGENTS OR ANY OTHER PERSON TO MAKE THIS FILING ON YOUR BEHALF AND EVEN IF THE COMPANY, ANY OF ITS AGENTS OR ANY OTHER PERSON HAS PREVIOUSLY MADE THIS FILING ON YOUR BEHALF.

The election should be filed by mailing a signed election form by certified mail, return receipt requested to the IRS Service Center where you file your tax returns. See www.irs.gov.

ATTACHMENT B

**ACKNOWLEDGMENT AND STATEMENT OF DECISION
REGARDING SECTION 83(b) ELECTION**

The undersigned (the "Purchaser") has entered into a stock purchase agreement with Confluent, Inc., a Delaware corporation (the "Company"), pursuant to which the undersigned is purchasing _____ shares of Common Stock of the Company (the "Shares"). In connection with the purchase of the Shares, the undersigned hereby represents as follows:

1. The undersigned has carefully reviewed the stock purchase agreement pursuant to which the undersigned is purchasing the Shares.

2. The undersigned either [check and complete as applicable]:

(a) _____ has consulted, and has been fully advised by, the undersigned's own tax advisor, _____, whose business address is _____, regarding the federal, state and local tax consequences of purchasing the Shares, and particularly regarding the advisability of making elections pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") and pursuant to the corresponding provisions, if any, of applicable state law; or

(b) _____ has knowingly chosen not to consult such a tax advisor.

3. The undersigned hereby states that the undersigned has decided [check as applicable]:

(a) _____ to make an election pursuant to Section 83(b) of the Code, and is submitting to the Company, together with the undersigned's executed stock purchase agreement, an executed form entitled "Election Under Section 83(b) of the Internal Revenue Code of 1986;" or

(b) _____ not to make an election pursuant to Section 83(b) of the Code.

4. Neither the Company nor any subsidiary or representative of the Company has made any warranty or representation to the undersigned with respect to the tax consequences of the undersigned's purchase of the Shares or of the making or failure to make an election pursuant to Section 83(b) of the Code or the corresponding provisions, if any, of applicable state law.

Date: _____

PURCHASER:

(Signature)

Spouse of Purchaser (if applicable)

ATTACHMENT C

**ELECTION UNDER SECTION 83(B)
OF THE INTERNAL REVENUE CODE OF 1986**

The undersigned taxpayer (the "Purchaser") hereby elects, pursuant to Section 83(b) of the Internal Revenue Code, to include in taxpayer's gross income or alternative minimum taxable income, as applicable, for the current taxable year, the amount of any income that may be taxable to taxpayer in connection with taxpayer's receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

NAME OF TAXPAYER: _____

NAME OF SPOUSE: _____

ADDRESS: _____

IDENTIFICATION NO. OF TAXPAYER: _____

IDENTIFICATION NO. OF SPOUSE: _____

TAXABLE YEAR: _____

2. The property with respect to which the election is made is described as follows:

_____ shares of the Common Stock of Confluent, Inc., a Delaware corporation (the "Company").

3. The date on which the property was transferred is: _____

4. The property is subject to the following restrictions:

Repurchase option at cost in favor of the Company upon termination of taxpayer's employment or consulting relationship.

5. The fair market value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms will never lapse, of such property is: USD \$_____.

6. The amount (if any) paid for such property: USD \$_____.

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The transferee of such property is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner.

Date: _____

PURCHASER:

_____ (SIGNATURE)

Spouse of Purchaser (if applicable)

CONFLUENT, INC.

AMENDED AND RESTATED 2014 STOCK PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Confluent, Inc., a Delaware corporation (the “Company”), pursuant to the Confluent, Inc. Amended and Restated 2014 Stock Plan (the “Plan”), has granted to the Participant below a restricted stock unit award covering the number of units set forth below, each of which represents one (1) share of the Company’s Common Stock (the “RSUs”). The RSUs are subject to all of the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the “Grant Notice”) and the Restricted Stock Unit Agreement, including any additional terms and conditions for the Participant’s country set forth in the appendix attached thereto (the “Addendum”) and, collectively with the Restricted Stock Unit Agreement, the “RSU Agreement”) and the Plan, both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined in this Grant Notice but defined in the Plan or the RSU Agreement will have the same definitions as in the Plan or the RSU Agreement. In the event of any conflict between the terms of the Grant Notice and the Plan, the terms of the Plan will control.

Participant: _____

Date of Grant: _____

Total Number of RSUs: _____

Vesting Commencement Date: _____

Expiration Date: Tenth anniversary of the Date of Grant.

Vesting Schedule: _____

Issuance Schedule: For any RSUs that vest on or prior to the First Issuance Date

RSUs that vest on or prior to the First Issuance Date (as defined below) shall be settled in Shares on any date determined by the Company that qualifies as a First Issuance Date.

For purposes of clarity, the Company shall not be required to settle all vested RSUs on the same date, whether subject to this Grant Notice and RSU Agreement or another agreement (vested RSUs may be settled pursuant to this subsection on the same date or different dates, as long as the RSUs are settled on a date that qualifies as a First Issuance Date, as determined by the Company in its sole discretion).

For any RSUs that vest after the First Issuance Date

RSUs that vest after the First Issuance Date shall be settled in Shares on a date determined by the Company, in its sole and absolute discretion, that is on or before the date that is 4-months following the applicable vesting date or, if earlier, the later of (A) March 15th of the year following the year in which the vesting date occurs, and (B) the 15th day of the 3rd month of the Company’s tax year following the year in which the vesting date occurs.

For purposes of clarity, the Company shall not be required to settle all vested RSUs on the same date, whether subject to this Grant Notice and RSU Agreement or another agreement (vested RSUs may be settled pursuant to this subsection on the same date or different dates, as long as the RSUs are settled during the applicable periods set forth above, as determined by the Company in its sole discretion).

Further, notwithstanding anything stated herein, in the RSU Agreement, the Plan or any other agreement applicable to the RSUs, the Company shall have the discretion to settle the RSUs prior to the time set forth herein to the extent permitted by Treasury Regulation Section 1.409A-3(j)(4).

Definitions:

For purposes of this Grant Notice, the following definitions shall apply.

“First Issuance Date” means a date determined by the Company, in its sole and absolute discretion, provided that such date shall be on or after an IPO and shall be no later than the earlier of:

- . the date 7-months following the IPO, and
- . March 15th of the year following the year in which the IPO occurs or, if later, the 15th day of the 3rd month of the Company’s tax year following the year in which the IPO occurs.

“IPO” means the first sale of Shares to the general public in connection with an underwritten public offering pursuant to an effective registration statement filed under the Securities Act or pursuant to a direct listing that results in Shares being regularly traded on an established securities market.

By accepting this grant, Participant acknowledges and agrees that (i) Participant’s rights to any Shares underlying the RSUs will vest only as Participant provides services to the Company over time and only if certain other conditions are satisfied, and (ii) the grant of the RSUs is not in consideration for services Participant rendered to the Company prior to the Date of Grant.

By accepting this grant, Participant further acknowledges and agrees that (i) Participant has reviewed the Plan, this Grant Notice and the RSU Agreement in their entirety, (ii) Participant has had an opportunity to obtain the advice of counsel prior to accepting the RSUs, (iii) Participant fully understands all provisions of the Plan, this Grant Notice and the RSU Agreement, and (iv) Participant will accept as binding, conclusive and final all decisions or interpretations of the Company’s Board of Directors relating to the Plan, this Grant Notice and the RSU Agreement.

CONFLUENT, INC.

By: _____
(Signature)

Name: _____

Title: _____

PARTICIPANT:

(PRINT NAME)

(Signature)

Address:

AMENDED AND RESTATED 2014 STOCK PLAN

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to your Restricted Stock Unit Grant Notice (the “Grant Notice”) and this Restricted Stock Unit Agreement, including any additional terms and conditions for the Participant’s country set forth in the appendix attached thereto (the “Addendum” and, collectively with the Restricted Stock Unit Agreement, the “Agreement”), Confluent, Inc., a Delaware corporation (the “Company”), has granted you (the “Participant”) a restricted stock unit award covering the number of units set forth in the Grant Notice, each of which represents one (1) share of the Company’s Common Stock (the “RSUs”). Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Confluent, Inc. Amended and Restated 2014 Stock Plan (the “Plan”) will have the same definitions as in the Plan.

1. **No Stockholder Rights.** Unless and until such time as Shares are issued pursuant to the Agreement in settlement of vested RSUs, Participant shall not own or have any rights in or to the Shares allocated to the RSUs, including, without limitation, the right to receive dividends (or dividend equivalents) or to vote such Shares.

2. **No Transfer.** The Grant Notice, this Agreement, the RSUs and any interest therein shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.

3. **Termination.** If Participant’s Continuous Service Status terminates at any time for any reason, all RSUs for which vesting is no longer possible under the terms of the Grant Notice and this Agreement shall be forfeited to the Company upon such termination of Continuous Service Status, and all rights of Participant to such RSUs shall immediately terminate at such time.

(a) **Continuous Service Status.** For purposes of the Grant Notice and this Agreement, Participant’s Continuous Service Status will be considered terminated as of the date Participant no longer actively provides services as an Employee or Consultant regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant provides services or by the terms of Participant’s employment or service agreement, if any (the “Termination Date”). Subject to the terms of the Plan and Applicable Laws, the Company shall have the exclusive discretion to determine when Participant no longer actively provides services for purposes of the RSUs, the Grant Notice and this Agreement, including whether Participant actively provides services on any leave of absence.

(b) **Leave of Absence.** Continuous Service Status will not be extended by any contractual notice period or any period of “garden leave” or similar notice period mandated under employment laws in the jurisdiction where Participant provides services or by the terms of Participant’s employment or service agreement, if any, unless otherwise determined by the Company in its sole discretion. Continuous Service Status shall be deemed to continue for any purpose of the Grant Notice or this Agreement while the Participant is on a bona fide leave of absence, if (i) such leave was approved by the Company in writing, or (ii) the continued crediting of Continuous Service Status is expressly required by the terms of such leave, Company policy or by Applicable Laws (as determined by the Company). Continuous Service Status shall be deemed to terminate when such leave ends, unless the Participant immediately returns to active work.

4. **Responsibility for Taxes.**

(a) As a condition to the grant, vesting, and settlement of the RSUs, Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or required deductions or payments legally applicable to him or her (the "Tax-Related Items") related to the receipt, vesting, settlement or cancellation of the RSUs, the issuance or subsequent sale of the Shares allocated to the RSUs, the receipt of any dividends or participation in the Plan (the "Tax-Related Events") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Participant further acknowledges and agrees that Participant is solely responsible for filing all relevant documentation that may be required in relation to the RSUs or any Tax-Related Items (other than filings or documentation that pursuant to Applicable Laws are the specific obligation of the Company or any Parent, Subsidiary or Affiliate (collectively including the Company, the "Company Group," and each entity individually, a "Company Group" entity)) such as, but not limited to, personal income tax returns or reporting statements in relation to the Tax-Related Events or the holding of Shares issued upon settlement of the RSUs in a bank or brokerage account.

(b) Participant further acknowledges that the Company and/or the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the Tax-Related Events; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Participant also understands that Applicable Laws may require varying RSU or Share valuation methods for purposes of calculating Tax-Related Items, and the Company and/or the Employer assume no responsibility or liability in relation to any such valuation or for any calculation or reporting of income or Tax-Related Items that may be required of Participant under Applicable Laws.

(c) Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(d) Prior to a relevant taxable or tax withholding event, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their tax and/or withholding obligations with regard to all Tax-Related Items by (i) withholding from Participant's wages or other compensation paid to Participant by the Company and/or the Employer, (ii) withholding from proceeds of the sale of Shares acquired pursuant to the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company and/or the Employer (on Participant's behalf pursuant to this authorization) without further consent, (iii) withholding Shares that would otherwise be issued upon settlement of the RSUs, or (iv) such other method as determined by the Company and/or the Employer to be in compliance with Applicable Laws.

(e) Depending on the method of satisfying the tax and/or withholding obligations with regard to the Tax-Related Items, the Company and/or the Employer may withhold or account for Tax-Related Items by considering the applicable minimum statutory withholding amounts or other applicable tax or withholding rates, including the maximum applicable rates. If the Company/and or the Employer over-pays or over-withholds any amount, it will refund such amount to Participant in cash and Participant will have no entitlement to the Share equivalent.

(f) Finally, Participant agrees to pay to the Company and/or the Employer the amount of any Tax-Related Items that the Company and/or the Employer may be required to pay, withhold or account for as a result of a Tax-Related Event that cannot be satisfied by the means previously described in this Section 4. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

5. **Nature of Grant.** In accepting the RSUs, Participant acknowledges, understands and agrees to the following.

(a) The Plan is established voluntarily by the Company, is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan.

(b) The grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past.

(c) All decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company.

(d) Participant is voluntarily participating in the Plan.

(e) The RSUs and the Shares allocated to the RSUs are not intended to replace any pension rights or compensation and are outside the scope of Participant's employment or service contract, if any.

(f) The RSUs and the Shares allocated to the RSUs, and the income and value of the same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments.

(g) The future value of the Shares is unknown, indeterminable, and cannot be predicted with certainty.

(h) If the RSUs are settled and Participant receives some or all of the Shares allocated to the RSUs, the value of such Shares may increase or decrease in value.

(i) No claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of Participant's Continuous Service Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any) (such claim or entitlement, a "claim"), and in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably (i) agrees never to institute a claim against any Company Group entity, (ii) waives his or her ability, if any, to bring a claim, and (iii) releases all Company Group entities from any such claim. If, notwithstanding the foregoing, a claim is allowed by a court of competent jurisdiction, Participant, by participating in the Plan, irrevocably agrees (and shall be deemed irrevocably to have agreed) not to pursue such claim and to execute and/or accept any and all documents necessary to request dismissal or withdrawal of such claim.

(j) Unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company or any entitlement to have the RSUs or the benefits exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

(k) No Company Group entity shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar or the selection by a Company Group entity in its sole discretion of an applicable foreign exchange rate that may affect the value of the RSUs (or the calculation of income or Tax-Related Items thereunder) or of any amounts due to Participant pursuant to the settlement of the RSUs and issuance of Shares, any dividends on the Shares issued or the subsequent sale of the Shares issued.

6. Limitations on Transfer of Shares. In addition to any other limitation on transfer created by the Company's Bylaws, this Agreement, the Grant Notice and the Plan, Participant shall not assign, encumber or dispose of any interest in the Shares issued pursuant to this Agreement except in compliance with Applicable Laws.

7. Investment and Taxation Representations. In connection with the receipt of the RSUs and the Shares the issued upon settlement of the RSUs (if they have not been registered under the Securities Act), Participant represents to the Company the following.

(a) Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares issued pursuant to this Agreement. Participant is or will be acquiring the Shares for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or under any applicable provision of state law. Participant does not have any present intention to transfer the Shares issued pursuant to this Agreement to any other person or entity.

(b) Participant understands that the Shares issued pursuant to this Agreement have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Participant's investment intent as expressed herein.

(c) Participant further acknowledges and understands that the securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the securities.

(d) Participant is familiar with the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of the securities (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Participant understands that the Company provides no assurances as to whether he or she will be able to resell any or all of the Shares pursuant to Rule 144, which rule requires, among other things, that the Company be subject to the reporting requirements of the Exchange Act, that resales of securities take place only after the holder of the Shares has held the Shares for certain specified time periods, and under certain circumstances, that resales of securities be limited in volume and take place only pursuant to brokered transactions. Notwithstanding this Section 7(d), Participant acknowledges and agrees to the restrictions set forth in Section 7(e) below.

(e) Participant further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, the Shares must either be registered under the Securities Act, or comply with Regulation A or some other registration exemption to the Securities Act. Participant also understands that, notwithstanding the fact that Rule 144 is not an exclusive exemption, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering or pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offer or sale, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

(f) Participant understands that Participant may suffer adverse tax consequences as a result of the Tax-Related Events. Participant represents that Participant has consulted the tax consultants Participant deems advisable regarding the Tax-Related Items and the Tax-Related Events and is not relying on the Company for any tax advice.

8. **Section 409A.** All payments made and benefits provided under this Agreement are intended to be exempt from the requirements of Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4) so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to make the payments and benefits be so exempt. In no event will the Company reimburse Participant for any taxes or other penalties that may be imposed on Participant as a result of Section 409A and, by accepting the RSUs, Participant hereby agrees to indemnify the Company for any liability that arises as a result of Section 409A.

9. **Securities Law Compliance.** Notwithstanding anything to the contrary contained herein, Shares will not be issued pursuant to this Agreement unless the Shares are then registered under the Securities Act or the Company has determined that the issuance is exempt from the registration requirements of the Securities Act. The issuance of Shares pursuant to this Agreement also must comply with other Applicable Laws governing the RSUs and the Shares, and the Company is not obligated to, and will not have any liability for failure to, issue or deliver any Shares upon settlement of the RSUs unless such issuance or delivery would comply with the Applicable Laws. Whether an issuance or delivery of Shares is compliant with Applicable Laws will be determined by the Company in consultation with its legal counsel.

10. **Lock-Up Agreement.** In connection with an IPO and upon the request of the Company or the underwriters managing such offering of the Company's securities, Participant hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however or whenever acquired (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute and/or accept an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's IPO (as defined in the Grant Notice).

11. **Restrictive Legends and Stop-Transfer Orders**

(a) **Legends.** Any certificate representing the Shares issued pursuant to this Agreement shall bear such legends as are required by the Company or Applicable Laws, including the following:

(i) "THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

(ii) “THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE BYLAWS OF THE COMPANY. COPIES OF THE BYLAWS OF THE COMPANY MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.”

(iii) All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend:

(A) “THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.”

(b) **Stop-Transfer Notices.** Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) **Refusal to Transfer.** The Company shall not be required (i) to transfer on its books any Shares issued pursuant to this Agreement that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

12. **No Employment Rights.** Nothing contained in this Agreement, the Grant Notice or the Plan is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of the Company or any Group Member entity for any particular period of time. Nothing in this Agreement, the Grant Notice or the Plan shall affect in any manner whatsoever the right or power of the Company, or a Group Member entity to terminate Participant’s employment or consulting relationship, for any reason, with or without cause, subject to Applicable Laws.

13. **Waiver of Statutory Information Rights.** Participant acknowledges and understands that, but for the waiver made herein, upon delivery of any Shares issued to Participant pursuant to this Agreement, Participant would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company’s stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of Participant as may be provided for in Section 220, the “Inspection Rights”). In light of the foregoing, until an IPO, Participant hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver applies to the Inspection Rights of Participant in Participant’s capacity as a stockholder and shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of Participant under any written agreement with the Company.

14. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan; Participant's receipt, vesting or settlement of the RSUs or the Shares allocated thereto; or the sale of such Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan and the RSUs before accepting the RSUs or otherwise taking any action related to the RSUs or the Plan.

15. **Data Privacy.**

(a) *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Award materials by and among the Company Group entities for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

(b) *Participant understands that the Company Group entities may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards, or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

(c) *Participant understands that Data will be transferred to such stock plan service provider as may be selected by the Company, presently or in the future, which may be assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant authorizes the Company, the stock plan service provider as may be selected by the Company, and any other possible recipients which may assist the Company, presently or in the future, with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's participation in the Plan. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her Continuous Service Status will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant RSUs, Awards or any other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

16. **Miscellaneous.**

(a) **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit and consent to the sole and exclusive jurisdiction of the courts of California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

(b) **Addendum.** Notwithstanding any provisions in this Agreement, the RSUs shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

(c) **Entire Agreement; Enforcement of Rights.** This Agreement, together with any applicable Addendum, the Grant Notice and the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior or contemporaneous discussions between them. Except as contemplated by the Plan, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and executed and/or accepted by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

(d) **Severability.** If one or more provisions of this Agreement, the Grant Notice or the Plan are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, the Grant Notice and the Plan, (ii) the balance of the Agreement, the Grant Notice and the Plan shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement, the Grant Notice and the Plan shall be enforceable in accordance with its terms.

(e) **Language.** If Participant has received this Agreement, the Grant Notice or any other document related to the RSUs and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(f) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares allocated to the RSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign and/or accept any additional agreements or undertakings that may be necessary to accomplish the foregoing. Participant also acknowledges that the Applicable Laws of the country in which Participant is residing or working at the time of grant, vesting and settlement of the RSUs or the sale of Shares received pursuant to the RSUs (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Participant to additional procedural or regulatory requirements that Participant is and will be solely responsible for and must fulfill. Such requirements may be outlined in but are not limited to those provided in any Addendum. Notwithstanding any provision herein, the RSUs and Participant's participation in the Plan shall be subject to the special terms, conditions and disclosures set forth in any applicable Addendum.

(g) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email or fax, or 48 hours after being deposited in the U.S. mail or a comparable foreign mail service, as certified or registered mail with postage or shipping charges prepaid and addressed to the party to be notified at such party's most recent address, email or fax number set forth in the Company's books and records.

(h) **Counterparts.** This Agreement may be executed and/or accepted in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(i) **Successors and Assigns.** The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns. The rights and obligations of Participant under this Agreement may only be assigned with the prior written consent of the Company.

(j) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver to Participant by email or any other electronic means any documents or notices related to the RSUs, the Shares allocated to the RSUs, Participant's current or future participation in the Plan, securities of the Company or any Company Group entity or any other matter, including documents and/or notices required to be delivered to Participant by applicable securities law or any other Applicable Laws or the Company's Certificate of Incorporation or Bylaws. By accepting the RSUs, whether electronically or otherwise, Participant hereby consents to receive such documents and notices by such electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.

(k) **California Corporate Securities Law.** THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

CONFLUENT, INC.

AMENDED AND RESTATED 2014 STOCK PLAN

RESTRICTED STOCK UNIT AGREEMENT

Addendum Of Country Specific Provisions For Participants Outside The U.S.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan and/or in the Restricted Stock Unit Agreement.

This Appendix includes additional terms and conditions that govern the RSUs granted to Participant under the Plan if Participant resides and/or works in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant is currently working and/or residing, transfers to another country after the Date of Grant or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the additional terms and conditions contained herein apply to Participant.

AUSTRALIA

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

RSUs Payable Only in Shares. The grant of RSUs does not provide any right for Participant to receive a cash payment, and the RSUs are payable in Shares only.

Termination of Relationship. The following provision replaces Section 3(a) and 3(b) of the Agreement:

Continuous Service Status. For purposes of the Grant Notice and this Agreement, Participant's Continuous Service Status will be considered terminated of the earlier of (1) the date Participant is no longer actively providing services as an Employee or Consultant (no matter how the termination arises); and (2) the date Participant receives notice of termination of employment. In either case, the date shall exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. For greater certainty, Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. Continuous Service Status shall be deemed to continue for any purpose of the Grant Notice or this Agreement while the Participant is on a bona fide leave of absence, if (i) such leave was approved by the Company in writing, or (ii) the continued crediting of Continuous Service Status is expressly required by the terms of such leave, Company policy or by Applicable Laws (as determined by the Company). Continuous Service Status shall be deemed to terminate when such leave ends, unless the Participant immediately returns to active work. The Company shall have the exclusive discretion to determine when Participant is no longer providing services for purposes of the RSUs (including whether Participant is on a Company-approved leave of absence and subject to any Company policy or Applicable Laws regarding such leaves).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant's right to vest in the RSUs under the Plan, if any, will terminate effective as of the last day of Participant's minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant's statutory notice period, nor will Participant be entitled to any compensation for lost vesting.

The following provisions apply for residents of Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressément souhaité que la convention "Agreement", ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy. The following provision supplements Section 15 of this Agreement:

The Participant authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Participant further authorizes the Company, any Subsidiary of the Company or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Participant also authorizes the Company to record such information and to keep such information in Participant's file.

DENMARK

There are no country-specific terms and conditions.

FRANCE

English Language Consent. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

GERMANY

There are no country-specific terms and conditions.

HONG KONG

Securities Law Information. The offer of the RSUs and the Shares subject to the RSUs do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Subsidiaries or Affiliates participating in the Plan. Participant should be aware that the Plan, the Plan prospectus and the contents of this Agreement (i) have not been prepared in accordance with and are not

intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each Participant and may not be distributed to any other person. Participant is advised to exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, Participant should obtain independent professional advice.

Sale of Shares. The Participant agrees that, in the event that any portion of the RSUs become vested prior to the six-month anniversary of the Date of Grant, Participant will not sell any Shares acquired upon vesting of the RSUs or otherwise dispose of the Shares prior to the six-month anniversary of the Date of Grant.

INDIA

There are no country-specific terms and conditions.

INDONESIA

English Language Consent and Notification. A translation of the documents relating to this grant (i.e., the Plan and the Agreement) into Bahasa Indonesia can be provided to the Grantee upon request to: Equity Team, Confluent, Inc., 899 W. Evelyn Ave., Mountain View, CA 94041, U.S.A., or equity@confluent.io. By accepting the grant, Participant (i) confirms having read and understood the documents relating to this grant (i.e., the Plan and the Agreement) which were provided in the English language, (ii) accepts the terms of those documents accordingly, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Terjemahan dari dokumen-dokumen terkait dengan pemberian ini (yaitu, Program dan Perjanjian) ke Bahasa Indonesia dapat disediakan bagi Peserta berdasarkan permintaan kepada: Equity Team, Confluent, Inc., 899 W. Evelyn Ave., Mountain View, CA 94041, U.S.A., or equity@confluent.io. Dengan menerima RSUs, Peserta (i) mengkonfirmasi bahwa dirinya telah membaca dan mengerti dokumen-dokumen yang terkait dengan pemberian ini (yaitu, Program dan Perjanjian) yang disediakan dalam Bahasa Inggris, (ii) menerima syarat-syarat dari dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa, dan Lambang Negara, Serta Lagu Kebangsaan atau Peraturan Presiden pelaksanaannya (ketika diterbitkan).

ISRAEL

There are no country-specific terms and conditions.

ITALY

Plan Document Acknowledgment. In accepting the grant of the RSUs, Participant acknowledges that he or she has received a copy of the Plan and the Agreement, has reviewed the Plan and the Agreement, including this Addendum, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Addendum.

The Participant acknowledges that he or she has read and specifically and expressly approves the following Sections of the Agreement: Section 3 (Termination); Section 5 (Nature of Grant); Section 7 (Investment and Taxation Representations); Section 10 (Lock-Up Agreement); Section 15 (Data Privacy); Section 16(e) (Language); Section 16(f) (Imposition of Other Requirements); and Section 16(j) (Electronic Delivery).

JAPAN

There are no country-specific terms and conditions.

MALAYSIA

There are no country-specific terms and conditions.

NETHERLANDS

There are no country-specific terms and conditions.

SINGAPORE

Restrictions on Sale and Transferability. The Participant hereby agrees that any Shares acquired pursuant to the RSUs will not be offered for sale in Singapore prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemption under Part XIII Division I Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Securities Law Information. The RSU grant is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

SOUTH KOREA

There are no country-specific terms and conditions.

SPAIN

Nature of Grant. This provision supplements Section 5 of the Agreement:

In accepting the RSUs, Participant acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

The Participant understands and agrees that, as a condition of the grant of the RSUs, Participant’s Termination of Service for any reason (including for the reasons listed below) will automatically result in the forfeiture of any unvested RSUs as of the date of such termination without any payment to Participant.

In particular, Participant understands and agrees that the RSUs will be cancelled without entitlement to the Shares or to any amount as indemnification in the event of Participant’s Termination of Service by reason of, including, but not limited to: resignation, death, disability, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Subsidiary or Affiliate, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant RSUs under the Plan to individuals who may be employees of the Company or its Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or its Subsidiaries or Affiliate on an ongoing basis. Consequently, Participant understands that RSUs are granted on the assumption and condition that the RSUs and the Shares issued upon vesting shall not become a part of any employment contract (either with the Company or any Subsidiaries or Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the grant of the RSUs would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of RSUs shall be null and void.

SWEDEN

Responsibility for Taxes. The following provision supplements Section 4 of the Agreement:

Without limiting the Company's and any Subsidiary or Affiliate's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 4 of the Agreement, in accepting the RSUs, Participant authorizes the Company and/or any Subsidiary or Affiliate to withhold Shares or to sell Shares otherwise deliverable to Participant upon settlement to satisfy Tax-Related Items, regardless of whether the Company and/or any Subsidiary or Affiliate have an obligation to withhold such Tax-Related Items.

SWITZERLAND

Securities Law Information. Neither this document nor any other materials relating to the RSUs (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than a participant or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

UNITED ARAB EMIRATES

Securities Law Information. The offer of the RSUs is available only for select service providers of the Company and its Subsidiaries or Affiliates and is in the nature of providing incentives to service providers in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such service providers and must not be delivered to, or relied on, by any other person. Prospective purchasers of securities should conduct their own due diligence.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement, including the Plan and the Agreement, or any other incidental communication materials distributed in connection with the Award. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development has approved this statement nor taken steps to verify the information set out in it, and has no responsibility for it. Residents of the United Arab Emirates who have any questions regarding the contents of the Plan and the Agreement should obtain independent professional advice.

UNITED KINGDOM

Responsibility for Taxes. This provision supplements Section 5 of the Agreement:

Without limitation to Section 5 of the Agreement, Participant hereby agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or (if different) any Subsidiary or Affiliate or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also hereby agrees to indemnify and keep indemnified the Company and (if different) any Subsidiary or Affiliate against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she understands that Participant may not be able to indemnify the Company or the Subsidiary or Affiliate for the amount of Tax-Related Items not collected from or paid by him or her because the indemnification could be considered to be a loan. In this case, any income tax not collected or paid within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to Participant on which additional income tax and employee National Insurance contributions ("NICs") may be payable. Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company and/or any Subsidiary or Affiliate (as appropriate) the amount of employee NICs due on this additional benefit which the Company and/or any Subsidiary or Affiliate may recover from Participant by any of the means set forth in the Agreement.

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: APRIL 30, 2021

APPROVED BY THE STOCKHOLDERS: JUNE 15, 2021

1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve (plus any Returning Shares) will become available for issuance pursuant to Awards granted under this Plan; and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) Plan Purpose. The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Class A Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) Adoption Date; Effective Date. The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

2. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Class A Common Stock that may be issued pursuant to Awards will not exceed 114,817,392 shares, which number is the sum of: (i) 25,812,876 new shares, plus (ii) a number of shares of Class A Common Stock equal to the Prior Plan's Available Reserve, plus (iii) a number of shares of Class A Common Stock equal to the number of Returning Shares, if any, as such shares become available from time to time. In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Class A Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to 5% of the total number of shares of Capital Stock outstanding on December 31 of the preceding year; provided, however, that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Class A Common Stock.

(b) Aggregate Incentive Stock Option Limit. Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Class A Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is 344,452,176 shares.

(c) Share Reserve Operation.

(i) Limit Applies to Class A Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Class A Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Class A Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Class A Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, (2) the settlement of any portion of an Award in cash (i.e., the Participant receives cash rather than Class A Common Stock), (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award; or (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

(iii) Reversion of Previously Issued Shares of Class A Common Stock to Share Reserve. The following shares of Class A Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares; (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award; and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

3. ELIGIBILITY AND LIMITATIONS.

(a) Eligible Award Recipients. Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

(b) Specific Award Limitations.

(i) Limitations on Incentive Stock Option Recipients. Incentive Stock Options may be granted only to Employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(ii) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Class A Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders. A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

(c) Aggregate Incentive Stock Option Limit. The aggregate maximum number of shares of Class A Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any fiscal year that commences after the fiscal year in which the IPO Date occurs, including Awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed (i) \$750,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during such fiscal year, \$1,500,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes. For avoidance of doubt, compensation will count towards this limit for the fiscal year in which it was granted or earned, and not later when distributed, in the event it is deferred.

4. OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Class A Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a “cashless exercise” program developed under Regulation T as promulgated by the U.S. Federal Reserve Board that, prior to the issuance of the Class A Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Class A Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Class A Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Class A Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Class A Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Class A Common Stock equal to the number of Class A Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Class A Common Stock or cash (or any combination of Class A Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, the following restrictions on the transferability of Options and SARs will apply, provided that except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration and provided, further, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer:

(f) Restrictions on Transfer. An Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant’s request, including to a trust if the Participant is considered to be the sole beneficial owner of such trust (as determined under Section 671 of the Code and applicable U.S. state law) while such Option or SAR is held in such trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company.

(g) Domestic Relations Orders. Notwithstanding the foregoing, subject to the execution of transfer documentation in a format acceptable to the Company and subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to a domestic relations order.

(h) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the applicable Award Agreement or other written agreement between a Participant and the Company, and except as may be determined by the Board, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(i) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Class A Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(j) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in terminated Award, the shares of Class A Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(k) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Class A Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of shares of Class A Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Class A Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions); provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(l) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the U.S. Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Class A Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the U.S. Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(m) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Class A Common Stock or their equivalents.

5. AWARDS OTHER THAN OPTIONS AND STOCK APPRECIATION RIGHTS.

(a) Restricted Stock Awards and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Class A Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Class A Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Class A Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration. The Board shall determine the consideration, if any, payable by a Participant for Restricted Stock Awards and RSU Awards. Such consideration may include, but is not limited to, cash or check, bank draft or money order payable to the Company.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Class A Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Class A Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Class A Common Stock subject to a Restricted Stock Award or RSU Award, as determined by the Board and specified in the Award Agreement.

(vi) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Class A Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

(c) Other Awards. Other Awards may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Class A Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

6. ADJUSTMENTS UPON CHANGES IN CLASS A COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Class A Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a), (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(b), and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Class A Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Class A Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Class A Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Class A Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Awards in the event of a Corporate Transaction except as set forth in Section 11, and unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Class A Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume or continue the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the “**Current Participants**”), the vesting of such Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective time of the Corporate Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Corporate Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Corporate Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Corporate Transaction.

(iii) Awards Held by Persons other than Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Corporate Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant’s behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company’s capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class A Common Stock or the rights thereof or which are convertible into or exchangeable for Class A Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time: (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Class A Common Stock or other payment pursuant to an Award; (5) the number of shares of Class A Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Class A Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Class A Common Stock or the share price of the Class A Common Stock including any Corporate Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; provided however, that, a Participant's rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to, Employees, Directors or Consultants who are non-U.S. nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant non-U.S. jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution thereof of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Class A Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation.

(i) **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. Further, to the extent not prohibited by Applicable Law and the terms of the Company's corporate governance documents, the Board or Committee may, from time to time, delegate any of the administrative powers the Board or Committee is authorized to exercise to a subcommittee or to one or more officers of the Company or other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. References in this Plan to the Board will thereafter be to the Committee or any delegate of the Committee or Board, as appropriate. If administration of the Plan is delegated to a Committee or a delegate of the Committee, the Committee or such delegate will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee or such delegate, including the power to delegate to another Committee or a subcommittee of the Committee or another delegate any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee or delegate), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with Committee or subcommittee or delegate to which it has delegated its authority hereunder and may, at any time, revert in such Committee or delegate some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee or delegate and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) **Rule 16b-3 Compliance.** To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Delegation to an Officer. The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following: (i) designate Employees who are not Officers to be recipients of Awards, as well as designate the terms thereof, in each case to the extent permitted by Applicable Law, and (ii) determine the number of shares of Class A Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Class A Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

8. TAX WITHHOLDING

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agree to make adequate provision for (including), any sums required to satisfy any U.S. and/or non-U.S. federal, state, or local tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Class A Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. and/or non-U.S. federal, state, local tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Class A Common Stock from the shares of Class A Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the U.S. Federal Reserve Board, or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the "fair market value" of the Class A Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not to make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the U.S. Internal Revenue Service asserts that such exercise price or strike price is less than the "fair market value" of the Class A Common Stock on the date of grant as subsequently determined by the U.S. Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company's and/or its Affiliate's withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. MISCELLANEOUS.

(a) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by the Company on the open market or otherwise.

(b) Use of Proceeds from Sales of Class A Common Stock. Proceeds from the sale of shares of Class A Common Stock pursuant to Awards will constitute general funds of the Company.

(c) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(d) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Class A Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Class A Common Stock subject to such Award is reflected in the records of the Company.

(e) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the U.S. state or non-U.S. jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(f) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(g) Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(h) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Class A Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(i) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Class A Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(j) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(k) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(l) Effect on Other Employee Benefit Plans. The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(m) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Class A Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals by will be made in accordance with the requirements of Section 409A.

(n) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Class A Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(o) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware.

10. COVENANTS OF THE COMPANY.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed to be necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Class A Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Class A Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Class A Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Class A Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Class A Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. ADDITIONAL RULES FOR AWARDS SUBJECT TO SECTION 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant's Separation from Service, or, if earlier, the date of the Participant's death that occurs within such six-month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant's Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant's Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt Award in connection with a Corporate Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Corporate Transaction:

(1) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Corporate Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Corporate Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Corporate Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Corporate Transaction, then such Award shall automatically terminate and be forfeited upon the Corporate Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Corporate Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Corporate Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Corporate Transaction, and regardless of whether or not such Corporate Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Corporate Transaction.

(i) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Corporate Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Change in Control or Corporate Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Change in Control or Corporate Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. SEVERABILITY.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. TERMINATION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

14. DEFINITIONS.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) “**Acquiring Entity**” means the surviving or acquiring corporation (or its parent company) in connection with a Corporate Transaction.

(b) “**Adoption Date**” means the date the Plan is first approved by the Board or Compensation Committee.

(c) “**Affiliate**” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

(d) “**Applicable Law**” means shall mean the Code any applicable U.S. or non U.S. securities, federal, state, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) “**Award**” means any right to receive Class A Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) “**Board**” means the board of directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Class A Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) “**Capital Stock**” means the Class A Common Stock and the Class B Common Stock.

(j) “Cause” has the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant: (i) such Participant’s unauthorized use or disclosure of any proprietary information or trade secrets of the Company, (ii) such Participant’s commission or attempted commission of or participation in any act of fraud, theft or dishonesty by such Participant against the Company, (iii) breach of such Participant’s fiduciary, contractual, statutory or common law duties, (iv) any unlawful conduct, (v) such Participant’s gross negligence or willful misconduct, (vi) such Participant’s continuing failure to perform assigned duties consistent with such Participant’s position, (vii) such Participant’s failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, (viii) such Participant’s material violation of any of the Company’s policies or procedures, and/or (ix) such Participant’s violation of any agreement between such Participant and any prior employer which causes or could reasonably be expected to cause harm to the Company. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by the Company’s Chief Executive Officer or his delegate with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or an Affiliate, as the case may be, or such Participant for any other purpose.

(k) “Change in Control” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, also constitutes a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(l) “**Class A Common Stock**” means Class A common stock of the Company.

(m) “**Class B Common Stock**” means Class B common stock of the Company.

(n) “**Code**” means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(o) “**Committee**” means the Compensation Committee and any other committee of one or more Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(p) “**Company**” means Confluent, Inc., a Delaware corporation, and any successor corporation thereto.

(q) “**Compensation Committee**” means the Compensation Committee of the Board.

(r) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(s) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by Applicable Law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Company, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by Applicable Law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of “separation from service” as defined under U.S. Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(t) “**Corporate Transaction**” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Capital Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(u) “**Director**” means a member of the Board.

(v) “**determine**” or “**determined**” means as determined by the Board or the Committee (or its designee) in its sole discretion.

(w) “**Disability**” means, with respect to a Participant, such Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(x) “**Effective Date**” means the IPO Date, provided this Plan is approved by the Company’s stockholders prior to the IPO Date.

(y) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(z) “**Employer**” means the Company or the Affiliate that employs the Participant.

(aa) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(bb) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(cc) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(dd) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Board, the value of the Class A Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Class A Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Class A Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Class A Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Class A Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(ee) “**Governmental Body**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) U.S. or non-U.S. federal, state, local, municipal, or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(ff) “Grant Notice” means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Class A Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(gg) “Incentive Stock Option” means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(hh) “IPO Date” means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Class A Common Stock, pursuant to which the Class A Common Stock is priced for the initial public offering.

(ii) “Materially Impair” means any amendment to the terms of the Award that materially adversely affects the Participant’s rights under the Award. A Participant’s rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant’s rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant’s rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Laws.

(jj) “Non-Employee Director” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(kk) “Non-Exempt Award” means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company or (ii) the terms of any Non-Exempt Severance Agreement.

(ll) “Non-Exempt Director Award” means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(mm) “Non-Exempt Severance Arrangement” means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant’s termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) (“**Separation from Service**”) and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(nn) “**Nonstatutory Stock Option**” means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(oo) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(pp) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Class A Common Stock granted pursuant to the Plan.

(qq) “**Option Agreement**” means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(rr) “**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ss) “**Other Award**” means an award valued in whole or in part by reference to, or otherwise based on, Class A Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant) that is not an Incentive Stock Options, Nonstatutory Stock Option, SAR, Restricted Stock Award, RSU Award or Performance Award.

(tt) “**Other Award Agreement**” means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(uu) “**Own,**” “**Owned,**” “**Owner,**” “**Ownership**” means that a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(vv) “**Participant**” means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(ww) “**Performance Award**” means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Class A Common Stock.

(xx) “**Performance Criteria**” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: earnings (including earnings per share and net earnings); earnings before interest, taxes and depreciation; earnings before interest, taxes, depreciation and amortization; total stockholder return; return on equity or average stockholder’s equity; return on assets, investment, or capital employed; stock price; margin (including gross margin); income (before or after taxes); operating income; operating income after taxes; pre-tax profit; operating cash flow; sales or revenue targets; increases in revenue or product revenue; expenses and cost reduction goals; improvement in or attainment of working capital levels; economic value added (or an equivalent metric); market share; cash flow; cash flow per share; share price performance; debt reduction; customer satisfaction; stockholders’ equity; capital expenditures; debt levels; operating profit or net operating profit; workforce diversity; growth of net income or operating income; billings; financing; regulatory milestones; stockholder liquidity; corporate governance and compliance; intellectual property; personnel matters; progress of internal research; progress of partnered programs; partner satisfaction; budget management; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; investor relations, analysts and communication; implementation or completion of projects or processes; employee retention; number of users, including unique users; strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with respect to the marketing, distribution and sale of the Company’s products; supply chain achievements; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; individual performance goals; corporate development and planning goals; and other measures of performance selected by the Board or Committee.

(yy) “**Performance Goals**” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of Capital Stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company’s bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement or the written terms of a Performance Cash Award.

(zz) “**Performance Period**” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(aaa) “**Plan**” means this Confluent, Inc. 2021 Equity Incentive Plan.

(bbb) “**Plan Administrator**” means the person, persons, and/or third-party administrator designated by the Company to administer the day-to-day operations of the Plan and the Company’s other equity incentive programs.

(ccc) “**Post-Termination Exercise Period**” means the period following termination of a Participant’s Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(ddd) “**Prior Plan’s Available Reserve**” means the number of shares available for the grant of new awards under the Prior Plan as of immediately prior to the Effective Date.

(eee) “**Prior Plan**” means the Company’s 2014 Stock Plan.

(fff) “**Prospectus**” means the document containing the Plan information specified in Section 10(a) of the Securities Act.

(ggg) “**Restricted Stock Award**” or “**RSA**” means an Award of shares of Class A Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(hhh) “**Restricted Stock Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(iii) “**Returning Shares**” means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (A) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (B) are not issued because such stock award or any portion thereof is settled in cash; (C) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (D) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (E) are withheld or reacquired to satisfy a tax withholding obligation.

(jjj) “**RSU Award**” or “**RSU**” means an Award of restricted stock units representing the right to receive an issuance of shares of Class A Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(kkk) “**RSU Award Agreement**” means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(lll) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(mmm) “**Rule 405**” means Rule 405 promulgated under the Securities Act.

(nnn) “*Section 409A*” means Section 409A of the Code and the regulations and other guidance thereunder.

(ooo) “*Section 409A Change in Control*” means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company’s assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(ppp) “*Securities Act*” means the U.S. Securities Act of 1933, as amended.

(qqq) “*Share Reserve*” means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(rrr) “*Stock Appreciation Right*” or “*SAR*” means a right to receive the appreciation on Class A Common Stock that is granted pursuant to the terms and conditions of Section 4.

(sss) “*SAR Agreement*” means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(ttt) “*Subsidiary*” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(uuu) “*Ten Percent Stockholder*” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(vvv) “*Trading Policy*” means the Company’s policy permitting certain individuals to sell Company shares only during certain “window” periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(www) “*Unvested Non-Exempt Award*” means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Corporate Transaction.

(xxx) “*Vested Non-Exempt Award*” means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Corporate Transaction.

CONFLUENT, INC.
STOCK OPTION GRANT NOTICE
(2021 EQUITY INCENTIVE PLAN)

Confluent, Inc. (the “*Company*”), pursuant to its 2021 Equity Incentive Plan (the “*Plan*”), has granted to you (“*Optionholder*”) an option to purchase the number of shares of the Class A Common Stock set forth below (the “*Option*”). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan, the Global Stock Option Agreement, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Global Stock Option Agreement shall have the meanings set forth in the Plan or the Global Stock Option Agreement, as applicable.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares of Class A Common Stock Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Expiration Date:	

Type of Grant: [Incentive Stock Option] OR [Nonstatutory Stock Option]

Exercise and

Vesting Schedule:

Subject to the Optionholder’s Continuous Service through each applicable vesting date, the Option will vest as follows:
 [_____]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice (the “*Grant Notice*”), and the provisions of the Plan and the Global Stock Option Agreement and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Global Stock Option Agreement (together, the “*Option Agreement*”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Nonstatutory Stock Option.
- You consent to receive this Grant Notice, the Global Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Global Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Class A Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

CONFLUENT, INC.

OPTIONHOLDER:

By: _____
Signature

Title: _____

Date: _____

Signature

Date: _____

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN

GLOBAL STOCK OPTION AGREEMENT

As reflected by your Stock Option Grant Notice (“**Grant Notice**”), Confluent, Inc. (the “**Company**”) has granted you an option under its 2021 Equity Incentive Plan (the “**Plan**”) to purchase a number of shares of Class A Common Stock at the exercise price indicated in your Grant Notice (the “**Option**”). The terms of your Option are subject to the Plan, the Grant Notice and this Global Stock Option Agreement (collectively, the “**Option Agreement**”). Capitalized terms not explicitly defined in this Option Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan. Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. EXERCISE.

(a) You may generally exercise the vested portion of your Option for whole shares of Class A Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash, check, bank draft or money order;

(ii) subject to Company and/or Committee consent at the time of exercise, pursuant to a “cashless exercise” program as further described in the Plan if at the time of exercise the Class A Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Class A Common Stock as further described in the Plan; or

(iv) subject to Company and/or Committee consent at the time of exercise, if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement as further described in the Plan.

3. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

- (b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;
- (c) 12 months after the termination of your Continuous Service due to your Disability;
- (d) 18 months after your death if you die during your Continuous Service;
- (e) immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction,
- (f) the Expiration Date indicated in your Grant Notice; or
- (g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of (i) eighteen months after your death, (ii) upon any termination of the Option in connection with a Corporate Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in the Plan.

To obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your Option and ending on the day three months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an Incentive Stock Option if you exercise your Option more than three months after the date your employment terminates.

4. RESPONSIBILITY FOR TAXES.

(a) You acknowledge that, regardless of any action taken by the Company, or if different, the Affiliate employing you (the "**Employer**"), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, the subsequent sale of any shares of Class A Common Stock acquired pursuant to the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; (ii) allowing or requiring you to make a cash payment to cover the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Class A Common Stock acquired upon exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); (iv) withholding from the shares of Class A Common Stock to be issued to you upon exercise of this Option; or (v) any other method of withholding determined by the Company and permitted by applicable law; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the Plan Administrator shall establish the method of withholding from alternatives (i)-(iv) herein and, if the Plan Administrator does not exercise its discretion prior to the applicable withholding event, then you shall be entitled to elect the method of withholding from the alternatives above.

(c) The Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including minimum and maximum rates. In the event of over-withholding, you may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent amount in shares of Class A Common Stock) from the Company or the Employer; otherwise, you may be able to seek a refund from the local tax authorities. In the event of under-withholding, you may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or Employer. If the obligation for Tax-Related Items is satisfied by withholding in shares of Class A Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Class A Common Stock subject to the exercised Option, notwithstanding that a number of the shares of Class A Common Stock is held back solely for the purpose of paying the Tax-Related Items.

(d) You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Class A Common Stock, or the proceeds of the sale of shares of Class A Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

5. INCENTIVE STOCK OPTION DISPOSITION REQUIREMENT. If your Option is an Incentive Stock Option, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Class A Common Stock issued upon exercise of your Option that occurs within two years after the date of your Option grant or within one year after such shares of Class A Common Stock are transferred upon exercise of your Option.

6. NATURE OF GRANT. In accepting the Option, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future Options or other grants, if any, will be at the sole discretion of the Company;

- (d)** the Option grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;
- (e)** you are voluntarily participating in the Plan;
- (f)** the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (g)** the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (h)** the future value of the shares of Class A Common Stock underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
- (i)** if the underlying shares of Class A Common Stock do not increase in value, the Option will have no value;
- (j)** if you exercise the Option and acquire shares of Class A Common Stock, the value of such shares of Class A Common Stock may increase or decrease in value, even below the exercise price;
- (k)** for purposes of the Option, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) your right to vest in the Option under the Plan, if any, and (ii) the period (if any) during which you may exercise the Option after such termination of Continuous Service will terminate as of such date; and will not be extended by any statutory notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option (including whether you may still be considered to be providing services while on a leave of absence);
- (l)** no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);
- (m)** unless otherwise agreed with the Company in writing, the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or any Affiliate; and

(n) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Option or of any amounts due to you pursuant to the exercise of the Option or the subsequent sale of any shares of Class A Common Stock acquired upon exercise.

7. ELECTRONIC DELIVERY AND PARTICIPATION. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

8. TRANSFERABILITY. Except as otherwise provided in the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

9. CORPORATE TRANSACTION. Your Option is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

10. NO LIABILITY FOR TAXES. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to Tax-Related Items arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A for U.S. tax purposes, only if the exercise price is at least equal to the "fair market value" of the Class A Common Stock on the date of grant as determined by the U.S. Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the U.S. Internal Revenue Service asserts that such exercise is less than the "fair market value" of the Class A Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

11. SEVERABILITY. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Option Agreement shall not operate or be construed as a waiver of any other provision of this Option Agreement, or of any subsequent breach of this Option Agreement.

13. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Class A Common Stock.

14. DATA PRIVACY NOTICE AND CONSENT. As a condition of your participation in the Plan and the grant of the Option, you must agree to the terms and conditions of the Data Privacy Addendum attached at the end of this Agreement by signing the Data Privacy Addendum or otherwise indicating your acceptance in the manner determined by the Company.

15. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Option Agreement. If you have received this Option Agreement or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

16. GOVERNING LAW/VENUE. The Option Agreement and any controversy arising out of or relating to the Option Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceeding brought to enforce the Option Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts where this grant is made and/or to be performed.

17. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Class A Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Class A Common Stock, rights to shares of Class A Common Stock (*i.e.*, Options) or rights linked to the value of the shares of Class A Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

18. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Class A Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Class A Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

19. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the Option and on any shares of Class A Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

21. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * *

A-7

DATA PRIVACY ADDENDUM
TO
GLOBAL STOCK OPTION AGREEMENT

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN

Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or the Global Stock Option Agreement.

Data Privacy Notice and Consent.

(a) **Data Collection and Usage.** The Company and the Employer collect, process and use certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Options or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the purposes of implementing, administering and managing the plan. The legal basis, where required, for the processing of Data is your consent.

(b) **Stock Plan Administration Service Providers.** The Company transfers Data to E*TRADE Financial Corporate Services, Inc., E*TRADE Securities LLC and their affiliated companies (the “Designated Broker”), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the Designated Broker or other service providers, with such agreement being a condition to the ability to participate in the Plan. The Company and the Designated Broker are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company’s legal basis, where required, for the transfer of Data is your consent.

(c) **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond your period of employment with the Employer.

(d) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment or other service with the Employer will not be affected.

(e) **Data Subject Rights.** You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.

(f) Declaration of Consent. By signing this Data Privacy Addendum (whether in hard copy or electronically), you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Name: _____

Signature: _____

Date: _____

CONFLUENT, INC.
RSU AWARD GRANT NOTICE
(2021 EQUITY INCENTIVE PLAN)

Confluent, Inc. (the “**Company**”) has awarded to you (the “**Participant**”) the number of restricted stock units specified and on the terms set forth below in consideration of your services (the “**RSU Award**”). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company’s 2021 Equity Incentive Plan (the “**Plan**”) and the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached thereto, which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
 Date of Grant: _____
 Vesting Commencement Date: _____
 Number of Restricted Stock Units: _____

Vesting Schedule: [_____].
 Notwithstanding the foregoing, vesting shall terminate upon the Participant’s termination of Continuous Service.

Issuance Schedule: One share of Class A Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the “**Grant Notice**”), and the provisions of the Plan and the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached thereto (collectively, the “**Agreement**”), all of which are made a part of this document. Unless otherwise provided in the Plan or the Agreement, this Grant Notice may not be modified, amended or revised except in a writing signed by you and a duly authorized Officer of the Company.
- You have read and are familiar with the provisions of the Plan, the Agreement and the Prospectus. In the event of any conflict between the provisions in the Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Class A Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

CONFLUENT, INC.

By: _____
 Signature

Title: _____

Date: _____

PARTICIPANT:

_____ Signature

Date: _____

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN
GLOBAL RSU AWARD AGREEMENT

As reflected by your RSU Award Grant Notice (“**Grant Notice**”) Confluent, Inc. (the “**Company**”) has granted you a RSU Award under its 2021 Equity Incentive Plan (the “**Plan**”) for the number of restricted stock units as indicated in your Grant Notice (the “**RSU Award**”). The terms of your RSU Award are subject to the Plan, the Grant Notice and the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached thereto (collectively, the “**Agreement**”). Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Class A Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “**Restricted Stock Units**”). Notwithstanding the foregoing, the Company, in its sole discretion, may settle the RSU Award in cash if necessary or appropriate for legal or administrative reasons based on laws in your jurisdiction. Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend, or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Class A Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

4. RESPONSIBILITY FOR TAXES.

(a) You acknowledge that, regardless of any action taken by the Company or, if different, the Affiliate employing you (the “**Employer**”), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or foreign taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Items**”) is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including, but not limited to, the grant of the RSU Award, the vesting of the RSU Award, the issuance of shares in settlement of vesting of the RSU Award, the subsequent sale of any shares of Class A Common Stock acquired pursuant to the RSU Award and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; (ii) withholding from proceeds of the sale of shares of Class A Common Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); (iii) withholding from shares of Class A Common Stock to be issued to you upon settlement of the Restricted Stock Units; or (iv) any other method of withholding determined by the Company and permitted by Applicable Law; provided, however, that if you are a Section 16 Officer of the Company under the Exchange Act, then the Plan Administrator shall establish the method of withholding from alternatives (i)-(iv) herein and, if the Plan Administrator does not exercise its discretion prior to the applicable withholding event, then you shall be entitled to elect the method of withholding from the alternatives above.

(c) The Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including minimum and maximum rates. In the event of over-withholding you may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent amount in shares of Class A Common Stock) from the Company or the Employer; otherwise, you may be able to seek a refund from the local tax authorities. In the event of under-withholding, you may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding in shares of Class A Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Class A Common Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Class A Common Stock is held back solely for the purpose of paying the Tax-Related Items.

(d) You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Class A Common Stock, or the proceeds of the sale of shares of Class A Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

5. DATE OF ISSUANCE.

(a) To the extent your RSU Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively “**Section 409A**”), the Company will deliver to you a number of shares of the Company’s Class A Common Stock equal to the number of vested Restricted Stock Units subject to your RSU Award, including any additional Restricted Stock Units received pursuant to Section 3 above that relate to those vested Restricted Stock Units on the applicable vesting date(s), or if such date is not a business day, such delivery date shall instead fall on the next following business day (the “**Original Distribution Date**”).

(b) Notwithstanding the foregoing, in the event that you are prohibited from selling shares of the Company's Class A Common Stock in the public market on the scheduled delivery date by the Trading Policy or otherwise, and the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be delivered on such Original Distribution Date and shall instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Class A Common Stock in the open market, but in no event later than the fifteenth (15th) day of the third calendar month of the calendar year following the calendar year in which the shares covered by the RSU Award vest. Delivery of the shares pursuant to the provisions of Section 5 is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. However, if and to the extent the RSU Award is a Non-Exempt Award, the provisions of the Plan with respect to Non-Exempt Awards shall apply in lieu of the provisions in this Section 5.

6. NATURE OF GRANT. In accepting the RSU Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, other equity awards or benefits in lieu of equity awards, even if equity awards have been granted in the past;

(c) all decisions with respect to future RSU Awards or other grants, if any, will be at the sole discretion of the Company;

(d) the RSU Award grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;

(e) you are voluntarily participating in the Plan;

(f) the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the shares of Class A Common Stock underlying the RSU Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the RSU Award vests and you are issued shares of Class A Common Stock, the value of such shares of Class A Common Stock may increase or decrease in value following the date the shares are issued; even below the Fair Market Value on the date the RSU Award is granted to you;

(j) for purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; and the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);

(l) unless otherwise agreed with the Company in writing, the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a Director of the Company or member of the board of directors of any Affiliate; and

(m) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSU Award or the subsequent sale of any shares of Class A Common Stock acquired upon settlement of the RSU Award.

7. ELECTRONIC DELIVERY AND PARTICIPATION. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

8. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution

9. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

10. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

11. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

13. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Class A Common Stock.

14. DATA PRIVACY NOTICE AND CONSENT. As a condition of your participation in the Plan and the grant of the RSU Award, you must agree to the terms and conditions of the Data Privacy Addendum attached at the end of this Agreement by signing the Data Privacy Addendum or otherwise indicating your acceptance in the manner determined by the Company.

15. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

16. GOVERNING LAW/VENUE. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceeding brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts where this grant is made and/or to be performed.

17. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Class A Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Class A Common Stock, rights to shares of Class A Common Stock (*i.e.*, RSU Awards) or rights linked to the value of the shares of Class A Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's Insider Trading Policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

18. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Class A Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Class A Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

19. COUNTRY-SPECIFIC PROVISIONS. Notwithstanding any provisions of this Agreement to the contrary, the RSU Award shall be subject to any terms and conditions for your country of residence (and country of employment, if different) set forth in the appendix attached hereto (the “**Appendix**”). Further, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Global RSU Agreement.

20. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU Award and on any shares of Class A Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company’s Trading Policy.

22. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

**APPENDIX
TO THE
CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN
GLOBAL RSU AWARD AGREEMENT**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Grant Notice and/or the Global RSU Award Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSU Award granted to you under the Plan if you work or reside outside the U.S. and/or in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the date of grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the additional terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is provided solely for your convenience and is based on the securities, exchange control and other laws in effect in the respective countries as of May 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date by the time you vest in the RSU Award or sell any shares of Class A Common Stock acquired upon settlement of the vested Restricted Stock Units.

In addition, the information contained in this Appendix is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the applicable laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer to another country after the date of grant, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

AUSTRALIA

Terms and Conditions

Tax Conditions. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the RSU Award granted under the Plan, such that the RSU Award is intended to be subject to deferred taxation.

ASIC Relief. The terms of your participation in the Plan are being supplemented by this Appendix to ensure that the offer of shares of Class A Common Stock to you under the Plan will comply with the specific relief instrument [Number to be Inserted] issued by the Australian Securities and Investments Commission ("**ASIC**") on [Insert Date] (the "**Instrument**"). Please note that neither the Plan, this Addendum nor any accompanying document constitutes a prospectus for the purposes of the *Corporations Act 2001* (Cth).

You should not rely on any oral statements made in connection with your participation in the Plan. You should rely only upon the statements contained in the Plan and its accompanying documents when considering whether to participate in the Plan.

Securities Law Notification. Investment in shares of Class A Common Stock involves a degree of risk. Individuals who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of shares of Class A Common Stock under the Plan.

Any advice contained in this Appendix and the accompanying documents concerning the Plan does not take into account your objectives, financial situation and needs.

You should consider obtaining your own financial product advice from a person who is licensed by ASIC to give such advice.

The Company will provide you with a hard copy of the Company's prospectus filed with the SEC in connection with the initial public offering of the shares of Class A Common Stock on request.

Risk Factors for Australian Residents. You should consider the risk factors relevant to investment in securities generally and, in particular, to the acquisition and holding of shares of Class A Common Stock.

For example, the price at which shares of Class A Common Stock are quoted on the Nasdaq Stock Market may increase or decrease due to a number of factors. There is no guarantee that the price of the shares of Class A Common Stock will increase. Factors which may affect the price of the shares of Class A Common Stock include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

You should be aware that in addition to fluctuations in value caused by the performance of the Company, the value of any shares of Class A Common Stock you will purchase will be affected by the Australian/U.S. dollar exchange rate. Participating in the Plan involves risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation. Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a share of Class A Common Stock is entitled to one vote. Further, shares of Class A Common Stock are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Value of Shares of Common Stock. You may ascertain the current market value of an individual share of Common Stock as traded on the Nasdaq Stock Market under the symbol “CFLT” at: <https://www.nasdaq.com/market-activity/stocks/CFLT>. The AUD equivalent of that value can be obtained at: <https://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

Please note this will not be a prediction of the market value of an individual share of Class A Common Stock when such shares of Class A Common Stock are vested or issued under the Plan or of the applicable exchange rate on the vesting date or the date the shares of Class A Common Stock are issued.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Restricted Stock Units and any dividend equivalents will be settled in shares of Class A Common Stock only, not cash.

Termination. The following provision replaces Section 6(j) of the Global RSU Award Agreement in its entirety:

(j) In the event of the termination of your Continuous Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan will terminate effective as of the earlier of (i) the date upon which you cease to provide services, or (ii) the date upon which you receive a notice of termination and will not in either case be extended by any contractual notice period in which you do not actively provide services or any period of pay in lieu of such notice (including, but not limited to Canadian statutory law, regulatory law and/or common law) mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, your right to vest in the RSU Award, if any, will terminate effective upon the expiry of the minimum statutory notice period, but you will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the statutory notice period, nor will you be entitled to any compensation for lost vesting.

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Data Privacy Section of this Appendix:

You hereby authorize the Company or any Affiliate, including the Employer, and any agents or representatives to (i) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (ii) disclose and discuss any and all information relevant to the Plan with their advisors. You further authorize the Company or any Affiliate, including the Employer, and any agents or representatives to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell shares of Class A Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares of Class A Common Stock acquired under the Plan takes place outside Canada through the facilities of the exchange on which the shares of Class A Common Stock are then listed.

DENMARK

There are no country-specific provisions.

FRANCE

Terms and Conditions

Language Consent. By accepting the RSU Award, you confirm having read and understood the documents related to the RSU Award (the Plan and the Agreement) which were provided in the English language. You accept the terms of these documents accordingly.

Consentement à la Langue Utilisée. En acceptant l'attribution de droits sur des actions assujettis à restrictions (RSU Award, l' « Attribution de RSU »), vous confirmez avoir lu et compris les documents relatifs à l'attribution (le Plan et le Contrat d'Attribution de RSU) qui ont été remis en anglais. Vous acceptez les termes de ces documents en connaissance de cause.

GERMANY

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Form of Settlement. Notwithstanding any discretion contained in the Plan or anything to the contrary in the Agreement, the RSU Award is payable in shares of Class A Common Stock only.

Sale Restriction. Any shares of Class A Common Stock received at vesting are accepted as a personal investment. In the event that the RSU Award vests and shares of Class A Common Stock are issued to you (or your heirs) within six (6) months of the Date of Grant, you (or your heirs) agree that the shares of Class A Common Stock will not be offered to the public or otherwise disposed of prior to the six-month anniversary of the Date of Grant.

Notifications

Securities Law Information. *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You should exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Neither the grant of the RSU Award nor the issuance of shares of Class A Common Stock upon vesting of the RSU Award constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its subsidiaries. The Global RSU Award Agreement, including this Appendix, the Plan and other incidental communication materials distributed in connection with the RSU Award (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Company or its subsidiaries and may not be distributed to any other person.*

INDIA

There are no country-specific provisions.

INDONESIA

Terms and Conditions

Language Consent and Notification. A translation of the documents relating to this grant into Bahasa Indonesia can be provided to you upon request to equity@confluent.io. By accepting the grant of Restricted Stock Units, you (i) confirm having read and understood the documents relating to this grant (i.e., the Plan and the Agreement) which were provided in the English language, (ii) accept the terms of those documents accordingly, and (iii) agree not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Language Consent and Notification. *Terjemahan dari dokumen-dokumen terkait dengan pemberian ini ke Bahasa Indonesia dapat disediakan untuk anda berdasarkan permintaan kepada equity@confluent.io. Dengan menekan tombol “Saya menerima” atau dengan menandatangani dan mengembalikan dokumen ini yang memuat syarat dan ketentuan pemberian anda, (i) anda mengkonfirmasi bahwa anda telah membaca dan mengerti isi dokumen yang terkait dengan pemberian ini yang disediakan untuk anda dalam bahasa Inggris, (ii) Anda menerima syarat dari dokumen-dokumen tersebut, dan (iii) anda setuju bahwa anda tidak akan mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan atau Peraturan Presiden pelaksana (ketika diterbitkan). Notifications*

ISRAEL

Terms and Conditions

Immediate Sale Restriction. Notwithstanding anything to the contrary in the Plan or the Agreement, you may be required to immediately sell all shares of Class A Common Stock acquired upon vesting and settlement of the Restricted Stock Units. Pursuant to this requirement, you authorize the Company to instruct its designated broker to assist with the mandatory sale of the shares of Class A Common Stock (on your behalf pursuant to this authorization without further consent) and you expressly authorize such broker to complete the sale of such shares of Class A Common Stock. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the shares of Class A Common Stock at any particular price. Upon the sale of the shares of Class A Common Stock, the Company agrees to pay to you, the cash proceeds from the sale, less any brokerage fees or commissions and any Tax-Related Items.

ITALY

Terms and Conditions

Plan Document Acknowledgement. By accepting the Restricted Stock Units, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

You acknowledge that you have read and specifically and expressly approve the following sections of the Global RSU Award Agreement and this Appendix, including: (4) Responsibility for Taxes; (6) Nature of Grant; (10) No Liability for Taxes; (11) Severability; (12) Waiver; (14) Data Privacy Notice and Consent; (15) Language; and (16) Governing Law/Venue.

Notifications

JAPAN

There are no country-specific provisions.

MALAYSIA

Notifications

Director Notification Obligation. If you are a director of a Malaysian Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when you receive or dispose of an interest (e.g., an RSU Award under the Plan or shares of Class A Common Stock) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

NETHERLANDS

There are no country-specific provisions.

SINGAPORE

Notifications

Terms and Conditions

Restriction on Sale of Shares. The RSU Award is subject to section 257 of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) and you will not be able to make any subsequent offer to sell or sale of the shares of Class A Common Stock in Singapore, unless such offer or sale is made (1) after six (6) months from the Grant Date; (2) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA; or (3) pursuant to and in accordance with any the conditions of any applicable provision of the SFA.

Notifications

Securities Law Information. The offer of the Plan, the RSU Award, and the issuance of the underlying shares of Class A Common Stock at vesting are being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Obligation. You acknowledge that if you are a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., RSU Award or shares of Class A Common Stock) in the Company or any Affiliate within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Class A Common Stock are sold), or (iii) becoming a director, associate director or shadow director.

SOUTH KOREA

There are no country-specific provisions.

SPAIN

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global RSU Award Agreement:

In accepting the RSU Award, you consent to participate in the Plan and acknowledge that the Plan was made available to you and that you read a copy of the Plan and you consent to the terms and conditions of the Agreement and acknowledge having received and read a copy of the Agreement.

You understand and agree that, as a condition of the RSU Award grant, your termination of Continuous Service for any reason (including for the reasons listed below) will automatically result in the forfeiture of the RSU Award and loss of the shares of Class A Common Stock that may have been granted to you and that have not vested as of the date of your termination of Continuous Service. In particular, you understand and agree that the RSU Award, will be forfeited without entitlement to the underlying shares of Class A Common Stock or to any amount as indemnification in the event of your termination of Continuous Service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, adjudged or recognized to be with or without good cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Company, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant the Restricted Stock Units under the Plan to employees of the Company. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company on an ongoing basis. Consequently, you understand that the RSU Award, is granted on the assumption and condition that the RSU Award, and the shares of Class A Common Stock underlying the RSU Award, shall not become a part of any employment or service contract with the RSU Award, and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSU Award, would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any RSU Award, granted to you shall be null and void.

Notifications

Securities Law Information. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of this RSU Award. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

Terms and Conditions

Responsibility for Taxes. This provision supplements Section 4 of the Global RSU Award Agreement:

Without limiting the Company’s and the Employer’s authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 4 of the RSU Award Agreement, in accepting the RSU Award grant, you authorize the Company and/or the Employer to withhold shares of Class A Common Stock or to sell shares of Class A Common Stock otherwise deliverable to you upon vesting/settlement to satisfy Tax- Related Items, regardless of whether the Company and/or the Employer has an obligation to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Information. The RSU Award grant is not intended to be publicly offered in or from Switzerland. Because it is considered a private offering, it is not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the Restricted Stock Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“*FinSA*”); (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than a participant; or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 *FinSA* or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“*FINMA*”).

UNITED ARAB EMIRATES

Notifications

Securities Law Notification. The Agreement, the Plan, and other incidental communication materials related to the Restricted Stock Units are intended for distribution only to employees of the Company and its Affiliates for the purposes of an incentive scheme.

The Emirates Securities and Commodities Authority and the Central Bank have no responsibility for reviewing or verifying any documents in connection with this statement. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved this statement nor taken steps to verify the information set out in it, and have no responsibility for it.

The securities to which this statement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

If you do not understand the contents of the Agreement or the Plan, you should consult an authorized financial adviser.

UNITED KINGDOM

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Restricted Stock Units and dividend equivalents will be settled in shares of Class A Common Stock only, not cash.

Responsibility for Taxes. This provision supplements Section 4 of the Global RSU Award Agreement:

Without limitation to this Section 4, you hereby agree that you are liable for any Tax-Related Items related to your participation in the Plan and hereby covenant to pay such Tax-Related Items, as and when requested by the Company or (if different) the Employer or by Her Majesty's Revenue & Customs ("**HMRC**") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the indemnification provision in this Section 4, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you by within ninety (90) days of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any income tax due but not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Withholding Obligation occurs may constitute an additional benefit to you on which additional income tax and National Insurance Contributions ("**NICs**") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty's Revenue and Customs under the self-assessment regime and for paying the Company and/or the Employer the amount of any employee NICs due on this additional benefit, which the Company and/or the Employer may recover at any time thereafter by any of the means referred to in this Agreement.

National Insurance Contribution Joint Election. As a condition of your participation in the Plan and the vesting and settlement of the RSU Award or receipt of any benefit in connection with the Restricted Stock Units, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the RSU Award and any event giving rise to Tax-Related Items (the “**Employer’s Liability**”). Without prejudice to the foregoing, you agree to enter into the following joint election with the Company, the form of such joint election being formally approved by HMRC (the “**Joint Election**”), and any other required consent or elections. You further agree to enter into such other Joint Elections as may be required between you and any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of the Joint Election. You further agree that the Company and/or the Employer may collect the Employer’s Liability from you by any of the means set forth in Section 4 of the Agreement.

If you do not enter into the Joint Election prior to the vesting of the RSU Award or any other event giving rise to Tax-Related Items, you will not be entitled to vest in the Restricted Stock Units and receive shares of Class A Common Stock (or receive any other benefit in connection with the RSU Award) unless and until you enter into the Joint Election, and no shares of Class A Common Stock or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any other Affiliate.

IMPORTANT NOTE: By accepting the RSU Award (whether by signing the Notice of Grant or via the Company’s designated electronic acceptance procedures), you are agreeing to accept the Employer’s Liability and you are agreeing to be bound by the terms of the Joint Election. You should read the terms of the Joint Election carefully before accepting the Agreement and the Joint Election. If requested by the Company, you agree to execute the Joint Election in hard copy even if you have accepted the Agreement through the Company’s electronic acceptance procedure.

By entering into the Joint Election:

- ***You agree that any Employer’s Liability that may arise in connection with participation in the Plan will be transferred to you;***
- ***You authorize your employer to collect an amount sufficient to cover this liability by such methods set out in the Agreement and/or the Joint Election, including but not limited to, deductions from your salary or other payments due or the sale of sufficient shares acquired pursuant to the vesting of the RSU Award.***

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN
GLOBAL RSU AWARD AGREEMENT

(UK Employees)

Election To Transfer the Employer's National Insurance Liability to the Employee

1. Parties

This Election is between:

- (A) You, an individual who has gained access to this Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive restricted stock units ("**RSUs**") pursuant to the terms and conditions of the Confluent, Inc. 2021 Equity Incentive Plan, as amended from time to time (the "**Plan**"), and
- (B) Confluent, Inc. of 899 W Evelyn Ave, Mountain View, CA 94041 U.S.A. (the "**Company**"), which may grant RSUs under the Plan and is entering into this Form of Election on behalf of the Employer.

2. Purpose of Election

2.1 This Election relates to all RSUs granted to the Employee under the Plan up to the termination date of the Plan.

2.2 In this Election the following words and phrases have the following meanings:

"**ITEPA**" means the Income Tax (Earnings and Pensions) Act 2003.

"**Relevant Employment Income**" from RSUs on which employer's National Insurance Contributions becomes due is defined as:

- (i) an amount that counts as employment income of the earner under section 426 ITEPA (restricted securities: charge on certain post-acquisition events);
- (ii) an amount that counts as employment income of the earner under section 438 of ITEPA (convertible securities: charge on certain post-acquisition events); or
- (iii) any gain that is treated as remuneration derived from the earner's employment by virtue of section 4(4)(a) SSCBA, including without limitation:
 - (A) the acquisition of securities pursuant to the RSUs (within section 477(3)(a) of ITEPA);
 - (B) the assignment or release of the RSUs in return for consideration (within section 477(3)(b) of ITEPA);
 - (C) the receipt of a benefit in connection with the RSUs, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA).

“SSCBA” means the Social Security Contributions and Benefits Act 1992.

“Taxable Event” means any event giving rise to Relevant Employment Income.

2.3 This Election relates to the Employer’s secondary Class 1 National Insurance Contributions (the “**Employer’s Liability**”) which may arise in respect of Relevant Employment Income in respect of the RSUs pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

2.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

2.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2.6 Any reference to the Company and/or the Employer shall include that entity’s successors in title and assigns as permitted in accordance with the terms of the Plan and the Global RSU Award Agreement. This Election will have effect in respect of the RSUs and any awards which replace or replaced the RSUs following their grant in circumstances where section 483 of ITEPA applies.

3. Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer’s Liability that arises on any Relevant Employment Income is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer’s Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

4. Payment of the Employer’s Liability

4.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer’s Liability in respect of any Relevant Employment Income from the Employee at any time after the Taxable Event:

(i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Taxable Event; and/or

(ii) directly from the Employee by payment in cash or cleared funds; and/or

(iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the RSUs; and/or

(iv) by any other means specified in the Agreement.

4.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities in respect of the RSUs to the Employee until full payment of the Employer’s Liability is received.

4.3 The Company agrees to procure the remittance by the Employer of the Employer's Liability to HM Revenue and Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Taxable Event occurs (or within 17 days after the end of the UK tax month during which the Taxable Event occurs, if payments are made electronically).

5. Duration of Election

5.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

5.2 This Election will continue in effect until the earliest of the following:

- (i) the Employee and the Company agree in writing that it should cease to have effect;
- (ii) on the date the Company serves written notice on the Employee terminating its effect, by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the RSUs;
- (iii) on the date HM Revenue and Customs withdraws approval of this Election; and/or
- (iv) after due payment of the Employer's Liability in respect of the entirety of the RSUs to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by accepting the RSUs via the Company's acceptance procedures or by separately signing this Election (whether in hard copy or electronically), the Employee agrees to be bound by the terms of this Election.

Name: _____
Signature: _____
Date: _____

Acceptance by the Company

The Company acknowledges that, by arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signed for and on behalf of the Company

[insert name]
[insert title]

SCHEDULE OF EMPLOYER COMPANIES

SCHEDULE OF EMPLOYING COMPANIES

The following are the employing companies to which this Election may apply:

<u>Name:</u>	<u>Confluent Europe Ltd.</u>
Registered Office:	1 Bedford Street, London WC2E 9HG and Company
Company Registration Number:	9969949
Corporation Tax Reference:	[insert]
PAYE Reference:	[insert]

DATA PRIVACY ADDENDUM
TO
GLOBAL RSU AWARD AGREEMENT

CONFLUENT, INC.
2021 EQUITY INCENTIVE PLAN

Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or the Global RSU Award Agreement.

Data Privacy Notice and Consent.

(a) **Data Collection and Usage.** The Company and the Employer collect, process and use certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of the RSU Award or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is your consent.

(b) **Stock Plan Administration Service Providers.** The Company transfers Data to E*TRADE Financial Corporate Services, Inc., E*TRADE Securities LLC and their affiliated companies (the “Designated Broker”), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the Designated Broker or other service providers, with such agreement being a condition to the ability to participate in the Plan. The Company and the Designated Broker are based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company’s legal basis, where required, for the transfer of Data is your consent.

(c) **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond your period of employment with the Employer.

(d) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment or other service with the Employer will not be affected.

(e) **Data Subject Rights.** You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.

(f) Declaration of Consent. By signing this Data Privacy Addendum (whether in hard copy or electronically), you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Name: _____
Signature: _____
Date: _____

CONFLUENT, INC.

2021 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: APRIL 30, 2021

APPROVED BY THE STOCKHOLDERS: JUNE 15, 2021

IPO DATE: _____

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain Eligible Employees of designated Related Corporations may be given an opportunity to purchase shares of Class A Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan. In addition, the Plan permits the Company to grant a series of Purchase Rights to Eligible Employees that do not meet the requirements of an Employee Stock Purchase Plan.

(b) The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

(c) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board or the Committee will administer the Plan. References herein to the Board shall be deemed to refer to the Committee except where context dictates otherwise.

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time (A) which Related Corporations will be eligible to participate in the Plan as Designated 423 Corporations, (B) which Related Corporations or Affiliates will be eligible to participate in the Plan as Designated Non-423 Corporations, (C) which Designated Companies will participate in separate Offerings (to the extent that the Company makes separate Offerings).

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company, its Related Corporations and Affiliates, and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan with respect to the 423 Component.

(viii) To adopt such rules, procedures and sub-plans as are necessary or appropriate to permit or facilitate participation in the Plan by Employees who are non-U.S. nationals or employed or located outside the United States. Without limiting the generality of, and consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans regarding, without limitation, eligibility to participate in the Plan, the definition of eligible "earnings," handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements, and which, if applicable to a Designated Non-423 Corporation, do not have to comply with the requirements of Section 423 of the Code.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Further, to the extent not prohibited by Applicable Law, the Board or Committee may, from time to time, delegate any of the administrative powers the Board or Committee is authorized to exercise to a subcommittee or to one or more officers of the Company or other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. References in this Plan to the Board will thereafter be to the Committee or any delegate of the Committee or Board. The Board may retain the authority to concurrently administer the Plan with the Committee (or its delegate) and may, at any time, revert in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee (or a delegate of the Committee), the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF CLASS A COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Class A Common Stock that may be issued under the Plan will not exceed 5,162,575 shares of Class A Common Stock, plus the number of shares of Class A Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the year in which the IPO Date occurs and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) 1% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year, and (ii) 7,743,863 shares of Class A Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Class A Common Stock than would otherwise occur pursuant to the preceding sentence. For the avoidance of doubt, up to the maximum number of shares of Class A Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Class A Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Class A Common Stock under the Non-423 Component.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Class A Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company or a third party designated by the Company (each, a "*Company Designee*"): (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Class A Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Class A Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation or an Affiliate. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation or an Affiliate, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. In addition, the Board may (unless prohibited by Applicable Law) provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company, the Related Corporation or the Affiliate, as the case may be, is more than 20 hours per week and more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component. The Board may also exclude from participation in the Plan or any Offering Employees who are "highly compensated employees" (within the meaning of Section 423(b)(4)(D) of the Code) of the Company, a Related Corporation or an Affiliate, or a subset of such highly compensated employees.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "Offering Date" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee participating in the 423 Component may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds US \$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any Designated Company, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan.

(f) Notwithstanding anything in this Section 5 or the remaining provisions of the Plan to the contrary, in the case of an Offering under the Non-423 Component, the Board may provide that Consultants of a Designated Non-423 Corporation are eligible to participate in the Plan, provided the Consultants otherwise meet the eligibility criteria set forth in this Section 5, as determined by the Board (unless prohibited by Applicable Law) Any references in this Plan to Employees and Eligible Employees shall encompass references to Consultants, as appropriate, and any reference to employment shall encompass references to services as a Consultant, as appropriate.

(g) Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason (unless prohibited by Applicable Law).

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Class A Common Stock purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 15% of such Employee's earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Class A Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Class A Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Class A Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Class A Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Class A Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Class A Common Stock (rounded down to the nearest whole share) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Class A Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

- (i) an amount equal to 85% of the Fair Market Value of the shares of Class A Common Stock on the Offering Date; or
- (ii) an amount equal to 85% of the Fair Market Value of the shares of Class A Common Stock on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company or a Company Designee, within the time specified in the Offering, an enrollment form provided by the Company or a Company Designee. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Law requires that Contributions be held separately or deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If payroll deductions are not permissible or problematic under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through the payment by cash, check or wire transfer prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company or a Company Designee a withdrawal form provided by the Company or a Company Designee. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions, without interest, and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason or (ii) is otherwise no longer eligible to participate. The Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions, without interest.

(d) Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment who is terminated and rehired with no break in service (as determined by the Board) by or between the Company and a Designated Company or between Designated Companies will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component for the remainder of the Offering. The Board may establish different and additional rules governing transfers between separate Offerings within the 423 Component and between Offerings under the 423 Component and Offerings under the Non-423 Component.

(e) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(f) Unless otherwise specified in the Offering or as required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Class A Common Stock, up to the maximum number of shares of Class A Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Class A Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering as soon as practicable without interest (unless otherwise required by Applicable Law).

(c) No Purchase Rights may be exercised to any extent unless the shares of Class A Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. and non-U.S. federal, state and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Class A Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Class A Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 27 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Class A Common Stock are not registered and the Plan is not in material compliance with all Applicable Laws, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest (unless the payment of interest is otherwise required by Applicable Law).

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each U.S. and non-U.S. federal, state or other regulatory commission, agency or other Governmental Body having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Class A Common Stock thereunder unless the Company determines, in its sole discretion, that doing so is not practical or would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Class A Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Class A Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Class A Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Class A Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Class A Common Stock and/or Contributions, without interest (unless the payment of interest is otherwise required by Applicable Law), to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN CLASS A COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Class A Common Stock (rounded down to the nearest whole share) within ten business days (or such other period specified by the Board) prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Law.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to facilitate compliance with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code with respect to the 423 Component or with respect to other Applicable Laws. Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Class A Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code with respect to the 423 Component; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. TAX QUALIFICATION; TAX WITHHOLDING.

(a) Although the Company may endeavor to (i) qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company will be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants.

(b) Each Participant will make arrangements, satisfactory to the Company and any applicable Related Corporation or Affiliate, to enable the Company, the Related Corporation or the Affiliate to fulfill any withholding obligation for Tax-Related Items. Without limitation to the foregoing, in the Company's sole discretion and subject to Applicable Law, such withholding obligation may be satisfied in whole or in part by (i) withholding from the Participant's salary or any other cash payment due to the Participant from the Company, a Related Corporation or an Affiliate; (ii) withholding from the proceeds of the sale of shares of Class A Common Stock acquired under the Plan, either through a voluntary sale or a mandatory sale arranged by the Company; or (iii) any other method deemed acceptable by the Board. The Company shall not be required to issue any shares of Class A Common Stock under the Plan until such obligations are satisfied.

14. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

15. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Class A Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Class A Common Stock subject to Purchase Rights unless and until the Participant's shares of Class A Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent) and all tax withholding obligations have been satisfied.

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or amend a Participant's employment contract, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company, a Related Corporation or an Affiliate, or on the part of the Company, a Related Corporation or an Affiliate to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

16. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "**423 Component**" means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(b) "**Affiliate**" means any entity, other than a Related Corporation, whether now or subsequently established, which is at the time of determination, a "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(c) "**Applicable Law**" means shall mean the Code and any applicable U.S. and non-U.S. securities, federal, state, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the NASDAQ Stock Market or the Financial Industry Regulatory Authority).

(d) "**Board**" means the board of directors of the Company.

(e) "**Capital Stock**" means the Class A Common Stock and the Class B Common Stock.

(f) "**Capitalization Adjustment**" means any change that is made in, or other events that occur with respect to, the Class A Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) "**Class A Common Stock**" means the Class A common stock of the Company.

(h) "**Class B Common Stock**" means the Class B common stock of the Company.

(i) “**Code**” means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j) “**Committee**” means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(k) “**Company**” means Confluent, Inc., a Delaware corporation.

(l) “**Consultant**” means any person, including an advisor, who is (i) engaged by a Related Corporation or an Affiliate to render consulting or advisory services or to otherwise act as a service provider and is compensated for such services, or (ii) serving as a member of the board of directors of a Related Corporation or an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(m) “**Contributions**” means the payroll deductions, contributions made by Participants in case payroll deductions are not permissible or problematic under Applicable Law and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions or other contributions.

(n) “**Corporate Transaction**” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Capital Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(o) “**Designated 423 Corporation**” means any Related Corporation selected by the Board to participate in the 423 Component.

(p) “**Designated Company**” means any Designated Non-423 Corporation or Designated 423 Corporation, provided, however, that at any given time a Related Corporation participating in the 423 Component shall not be a Related Corporation participating in the Non-423 Component.

(q) “**Designated Non-423 Corporation**” means any Related Corporation or Affiliate selected by the Board to participate in the Non-423 Component.

(r) “**Director**” means a member of the Board.

(s) “**Eligible Employee**” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(t) “**Employee**” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation, or solely with respect to the Non-423 Component, an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(u) “**Employee Stock Purchase Plan**” means a plan that grants Purchase Rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(v) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(w) “**Fair Market Value**” means, as of any date, the value of the Class A Common Stock determined as follows:

(i) If the Class A Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Class A Common Stock will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Class A Common Stock) on the date of determination, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Class A Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Class A Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Laws and regulations and, to the extent applicable as determined in the sole discretion of the Board, in a manner that complies with Sections 409A of the Code

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Class A Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company’s initial public offering as specified in the final prospectus for that initial public offering.

(x) “**Governmental Body**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) U.S. or non-U.S. federal, state, local, municipal or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal, and for the avoidance of doubt, any tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the NASDAQ Stock Market and the Financial Industry Regulatory Authority).

(y) “**IPO Date**” means the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Class A Common Stock, pursuant to which the Class A Common Stock is priced for the initial public offering.

(z) “Non-423 Component” means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(aa) “**Offering**” means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the “**Offering Document**” approved by the Board for that Offering.

(bb) “**Offering Date**” means a date selected by the Board for an Offering to commence.

(cc) “**Officer**” means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(dd) “**Participant**” means an Eligible Employee who holds an outstanding Purchase Right.

(ee) “**Plan**” means this Confluent, Inc. 2021 Employee Stock Purchase Plan, as amended from time to time, including both the 423 Component and the Non-423 Component.

(ff) “**Purchase Date**” means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Class A Common Stock will be carried out in accordance with such Offering.

(gg) “**Purchase Period**” means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(hh) “**Purchase Right**” means an option to purchase shares of Class A Common Stock granted pursuant to the Plan.

(ii) “**Related Corporation**” means any “parent corporation” or “subsidiary corporation” of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(jj) “**Securities Act**” means the U.S. Securities Act of 1933, as amended.

(kk) “**Tax-Related Items**” means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of or in relation to a Participant’s participation in the Plan, including, but not limited to, the exercise of a Purchase Right and the receipt of shares of Class A Common Stock or the sale or other disposition of shares of Class A Common Stock acquired under the Plan.

(ll) “**Trading Day**” means any day on which the exchange(s) or market(s) on which shares of Class A Common Stock are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.



899 W. Evelyn Ave., Mountain View, CA 94041

May 27th, 2021

Edward (Jay) Kreps

Re: Confirmatory Offer Letter

Dear Edward (Jay),

You are currently employed by Confluent, Inc. (the "Company" or "Confluent") as Co-founder/Chief Executive Officer. This letter confirms the existing terms and conditions of your employment in that role.

1. **Position.** You are serving in a full-time capacity, reporting to Confluent Board of Directors, working remotely while our offices are closed and otherwise with a primary office location at the Company's Mountain View, California office. The Company may change your position, duties, and work location from time to time in its discretion.
2. **Cash Compensation and Benefits.**

Your salary will be paid at the rate of \$350,000 per year, which will be paid in accordance with the Company's normal payroll procedures and subject to applicable payroll withholdings and deductions.

As a full-time, regular employee of Confluent, you will be eligible for company benefits in accordance with the Company's applicable benefit plans and policies for similarly situated employees, subject to plan terms, generally applicable Company policies, and any applicable waiting periods.

The Company may change your compensation and benefits from time to time in its discretion.
3. **Equity.** You have previously been granted one or more equity awards by the Company, which shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices, and equity plans, except to the extent superseded by the Severance Plan (as defined below).
4. **The Company's Policies and CIIAA.** You will continue to be expected to abide by Company policies and procedures, as in effect from time to time. In addition, your signed Confidential Information and Invention Assignment Agreement ("CIIAA") with the Company will continue to remain in effect and binding upon you.

5. **At-Will Employment.** Your employment with the Company is for no specified period and constitutes at-will employment. Accordingly, you may terminate your employment with the Company at any time simply by notifying the Company, and the Company may terminate your employment at any time, with or without cause or advance notice.
6. **Severance.** You will be eligible for severance and change in control benefits under the terms and conditions of the Confluent, Inc. Executive Officer Change in Control/Severance Benefit Plan (the "Severance Plan").
7. **No Prior Conflicts and Duty of Loyalty.** You confirm that you are not subject to any consent decree, court or arbitral order or agreement with any former employer or third party that prohibits you from working for Confluent and that you are able to carry out your duties without breaching any legal restrictions imposed by a current or former employer or other third party to whom you have contractual obligations. You also agree that, during the term of your employment with the Company, you will not engage in any other employment, consulting or other business activity without the written consent of Confluent.

You acknowledge and agree that upon your execution of this letter agreement, you will no longer be eligible for, nor entitled to, any compensation or benefits (including without limitation, any severance or change in control benefits) under any prior employment terms, offer letter or employment agreement you may have entered into or discussed with the Company. This letter agreement, together with your CIIAA, equity agreements, the Severance Plan and other agreements referenced herein, forms the complete and exclusive agreement regarding the subject matter hereof. It supersedes any other representations, promises, or agreements, whether written or oral. Modifications or amendments to this letter agreement, other than those changes expressly reserved to the Company's discretion herein, must be made in a written agreement signed by you and an officer of the Company (other than you).

This letter agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. If any provision of this letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This letter agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this letter below to indicate your agreement with its terms.

Very truly yours,

CONFLUENT, INC.

By: /s/ Cheryl Dalrymple

Name: Cheryl Dalrymple

Title: Chief People Officer & Head of Corporate
Development

I have read and accept these terms of employment.

By: /s/ Edward (Jay) Kreps

Name: Edward (Jay) Kreps

Date: May 28, 2021



899 W. Evelyn Ave., Mountain View, CA 94041

June 14th, 2021

Steffan Tomlinson

Re: Confirmatory Offer Letter

Dear Steffan,

You are currently employed by Confluent, Inc. (the "Company" or "Confluent") as Chief Financial Officer. This letter confirms the existing terms and conditions of your employment in that role.

1. **Position.** You are serving in a full-time capacity, reporting to the Chief Executive Officer, working remotely while our offices are closed and otherwise with a primary office location at the Company's Mountain View, California office. The Company may change your position, duties, and work location from time to time in its discretion.

2. **Cash Compensation and Benefits.**

Your salary will be paid at the rate of \$400,000 per year, which will be paid in accordance with the Company's normal payroll procedures and subject to applicable payroll withholdings and deductions.

As a full-time, regular employee of Confluent, you will be eligible for company benefits in accordance with the Company's applicable benefit plans and policies for similarly situated employees, subject to plan terms, generally applicable Company policies, and any applicable waiting periods.

You will be eligible to earn an annual discretionary bonus in the target amount of \$250,000, less any applicable taxes and withholdings, under the terms and conditions of the Confluent, Inc. Cash Incentive Bonus Plan. The amount of this bonus will be determined in the sole discretion of the Company and may be based on your performance and/or the performance of the Company during the calendar year, as well as any other criteria the Company deems relevant.

The Company may change your compensation and benefits from time to time in its discretion.

3. **Equity.** You have previously been granted one or more equity awards by the Company, which shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices, and equity plans, except to the extent superseded by the Severance Plan (as defined below).

4. **The Company's Policies and CIIAA.** You will continue to be expected to abide by Company policies and procedures, as in effect from time to time. In addition, your signed Confidential Information and Invention Assignment Agreement ("CIIAA") with the Company will continue to remain in effect and binding upon you.
5. **At-Will Employment.** Your employment with the Company is for no specified period and constitutes at-will employment. Accordingly, you may terminate your employment with the Company at any time simply by notifying the Company, and the Company may terminate your employment at any time, with or without cause or advance notice.
6. **Severance.** You will be eligible for severance and change in control benefits under the terms and conditions of the Confluent, Inc. Executive Officer Change in Control/Severance Benefit Plan (the "Severance Plan").
7. **No Prior Conflicts and Duty of Loyalty.** You confirm that you are not subject to any consent decree, court or arbitral order or agreement with any former employer or third party that prohibits you from working for Confluent and that you are able to carry out your duties without breaching any legal restrictions imposed by a current or former employer or other third party to whom you have contractual obligations. You also agree that, during the term of your employment with the Company, you will not engage in any other employment, consulting or other business activity without the written consent of Confluent.

You acknowledge and agree that upon your execution of this letter agreement, you will no longer be eligible for, nor entitled to, any compensation or benefits (including without limitation, any severance or change in control benefits) under any prior employment terms, offer letter or employment agreement you may have entered into or discussed with the Company; provided, however, that notwithstanding the foregoing, if you had more favorable vesting acceleration provisions in a prior agreement with Confluent, the more favorable vesting provisions will continue to apply.

This letter agreement, together with your CIIAA, equity agreements, the Severance Plan and other agreements referenced herein, forms the complete and exclusive agreement regarding the subject matter hereof. It supersedes any other representations, promises, or agreements, whether written or oral. Modifications or amendments to this letter agreement, other than those changes expressly reserved to the Company's discretion herein, must be made in a written agreement signed by you and an officer of the Company (other than you).

This letter agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. If any provision of this letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This letter agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this letter below to indicate your agreement with its terms.

Very truly yours,

CONFLUENT, INC.

By: /s/ Cheryl Dalrymple

Name: Cheryl Dalrymple

Title: Chief People Officer & Head of Corporate
Development

I have read and accept these terms of employment.

By: /s/ Steffan Tomlinson

Name: Steffan Tomlinson

Date: June 14, 2021



899 W. Evelyn Ave., Mountain View, CA 94041

May 27th, 2021

Erica Schultz

Re: Confirmatory Offer Letter

Dear Erica,

You are currently employed by Confluent, Inc. (the "Company" or "Confluent") as President, Field Operations. This letter confirms the existing terms and conditions of your employment in that role.

1. **Position.** You are serving in a full-time capacity, reporting to the Chief Executive Officer, working remotely while our offices are closed and otherwise with a primary office location at the Company's Mountain View, California office. The Company may change your position, duties, and work location from time to time in its discretion.

2. **Cash Compensation and Benefits.**

Your salary will be paid at the rate of \$400,000 per year, which will be paid in accordance with the Company's normal payroll procedures and subject to applicable payroll withholdings and deductions.

As a full-time, regular employee of Confluent, you will be eligible for company benefits in accordance with the Company's applicable benefit plans and policies for similarly situated employees, subject to plan terms, generally applicable Company policies, and any applicable waiting periods.

You will be eligible to earn an annual discretionary bonus in the target amount of \$400,000, less any applicable taxes and withholdings, under the terms and conditions of the Confluent, Inc. Cash Incentive Bonus Plan. The amount of this bonus will be determined in the sole discretion of the Company and may be based on your performance and/or the performance of the Company during the calendar year, as well as any other criteria the Company deems relevant.

The Company may change your compensation and benefits from time to time in its discretion.

3. **Equity.** You have previously been granted one or more equity awards by the Company, which shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices, and equity plans, except to the extent superseded by the Severance Plan (as defined below).

4. **The Company's Policies and CIIAA.** You will continue to be expected to abide by Company policies and procedures, as in effect from time to time. In addition, your signed Confidential Information and Invention Assignment Agreement ("CIIAA") with the Company will continue to remain in effect and binding upon you.
5. **At-Will Employment.** Your employment with the Company is for no specified period and constitutes at-will employment. Accordingly, you may terminate your employment with the Company at any time simply by notifying the Company, and the Company may terminate your employment at any time, with or without cause or advance notice.
6. **Severance.** You will be eligible for severance and change in control benefits under the terms and conditions of the Confluent, Inc. Executive Officer Change in Control/Severance Benefit Plan (the "Severance Plan").
7. **No Prior Conflicts and Duty of Loyalty.** You confirm that you are not subject to any consent decree, court or arbitral order or agreement with any former employer or third party that prohibits you from working for Confluent and that you are able to carry out your duties without breaching any legal restrictions imposed by a current or former employer or other third party to whom you have contractual obligations. You also agree that, during the term of your employment with the Company, you will not engage in any other employment, consulting or other business activity without the written consent of Confluent.

You acknowledge and agree that upon your execution of this letter agreement, you will no longer be eligible for, nor entitled to, any compensation or benefits (including without limitation, any severance or change in control benefits) under any prior employment terms, offer letter or employment agreement you may have entered into or discussed with the Company. This letter agreement, together with your CIIAA, equity agreements, the Severance Plan and other agreements referenced herein, forms the complete and exclusive agreement regarding the subject matter hereof. It supersedes any other representations, promises, or agreements, whether written or oral. Modifications or amendments to this letter agreement, other than those changes expressly reserved to the Company's discretion herein, must be made in a written agreement signed by you and an officer of the Company (other than you).

This letter agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. If any provision of this letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This letter agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this letter below to indicate your agreement with its terms.

Very truly yours,

CONFLUENT, INC.

By: /s/ Cheryl Dalrymple

Name: Cheryl Dalrymple

Title: Chief People Officer & Head of Corporate
Development

I have read and accept these terms of employment.

By: /s/ Erica Schultz

Name: Erica Schultz

Date: May 28, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Confluent, Inc. of our report dated March 23, 2021 relating to the financial statements of Confluent, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Jose, California
June 16, 2021