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Confluent Momentum-at-a-Glance

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

~$50B Total Addressable Market¹

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q1’22 TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$437M / 66% YoY</td>
</tr>
<tr>
<td>Confluent Cloud Revenue</td>
<td>$119M / 205% YoY</td>
</tr>
<tr>
<td>Dollar-Based Net Retention Rate</td>
<td>&gt;130%</td>
</tr>
<tr>
<td>Total Customers</td>
<td>~4,120</td>
</tr>
<tr>
<td>Customers with ≥ $100K in ARR</td>
<td>791</td>
</tr>
</tbody>
</table>

Note: Financials and metrics other than TAM data are as of or for stated period ended March 31, 2022; revenue based on trailing twelve months as of March 31, 2022.


See Definitions page for "Dollar-Based Net Retention Rate", "Total Customers," and "Customers with $100,000 or greater in ARR" definitions.
Confluent is on a mission to set data in motion
The digital realm is as important as the physical world in how business is transacted.
Businesses are Becoming Software
Today, Software Is the Business

**OLD WAY**
- Slow
- Batch processing
- Siloed

**NEW WAY**
- Fast
- Real-time stream processing
- Connected
Rich front-end customer experiences
Real-time back-end operations
New use cases need new capabilities

This requires **total connectivity** and **instant reaction, all the time, in real-time**
The Foundational Assumption of Every Database: Data at Rest

Simple, static real-time queries

Slow, daily batch processing

Data at Rest
Databases Bring Point-in-Time Queries to Stored Data; This Leads to a Giant Mess in Data Architecture
Data in motion:
Ubiquitous real-time data and continuous real-time processing
Originally created by the founders of Confluent while at LinkedIn

>70% of the F500 estimated to be using Apache Kafka

>60,000 Kafka meetup members

>200 global meetup groups
A New Paradigm is Required for Data in Motion: Continuously Processing Evolving Streams of Data in Real-time

Real-Time Stream Processing

Real-time Data

A Sale

A Shipment

A Customer Interaction

A Trade

Rich Front-End Customer Experiences

Real-Time Backend Operations

QUERY
Giant Mess in Data Architecture
From Giant Mess to Central Nervous System
# The New Data Infrastructure Category

<table>
<thead>
<tr>
<th>Collaboration</th>
<th>Applications</th>
<th>IT Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cisco</td>
<td>Oracle</td>
<td>BMC</td>
</tr>
<tr>
<td>Microsoft</td>
<td>SAP</td>
<td>HP</td>
</tr>
<tr>
<td>Zoom</td>
<td>Salesforce</td>
<td>ServiceNow</td>
</tr>
<tr>
<td>Slack</td>
<td>Workday</td>
<td>Datadog</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CA</td>
</tr>
</tbody>
</table>

## Data Infrastructure

### Data in Motion

- Confluent

### Data Analytics & Warehousing / OLAP

- Snowflake
- Teradata
- Oracle
- Databricks

### Databases / DBaaS / OLTP

- MongoDB
- Redis
- Oracle
- Cassandra

### Infrastructure

- IBM
- Pivotal
- VMware
- Google
- Microsoft
- AWS
Confluent is Becoming the Central Nervous System of the Modern Technology Stack
# Use Cases Across All Industries

<table>
<thead>
<tr>
<th>Retail</th>
<th>Inventory Management</th>
<th>Personalized Promotions</th>
<th>Product Development &amp; Introduction</th>
<th>Sentiment Analysis</th>
<th>Streaming Enterprise Messaging</th>
<th>Systems of Scale for High Traffic Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Connected Health Records</td>
<td>Data Confidentiality &amp; Accessibility</td>
<td>Dynamic Staff Allocation Optimization</td>
<td>Integrated Treatment</td>
<td>Proactive Patient Care</td>
<td>Real-Time Monitoring</td>
</tr>
<tr>
<td>Common in all Industries</td>
<td>Data Pipelines</td>
<td>Hybrid Cloud Integration</td>
<td>Microservices</td>
<td>Security and Fraud</td>
<td>Customer 360</td>
<td>Streaming ETL</td>
</tr>
</tbody>
</table>
Customer Success with Confluent

- BMW GROUP
  Optimizing production logistics through data in motion
  LEARN MORE

- BOSCH
  Streaming IoT data to launch new products
  LEARN MORE

- Expedia
  Transforming customer interactions with data in motion
  LEARN MORE

- Humana
  Delivering real-time data at the point of care
  LEARN MORE

- KeyBank
  Democratizing data to launch new digital first banking apps
  LEARN MORE

Meet More Confluent Customers: confluent.io/customers
Customer Expansion Journey Case Studies

ARR $ in millions

Global Human Resources Solution Company
- Rapid global adoption driving elevated customer experiences and seamless internal engineering initiatives
- Q3'20: $0.1, Q4'20: $1.4, Q2'21: $1.9, Q4'21: $4.1
- Expansion multiple: 46x

Payment Card Provider
- Secured the ability to continue doing business throughout the globe unlocked by Confluent with use cases including GDPR and mandate processing
- Q4'17: $0.2, Q4'19: $1.0, Q4'20: $1.5, Q4'21: $3.4
- Expansion multiple: 23x

Global Financial Institution
- Increased adoption of Confluent with new use cases in next generation payments processing, fraud detection, and card services
- Q4'17: $0.5, Q4'18: $2.8, Q4'20: $6.9, Q4'21: $7.4
- Expansion multiple: 14x

Health Benefits Provider
- Accelerated claims approval and processing, member digital experience, and internal systems aggregation
- Q4'18: $0.3, Q4'19: $0.5, Q4'20: $1.3, Q4'21: $2.3
- Expansion multiple: 8x

Note: The expansion multiple is calculated based on the land ARR and the Q4'21 ending ARR, using actual unrounded numbers. The customer examples shown on this slide are illustrative only and may not be representative of growth of other customers within the same vertical(s).
## Proven Success Across Industries

<table>
<thead>
<tr>
<th>Financial Services</th>
<th>Technology</th>
<th>Communications &amp; Media</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citi, ING, SGX</td>
<td>eBay, Q2, PayPal, Care.com, judo, bank</td>
<td>Telefónica, Unity, ticketmaster, Netflix</td>
<td>BAADER, BOSCH</td>
</tr>
<tr>
<td>KeyBank, Nationwide Building Society</td>
<td>optimove, instacart, Viewpoint, homepoint</td>
<td>Ticketmaster, Netflix</td>
<td>ENGEL, Amway</td>
</tr>
<tr>
<td>AFFIN HWWANG CAPITAL Asset Management</td>
<td>snagajob, Robinhood</td>
<td>8x8, TiVo</td>
<td>RODAN+FIELDS</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td></td>
<td>sky</td>
<td></td>
</tr>
<tr>
<td>Goldman Sachs, RBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>btpi, PNC, Wealthsimple</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer &amp; Retail</th>
<th>Automotive &amp; Transportation</th>
<th>Healthcare</th>
<th>Insurance</th>
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</thead>
<tbody>
<tr>
<td>Walmart, MIGROS, nuuly, ao.com</td>
<td>Advance Auto Parts, GTÜ, Lufthansa</td>
<td>alight, BHG</td>
<td>Humana, Vitality</td>
</tr>
<tr>
<td>Boden, Sainsbury’s, sOliver</td>
<td>BMW GROUP, DriveTime</td>
<td>Recursion</td>
<td></td>
</tr>
<tr>
<td>Shipt, Dick’s, PIC NIC, Domino’s</td>
<td>DriveCentric</td>
<td>surescripts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Using Confluent Everywhere

Confluent Cloud
Apache Kafka Re-engineered for the Cloud
Available on the leading public clouds

Confluent Platform
The Enterprise Distribution of Apache Kafka
Deploy on any platform, on-prem or cloud

Both: Subscription option available where price scales with usage
**Why Confluent Wins**

**Product Differentiation**

**Cloud-native:** Massive scale & agility without the operational overhead

**Complete:** 120+ connectors, stream processing, built-in security, and more

**Everywhere:** Work with real-time data streams in the cloud, across clouds, or on-premises

---

**Customer Growth Go-To-Market Model**

**Product Led:** Product-led growth capabilities at early and all stages of the data in motion journey

**Consumption Oriented:** Easy start with self-service pay-as-you-go, and seamless and fast expansion

**Purpose Built for Data in Motion Journey:**
Deep expertise and best-in-class product capabilities for each phase of the journey
Our Product Advantage

Open Source

Open Source Apache Kafka

Confluent Server

Multi-cloud SaaS & Private Cloud

Connectivity
Stream Processing
Enterprise Security & Governance
...100s more features

A Complete Data-in-Motion Platform

Kafka completely re-architected to be Cloud-native

Fully managed service and software, available Everywhere
Uniform motion to drive customer success & utilization, from adoption to expansion across every level of the customer journey

- Low friction
- Developer love
- Operational SLAs
- Security capabilities
- Senior executive buy-in
- Cross-organizational understanding and adoption
- Company-wide governance
Developer-led Motion and Enterprise Sales Motion are Complementary

- **Awareness of Solution**
- **Evaluation**
- **Development**

**Self-service Adoption**
- Pay as you go
- Community download

**Enterprise Sales**
- Committed contract

**Production**
Network Effects Drive Further Expansion
Competitive Landscape

Legacy Data Infrastructure

- **Relational DBs**
  - Oracle
- **ESB & Messaging**
  - MuleSoft
  - IBM
  - TIBCO
- **ETL**
  - Informatica
  - Talend
  - Oracle

On-Premises Streaming

- Red Hat
- Cloudera

Cloud Providers

- **Microsoft**
- **AWS**
- **Google**
## Cloud Competitive Landscape

<table>
<thead>
<tr>
<th></th>
<th>Cloud-Native</th>
<th>Complete</th>
<th>Everywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confluent</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>Microsoft</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event Hubs</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>Google</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Dataflow</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Pub/Sub</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>Amazon</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinesis</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>MSK</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
</tbody>
</table>
Multiple Levers of Growth in a Large and Growing TAM

- Easy and Frictionless *Land with Cloud Pay-As-You-Go*
- Expand in *Underpenetrated Segments* (e.g. Commercial, Tech)
- Enterprise-Wide Expansion via *Solutions Selling*
- Grow and Harness our *Partner Ecosystem*
- Continued *International Expansion*
- Productize Use Cases *Up-The-Stack*
One Team, One Mission: Set Data in Motion

2,177 employees as of Q1 2022

Board of Directors

Jay Kreps
Co-Founder & CEO of Confluent
Neha Narkhede
Co-Founder of Confluent
Matt Miller
Sequoia Capital
Mike Volpi
Index Ventures
Eric Vishria
Benchmark Capital
Jonathan Chadwick
Former EVP, CFO/COO at VMware
Greg Schott
Former CEO and Chairman at Mulesoft
Lara Caimi
Chief Customer and Partner Officer at ServiceNow
Alyssa Henry
Lead at Square and Infrastructure/Information Security Lead at Block
Financial Highlights
Large and Fast-Growing Total Addressable Market

2021 Total Addressable Market

~$50B

$31B

$7B

$7B

$4B

Application Infrastructure & Middleware

Database Management Systems

Analytics & Business Intelligence

Data Integration Tools & Data Quality Tools

Total Addressable Market Growth

CAGR 2021-2024

22%

$91B¹

2021

2024

~$50B

¹ Calculations performed by Confluent based on Gartner data and estimates for 2024 total market size.
⁴ Excluding Full Life Cycle API Management, BPM Suites, TPM, RPA, and DXPs.
⁵ Excluding Prerelational-era DBMS.
⁶ Excluding other Traditional BI Platforms.
⁷ Excluding other Data Integration Software.
The Power of Our Model

Confluent Cloud
31% of Q1’22 revenue | 180% y/y growth

- Committed subscription or pay-as-you-go
- Priced based on type of cluster, compute power, data transfer, and storage used
- Revenue recognized based on customer usage¹

Confluent Platform
59% of Q1’22 revenue | 39% y/y growth

- Committed subscription
- Priced per node running on physical or virtual computing machines
- Portion of upfront license revenue, substantial majority ratable over contract term

Services | 10% of Q1’22 revenue | 35% y/y growth

- Professional services and education services
- Priced on time-and-materials basis; attached to subscriptions sales
- Revenue recognized based on completion and utilization

¹ For contracts that are not usage-based, revenue from Confluent Cloud is recognized ratably over the non-cancelable contractual term of the arrangement. Effective Q3 2020, usage-based contract is the default offering for Confluent Cloud.
Significant Revenue Growth at Scale

Annual Revenue

$ in millions

FY18  FY19  FY20  FY21

$65.2  $149.8  $236.6  $387.9

80%+ CAGR FY18-FY21

Quarterly Revenue

$ in millions

Q2’20  Q3’20  Q4’20  Q1’21  Q2’21  Q3’21  Q4’21  Q1’22

$53.9  $61.5  $70.3  $77.0  $88.3  $102.6  $119.9  $126.1

Y/Y Growth

60%  46%  51%  64%  67%  71%  64%
Early International Expansion and Accelerating Adoption of Confluent Cloud

Revenue Mix by Geography

- FY'20: $236.6M
- FY'21: $387.9M
- Q1'21: $77.0M
- Q1'22: $126.1M

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>International</th>
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<tbody>
<tr>
<td>FY'20</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>FY'21</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Q1'21</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Q1'22</td>
<td>63%</td>
<td>37%</td>
</tr>
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</table>

Revenue Mix by Product

- FY'20: $236.6M
- FY'21: $387.9M
- Q1'21: $77.0M
- Q1'22: $126.1M

<table>
<thead>
<tr>
<th></th>
<th>Confluent Platform</th>
<th>Confluent Cloud</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'20</td>
<td>75%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>FY'21</td>
<td>65%</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Q1'21</td>
<td>70%</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td>Q1'22</td>
<td>59%</td>
<td>31%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Fast-Growing Confluent Cloud Revenue

**Annual Confluent Cloud Revenue**

- **FY18**: $2.6 million
- **FY19**: $14.4 million
- **FY20**: $31.4 million
- **FY21**: $94.2 million

230%+ CAGR FY18-FY21

**Quarterly Revenue**

- **Q2’20**: $6.6 million
- **Q3’20**: $7.8 million
- **Q4’20**: $10.9 million
- **Q1’21**: $13.9 million
- **Q2’21**: $19.7 million
- **Q3’21**: $26.8 million
- **Q4’21**: $33.8 million
- **Q1’22**: $38.9 million

Y/Y Growth:
- **Q2’20**: 88%
- **Q3’20**: 101%
- **Q4’20**: 124%
- **Q1’21**: 200%
- **Q2’21**: 245%
- **Q3’21**: 211%
- **Q4’21**: 180%

**FY18-FY21 Annual Confluent Cloud Revenue**

230%+ CAGR
### Strong Customer Commitments

<table>
<thead>
<tr>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>Q1'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>$280.9</td>
<td></td>
<td></td>
<td></td>
<td>$551.1</td>
</tr>
</tbody>
</table>

#### Remaining Performance Obligations (RPO) $ in millions

<table>
<thead>
<tr>
<th>Quarter</th>
<th>RPO as % of RPO</th>
<th>Remaining Performance Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'21</td>
<td>~60%</td>
<td>$280.9</td>
</tr>
<tr>
<td>Q2'21</td>
<td></td>
<td>$280.9</td>
</tr>
<tr>
<td>Q3'21</td>
<td></td>
<td>$280.9</td>
</tr>
<tr>
<td>Q4'21</td>
<td></td>
<td>$280.9</td>
</tr>
<tr>
<td>Q1'22</td>
<td>~60%</td>
<td>$551.1</td>
</tr>
</tbody>
</table>

- **RPO** represents contractually committed revenue to be recognized in the future, regardless of:
  - Billings terms
  - Variability in cloud consumption patterns

- **RPO and current RPO**, rather than Billings:
  - Are important metrics to measure the health of the business, considering the various revenue components and billings terms in our model
  - Provide insight into the organic momentum of our business

---

Note: cRPO, or current remaining performance obligations, represent the amount of contracted future revenue expected to be recognized in the next 12 months.
Rapid Customer Growth & Large Customer Momentum

**Total Customers**

- **62% y/y growth**
- ~2,540 (Q1'21) to ~4,120 (Q1'22)

**Customers with ≥ $100K in ARR**

- **41% y/y growth**
- 561 (Q1'21) to 791 (Q1'22)

**Customers with ≥ $1M in ARR**

- **62% y/y growth**
- 60 (Q1'21) to 97 (Q1'22)

Note: See Definitions page for "Total Customers," "Customers with $100,000 or greater in ARR," and "Customers with $1,000,000 or greater in ARR" definitions.
Gross Margin Healthy as Revenue Mix Shifts

**Total Gross Margin** (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>FY’20</th>
<th>FY’21</th>
<th>Q1’21</th>
<th>Q1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69.9%</td>
<td>69.5%</td>
<td>71.0%</td>
<td>69.7%</td>
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</table>

**Margin Drivers:**

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

**Subscription Gross Margin** (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>FY’20</th>
<th>FY’21</th>
<th>Q1’21</th>
<th>Q1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77.6%</td>
<td>76.5%</td>
<td>78.3%</td>
<td>75.5%</td>
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</tbody>
</table>

Note: We define non-GAAP gross margin and non-GAAP subscription gross margin as GAAP gross margin and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and employer taxes on employee stock transactions. Refer to the slides in the section titled “GAAP to Non-GAAP Reconciliations” at the end of this presentation for a reconciliation of our non-GAAP financial metrics to the most directly comparable GAAP financial metrics.
Investing Prudently for Growth

Total Opex as % of Revenue (Non-GAAP)

-37.8% -41.4% -40.9% -41.0%

R&D as % of Revenue (Non-GAAP)

S&M as % of Revenue (Non-GAAP)

G&A as % of Revenue (Non-GAAP)

Note: Refer to the slides in the section titled “GAAP to Non-GAAP Reconciliations” at the end of this presentation for a reconciliation of our non-GAAP financial metrics to the most directly comparable GAAP financial metrics. Q1’21 and Q1’22 R&D, S&M, and G&A as % of Revenue may not sum to the Total Opex as % of Revenue due to rounding.
Managing Growth and Profitability

<table>
<thead>
<tr>
<th>Non-GAAP</th>
<th>Mid-Term Target</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Revenue Growth: &gt;30%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>~70%</td>
<td>72%-75%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>~5%</td>
<td>20%-25%</td>
</tr>
<tr>
<td>Free Cash Flow Margin</td>
<td>~10%</td>
<td>&gt;25%</td>
</tr>
</tbody>
</table>
Key Takeaways

Category Creating Company Founded by the Creators of Kafka

- $50 Billion 2021 Total Addressable Market\(^1\)

Strong Growth and Long-Term Margin Profile

Expansion Driven by Network Effects

Positioned to Capitalize on the Large and Growing Shift to Cloud

Seasoned Management Team with Track Record of Execution

Appendix
Definitions

**Annual Recurring Revenue (ARR):**
We define ARR as the revenue customers contractually committed to 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 future expansion.

**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 the 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.

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

**Customers with $100,000 or greater in ARR:**
Represent the number of customers that contributed $100,000 or more in ARR as of period end.

**Customers with $1,000,000 or greater in ARR:**
Represent the number of customers that contributed $1,000,000 or more in ARR as of period end.
GAAP to Non-GAAP Reconciliations
## GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>FY’20</th>
<th>FY’21</th>
<th>Q1’21</th>
<th>Q1’22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>$236,577</td>
<td>$387,864</td>
<td>$77,028</td>
<td>$126,139</td>
</tr>
<tr>
<td><strong>Total gross profit on a GAAP basis</strong></td>
<td>$161,101</td>
<td>$250,572</td>
<td>$53,190</td>
<td>$80,362</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>4,317</td>
<td>17,989</td>
<td>1,519</td>
<td>7,175</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>25</td>
<td>1,013</td>
<td>-</td>
<td>410</td>
</tr>
<tr>
<td><strong>Non-GAAP total gross profit</strong></td>
<td>$165,443</td>
<td>$269,574</td>
<td>$54,709</td>
<td>$87,947</td>
</tr>
<tr>
<td><strong>Non-GAAP total gross margin</strong></td>
<td>69.9%</td>
<td>69.5%</td>
<td>71.0%</td>
<td>69.7%</td>
</tr>
</tbody>
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<tr>
<td><strong>Subscription revenue</strong></td>
<td>$208,633</td>
<td>$347,099</td>
<td>$67,992</td>
<td>$113,920</td>
</tr>
<tr>
<td><strong>Subscription gross profit on a GAAP basis</strong></td>
<td>$159,350</td>
<td>$252,239</td>
<td>$52,235</td>
<td>$80,317</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>2,572</td>
<td>12,571</td>
<td>975</td>
<td>5,313</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>9</td>
<td>636</td>
<td>-</td>
<td>333</td>
</tr>
<tr>
<td><strong>Non-GAAP subscription gross profit</strong></td>
<td>$161,931</td>
<td>$265,446</td>
<td>$53,210</td>
<td>$85,963</td>
</tr>
<tr>
<td><strong>Non-GAAP subscription gross margin</strong></td>
<td>77.6%</td>
<td>76.5%</td>
<td>78.3%</td>
<td>75.5%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations

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<tr>
<td><strong>Operating expenses on a GAAP basis</strong></td>
<td>$394,276</td>
<td>$590,192</td>
<td>$98,334</td>
<td>$191,844</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>139,024</td>
<td>137,635</td>
<td>11,834</td>
<td>50,194</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>495</td>
<td>9,076</td>
<td>263</td>
<td>2,029</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>-</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating expenses</strong></td>
<td>$254,757</td>
<td>$430,191</td>
<td>$86,237</td>
<td>$139,621</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating expenses as a % of total revenue</strong></td>
<td>107.7%</td>
<td>110.9%</td>
<td>112.0%</td>
<td>110.7%</td>
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<tr>
<td><strong>Research and development (R&amp;D) expense on a GAAP basis</strong></td>
<td>$105,399</td>
<td>$161,925</td>
<td>$24,313</td>
<td>$57,661</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>33,755</td>
<td>49,051</td>
<td>3,511</td>
<td>20,085</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>81</td>
<td>2,278</td>
<td>121</td>
<td>1,039</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense</strong></td>
<td>$71,563</td>
<td>$110,596</td>
<td>$20,681</td>
<td>$36,537</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense as a % of total revenue</strong></td>
<td>30.2%</td>
<td>28.5%</td>
<td>26.8%</td>
<td>29.0%</td>
</tr>
</tbody>
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# GAAP to Non-GAAP Reconciliations

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<td>$77,028</td>
<td>$126,139</td>
</tr>
<tr>
<td><strong>Sales and marketing (S&amp;M) expense on a GAAP basis</strong></td>
<td>$166,361</td>
<td>$319,331</td>
<td>$58,509</td>
<td>$106,702</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>$14,734</td>
<td>$55,506</td>
<td>$4,976</td>
<td>$21,062</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>$271</td>
<td>$4,266</td>
<td>$103</td>
<td>$680</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense</strong></td>
<td>$151,356</td>
<td>$259,559</td>
<td>$53,430</td>
<td>$84,960</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense as a % of total revenue</strong></td>
<td>64.0%</td>
<td>66.9%</td>
<td>69.4%</td>
<td>67.4%</td>
</tr>
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<td>$126,139</td>
</tr>
<tr>
<td><strong>General and administrative (G&amp;A) expense on a GAAP basis</strong></td>
<td>$122,516</td>
<td>$108,936</td>
<td>$15,512</td>
<td>$27,481</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>$90,535</td>
<td>$33,078</td>
<td>$3,347</td>
<td>$9,047</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>$143</td>
<td>$2,532</td>
<td>$39</td>
<td>$310</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>-</td>
<td>$13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense</strong></td>
<td>$31,838</td>
<td>$60,036</td>
<td>$12,126</td>
<td>$18,124</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense as a % of total revenue</strong></td>
<td>13.5%</td>
<td>15.5%</td>
<td>15.7%</td>
<td>14.4%</td>
</tr>
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## GAAP to Non-GAAP Reconciliations

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<td>$77,028</td>
<td>$126,139</td>
</tr>
<tr>
<td>Operating loss on a GAAP basis</td>
<td>$(233,175)</td>
<td>$(339,620)</td>
<td>$(45,144)</td>
<td>$(111,482)</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>143,341</td>
<td>155,624</td>
<td>13,353</td>
<td>57,369</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>520</td>
<td>10,089</td>
<td>263</td>
<td>2,439</td>
</tr>
<tr>
<td>Add: Common stock charitable donation expense</td>
<td>-</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$(89,314)</td>
<td>$(160,617)</td>
<td>$(31,528)</td>
<td>$(51,674)</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>(37.8)%</td>
<td>(41.4)%</td>
<td>(40.9)%</td>
<td>(41.0)%</td>
</tr>
</tbody>
</table>

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