Introducing Confluent
August 5, 2021
Disclaimer

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Confluent at a Glance

<table>
<thead>
<tr>
<th>Founded in 2014 by the Original Creators of Apache Kafka</th>
<th>$297M +55% YoY Total Revenue TTM as of Q2’21</th>
<th>$52M +134% YoY Confluent Cloud Revenue TTM as of Q2’21</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$50B Total Addressable Market¹</td>
<td>2,830 +104% YoY Total Customers</td>
<td>617 +51% YoY Customers with $100K+ in ARR</td>
</tr>
</tbody>
</table>

Note: Financials and metrics other than TAM data are as of or for stated period ended June 30, 2021; revenue based on trailing twelve months as of June 30, 2021.

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

Banking

Mortgage

Taxi

Grocery

Then

Now
Software is...

**Old World**
...for productivity tools at the edges of a company

**New World**
...a platform for directly transacting business
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

LINE OF BUSINESS 01

LINE OF BUSINESS 02

PUBLIC CLOUD
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 Fortune 500 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

A Sale
A Shipment
A Customer Experience
A Trade

Rich Front-end Customer Experiences
Real-time Back-end Operations

Real-time Data

QUERY
From Giant Mess to Central Nervous System
From Giant Mess to **Central Nervous System**
A New Category in Data Infrastructure
Confluent is Becoming the **Central Nervous System** of the Modern Technology Stack
# Use Cases Across All Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Use Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail</strong></td>
<td>Drive consumer analytics &amp; streamline operations</td>
</tr>
<tr>
<td></td>
<td>- Inventory Management</td>
</tr>
<tr>
<td></td>
<td>- Personalized Promotions</td>
</tr>
<tr>
<td></td>
<td>- Product Development &amp; Introduction</td>
</tr>
<tr>
<td></td>
<td>- Sentiment Analysis</td>
</tr>
<tr>
<td></td>
<td>- Streaming Enterprise Messaging</td>
</tr>
<tr>
<td></td>
<td>- Systems of Scale for High Traffic Periods</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>Provide patients better choices &amp; doctors better insight</td>
</tr>
<tr>
<td></td>
<td>- Connected Health Records</td>
</tr>
<tr>
<td></td>
<td>- Data Confidentiality &amp; Accessibility</td>
</tr>
<tr>
<td></td>
<td>- Dynamic Staff Allocation Optimization</td>
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<tr>
<td></td>
<td>- Integrated Treatment</td>
</tr>
<tr>
<td></td>
<td>- Proactive Patient Care</td>
</tr>
<tr>
<td></td>
<td>- Real-Time Monitoring</td>
</tr>
<tr>
<td><strong>Banking</strong></td>
<td>Combat fraud &amp; remain competitive</td>
</tr>
<tr>
<td></td>
<td>- Capital Management</td>
</tr>
<tr>
<td></td>
<td>- Early-On Fraud Detection</td>
</tr>
<tr>
<td></td>
<td>- Market Risk Recognition &amp; Investigation</td>
</tr>
<tr>
<td></td>
<td>- Preventive Regulatory Scanning</td>
</tr>
<tr>
<td></td>
<td>- Real-Time What-If Analysis</td>
</tr>
<tr>
<td></td>
<td>- Trade Flow Monitoring</td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>Amplify vehicle intelligence &amp; safety</td>
</tr>
<tr>
<td></td>
<td>- Advanced Navigation</td>
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<tr>
<td></td>
<td>- Environmental Factor Processing</td>
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<tr>
<td></td>
<td>- Fleet Management</td>
</tr>
<tr>
<td></td>
<td>- Predictive Maintenance</td>
</tr>
<tr>
<td></td>
<td>- Threat Detection &amp; Real-Time Response</td>
</tr>
<tr>
<td></td>
<td>- Traffic Distribution Optimization</td>
</tr>
<tr>
<td><strong>Common In All Industries</strong></td>
<td>Infrastructure Use Cases</td>
</tr>
<tr>
<td></td>
<td>- Data Pipelines</td>
</tr>
<tr>
<td></td>
<td>- Hybrid Cloud Integration</td>
</tr>
<tr>
<td></td>
<td>- Microservices</td>
</tr>
<tr>
<td></td>
<td>- Security and Fraud</td>
</tr>
<tr>
<td></td>
<td>- Customer 360</td>
</tr>
<tr>
<td></td>
<td>- Streaming ETL</td>
</tr>
</tbody>
</table>
Customer Success with Confluent

Leveraging data in motion to reimagine the customer experience
LEARN MORE

BMW
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

AR$ in millions

**One of the Largest Agencies in the Public Sector**
- Q4'17: $0.2
- Q4'18: $0.4
- Q4'19: $7.0
- Q1'21: $8.8

36x

**One of the World’s Largest Telecom Conglomerates**
- Q3'16: $0.1
- Q3'17: $0.5
- Q3'19: $0.9
- Q1'21: $1.4

21x

**A Major Global Financial Institution**
- Q4'17: $0.5
- Q4'18: $2.8
- Q4'19: $6.6
- Q1'21: $7.0

13x

**A Leading Health Benefits Provider**
- Q4'18: $0.3
- Q4'19: $0.5
- Q2'20: $1.0
- Q1'21: $1.8

6x

Note: The expansion multiple is calculated based on the land AR$ and the Q1'21 ending AR$, using actual unrounded AR$ 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>INSURANCE</th>
<th>TECHNOLOGY</th>
<th>HEALTHCARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goldman Sachs</td>
<td>Generali</td>
<td>PayPal</td>
<td>alight.</td>
</tr>
<tr>
<td>PNC Bank</td>
<td>Centene Corporation</td>
<td>Square</td>
<td>Recursion</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>Generali</td>
<td>Robinhood</td>
<td></td>
</tr>
<tr>
<td>RBC</td>
<td>Generali</td>
<td>optimove</td>
<td></td>
</tr>
<tr>
<td>KeyBank</td>
<td>Generali</td>
<td>snagajob</td>
<td></td>
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<tr>
<td>Euronext</td>
<td>Generali</td>
<td>Viewpoint</td>
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<tr>
<td></td>
<td>Generali</td>
<td>surescripts</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>COMMUNICATIONS &amp; MEDIA</th>
<th>AUTOMOTIVE/TRANSPORTATION</th>
<th>CONSUMER/ RETAIL</th>
<th>TRAVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netflix</td>
<td>Lufthansa</td>
<td>Walmart</td>
<td>Expedia</td>
</tr>
<tr>
<td>Telefónica</td>
<td>DB</td>
<td>Bosch</td>
<td></td>
</tr>
<tr>
<td>ticketmaster</td>
<td>BAADER</td>
<td>Domino’s</td>
<td></td>
</tr>
<tr>
<td>Intrado</td>
<td>DriveCentric</td>
<td>Boden</td>
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<td>ao</td>
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<td>sky</td>
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<td>Shipt</td>
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<tr>
<td>unity</td>
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<td>Accor</td>
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</tbody>
</table>
## Using Confluent Everywhere

<table>
<thead>
<tr>
<th>Fully-Managed</th>
<th>Self-Managed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Confluent Cloud</strong>&lt;br&gt;Apache Kafka Re-engineered for the Cloud</td>
<td><strong>Confluent Platform</strong>&lt;br&gt;The Enterprise Distribution of Apache Kafka</td>
</tr>
<tr>
<td>Available on the leading public clouds</td>
<td>Deploy on any platform, on-prem or cloud</td>
</tr>
</tbody>
</table>

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

Focus
Deep focus on data in motion
- End-to-end operationalized customer journey
- Expanding mindshare and innovation in the new category of data in motion
- Support at large scale with mission-critical use cases

Differentiated Product
Cloud-native: Kafka re-imagined for the cloud
Complete: Connectors, security & governance, SQL processing
Everywhere: Spans all major clouds and on-premises
Our Product Advantage

Open Source

Open Source
Apache Kafka

Multi-cloud SaaS & Private Cloud

A complete Data-in-Motion Platform
Kafka completely re-engineered to be cloud-native
Fully managed service, everywhere
Customer Journey with Confluent

1. Experimentation / early interest
   - Individual Use Case
   - Individual Team Project

2. Identify a project
   - Mission critical, in production, but disparate lines of business (LOBs)

3.  Multi-Use Case Multi-Team Platform

4. Mission critical, connected LOBs

5. Central Nervous System

Product, Support, Training, Partners, Technical Account Management...
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

Applications Bring Data In Motion

Web — Custom Apps — Microservices — Monitoring — Analytics — ...and more

Data In Motion Brings New Applications

any source

Web — Custom Apps — Microservices — Monitoring — Analytics — ...and more

any destination

NoSQL — Oracle — Mainframes — Salesforce — Marketo — Twitter — AWS, Azure, GCP — Data Warehouse
Competitive Landscape

Legacy Data Infrastructure

<table>
<thead>
<tr>
<th>Relational DBs</th>
<th>ESB &amp; Messaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORACLE</td>
<td>MuleSoft</td>
</tr>
<tr>
<td></td>
<td>IBM</td>
</tr>
<tr>
<td></td>
<td>TIBCO</td>
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<thead>
<tr>
<th>ETL</th>
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<tbody>
<tr>
<td>Informatica</td>
</tr>
<tr>
<td>talend</td>
</tr>
<tr>
<td>ORACLE</td>
</tr>
</tbody>
</table>

On-Premises Streaming

| Red Hat  | CLOUDERA |

Cloud Providers

Partners & Competitors

<table>
<thead>
<tr>
<th>Microsoft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
</tr>
<tr>
<td>Google</td>
</tr>
</tbody>
</table>
## Cloud Competitive Landscape

<table>
<thead>
<tr>
<th></th>
<th>Cloud Native</th>
<th>Complete</th>
<th>Everywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Confluent</strong></td>
<td><img src="image1" alt="Symbol" /></td>
<td><img src="image2" alt="Symbol" /></td>
<td><img src="image3" alt="Symbol" /></td>
</tr>
<tr>
<td><strong>Microsoft</strong></td>
<td><img src="image4" alt="Symbol" /></td>
<td><img src="image5" alt="Symbol" /></td>
<td><img src="image6" alt="Symbol" /></td>
</tr>
<tr>
<td>Event Hubs</td>
<td><img src="image7" alt="Symbol" /></td>
<td><img src="image8" alt="Symbol" /></td>
<td><img src="image9" alt="Symbol" /></td>
</tr>
<tr>
<td>Dataflow</td>
<td><img src="image10" alt="Symbol" /></td>
<td><img src="image11" alt="Symbol" /></td>
<td><img src="image12" alt="Symbol" /></td>
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<tr>
<td><strong>Google</strong></td>
<td><img src="image13" alt="Symbol" /></td>
<td><img src="image14" alt="Symbol" /></td>
<td><img src="image15" alt="Symbol" /></td>
</tr>
<tr>
<td>Pub/Sub</td>
<td><img src="image16" alt="Symbol" /></td>
<td><img src="image17" alt="Symbol" /></td>
<td><img src="image18" alt="Symbol" /></td>
</tr>
<tr>
<td><strong>Amazon</strong></td>
<td><img src="image19" alt="Symbol" /></td>
<td><img src="image20" alt="Symbol" /></td>
<td><img src="image21" alt="Symbol" /></td>
</tr>
<tr>
<td>Kinesis</td>
<td><img src="image22" alt="Symbol" /></td>
<td><img src="image23" alt="Symbol" /></td>
<td><img src="image24" alt="Symbol" /></td>
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<tr>
<td>MSK</td>
<td><img src="image25" alt="Symbol" /></td>
<td><img src="image26" alt="Symbol" /></td>
<td><img src="image27" alt="Symbol" /></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

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
EVP and General Manager at Square

Jay Kreps
Co-Founder & CEO

Neha Narkhede
Co-Founder

Erica Schultz
President, Field Operations

Cheryl Dalrymple
Chief People Officer

Steffan Tomlinson
Chief Financial Officer

Ganesh Srinivasan
Chief Product & Engineering Officer

Stephanie Buscemi
Chief Marketing Officer

Larry Shurtz
Chief Revenue Officer

Roger Scott
Chief Customer Officer

Stefan Tomlinson
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Chief Product & Engineering Officer

Jun Rao
Co-Founder

Erica Schultz
President, Field Operations

Cheryl Dalrymple
Chief People Officer

Ganesh Srinivasan
Chief Product & Engineering Officer
Financial Highlights
Large and Fast-Growing Total Addressable Market

2021 Total Addressable Market
~$50B

- $31B
- $7B
- $7B
- $4B

Application Infrastructure & Middleware\(^2,3\)
Database Management Systems\(^2,5\)
Analytics & Business Intelligence\(^1,6\)
Data Integration Tools & Data Quality Tools\(^2,7\)

Total Addressable Market Growth

$91B\(^1\)

22% CAGR
2021-2024

~$50B

2021
2024

\(^1\) 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 Pre-relational-era DBMS.
\(^6\) Excluding other Traditional BI Platforms.
\(^7\) Excluding other Data Integration Software.
## The Power of Our Model

### Confluent Cloud

**22% of Q2’21 revenue | 200% 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 usage[^1]

### Confluent Platform

**67% of Q2’21 revenue | 46% 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

**11% of Q2’21 revenue | 43% 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**

- **FY18**: $65
- **FY19**: $150
- **FY20**: $237

90%+ CAGR FY18-FY20

**Quarterly Revenue**

- **Q3’19**: $38
- **Q4’19**: $48
- **Q1’20**: $51
- **Q2’20**: $54
- **Q3’20**: $61
- **Q4’20**: $70
- **Q1’21**: $77
- **Q2’21**: $88

$ in millions

CAGR FY18-FY20

**FY18** - **FY20**

90%+ CAGR FY18-FY20
Early International Expansion and Accelerating Adoption of Confluent Cloud

Revenue Mix by Geography

<table>
<thead>
<tr>
<th></th>
<th>FY’19</th>
<th>FY’20</th>
<th>Q2’20</th>
<th>Q2’21</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$150</td>
<td>$237</td>
<td>$54</td>
<td>$88</td>
</tr>
<tr>
<td></td>
<td>32%</td>
<td>34%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>International</td>
<td>68%</td>
<td>66%</td>
<td>67%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Revenue Mix by Product

<table>
<thead>
<tr>
<th></th>
<th>FY’19</th>
<th>FY’20</th>
<th>Q2’20</th>
<th>Q2’21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confluent Platform</td>
<td>$150</td>
<td>$237</td>
<td>$54</td>
<td>$88</td>
</tr>
<tr>
<td></td>
<td>13%</td>
<td>10%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Confluent Cloud</td>
<td>77%</td>
<td>75%</td>
<td>75%</td>
<td>67%</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Fast-Growing Confluent Cloud Revenue

**Annual Confluent Cloud Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($ in millions)</th>
<th>Cloud Revenue % of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>$3</td>
<td>4%</td>
</tr>
<tr>
<td>FY19</td>
<td>$14</td>
<td>10%</td>
</tr>
<tr>
<td>FY20</td>
<td>$31</td>
<td>13%</td>
</tr>
</tbody>
</table>

250%+ CAGR FY18-FY20¹

**Q2 Confluent Cloud Revenue**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue ($ in millions)</th>
<th>Cloud Revenue % of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'20</td>
<td>$7</td>
<td>12%</td>
</tr>
<tr>
<td>Q2'21</td>
<td>$20</td>
<td>22%</td>
</tr>
</tbody>
</table>

200% y/y growth

---

### Key milestones

- **November 2017:** General availability of Confluent Cloud
- **September 2019:** 50% of all customers on Confluent Cloud (includes self-serve, pay-as-you-go customers)
- **August 2020:** Confluent Cloud available through the marketplaces of the three leading cloud providers

¹ Based on actual unrounded revenue calculation. Calculation with rounded revenue as shown results in 221% CAGR FY18-FY20.
Strong Customer Commitments

Remaining Performance Obligations (RPO)
$ in millions

- **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 term 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.
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. 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.

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.
Gross Margin Healthy as Revenue Mix Shifts

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

**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.
Operating Expenses

**Total Opex as % of Revenue (Non-GAAP)**

- FY'19: 121%
- FY'20: 108%
- Q2'20: 107%
- Q2'21: 112%

-53% -38% -38% -42%

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

- FY'19: 35%
- FY'20: 30%
- Q2'20: 31%
- Q2'21: 27%

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

- FY'19: 73%
- FY'20: 64%
- Q2'20: 63%
- Q2'21: 70%

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

- FY'19: 14%
- FY'20: 13%
- Q2'20: 13%
- Q2'21: 15%

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.
Key Takeaways

Category Creating Company Founded by the Creators of Kafka

Strong Growth and Long-Term Margin Profile

~$50 Billion 2021 Total Addressable Market¹

Expansion Driven by Network Effects

Positioned to Capitalize on the Large and Growing Shift to Cloud

GAAP to Non-GAAP Reconciliations
<table>
<thead>
<tr>
<th></th>
<th>FY'19</th>
<th>FY'20</th>
<th>Q2'20</th>
<th>Q2'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$149,805</td>
<td>$236,577</td>
<td>$53,852</td>
<td>$88,338</td>
</tr>
<tr>
<td>Total gross profit on a GAAP basis</td>
<td>$100,436</td>
<td>$161,101</td>
<td>$36,162</td>
<td>$58,329</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>2,155</td>
<td>4,317</td>
<td>836</td>
<td>3,227</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>1</td>
<td>25</td>
<td>-</td>
<td>326</td>
</tr>
<tr>
<td>Non-GAAP total gross profit</td>
<td>$102,592</td>
<td>$165,443</td>
<td>$36,998</td>
<td>$61,882</td>
</tr>
<tr>
<td>Non-GAAP total gross margin</td>
<td>68%</td>
<td>70%</td>
<td>69%</td>
<td>70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>Q2'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription revenue</td>
<td>$130,206</td>
<td>$208,633</td>
<td>$46,973</td>
<td>$78,516</td>
</tr>
<tr>
<td>Subscription gross profit on a GAAP basis</td>
<td>$101,811</td>
<td>$159,350</td>
<td>$35,239</td>
<td>$58,224</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>1,161</td>
<td>2,572</td>
<td>524</td>
<td>2,172</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>38</td>
</tr>
<tr>
<td>Non-GAAP subscription gross profit</td>
<td>$102,972</td>
<td>$161,931</td>
<td>$35,763</td>
<td>$60,434</td>
</tr>
<tr>
<td>Non-GAAP subscription gross margin</td>
<td>79%</td>
<td>78%</td>
<td>76%</td>
<td>77%</td>
</tr>
</tbody>
</table>
# GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

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<td>$149,805</td>
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</tr>
<tr>
<td>Operating expenses on a GAAP basis</td>
<td>$198,544</td>
<td>$394,276</td>
<td>$63,656</td>
<td>$144,374</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>16,462</td>
<td>139,024</td>
<td>6,236</td>
<td>31,289</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>105</td>
<td>495</td>
<td>5</td>
<td>1,109</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,290</td>
</tr>
<tr>
<td>Non-GAAP Operating expenses</td>
<td>$181,977</td>
<td>$254,757</td>
<td>$57,415</td>
<td>$98,686</td>
</tr>
<tr>
<td>Non-GAAP Operating expenses as a % of total revenue</td>
<td>121%</td>
<td>108%</td>
<td>107%</td>
<td>112%</td>
</tr>
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<td>Total revenue</td>
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</tr>
<tr>
<td>Research and development (R&amp;D) expense on a GAAP basis</td>
<td>$58,090</td>
<td>$105,399</td>
<td>$18,875</td>
<td>$33,225</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>6,268</td>
<td>33,755</td>
<td>2,250</td>
<td>8,932</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>20</td>
<td>81</td>
<td>-</td>
<td>277</td>
</tr>
<tr>
<td>Non-GAAP R&amp;D expense</td>
<td>$51,802</td>
<td>$71,563</td>
<td>$16,625</td>
<td>$24,016</td>
</tr>
<tr>
<td>Non-GAAP R&amp;D expense as a % of total revenue</td>
<td>35%</td>
<td>30%</td>
<td>31%</td>
<td>27%</td>
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## GAAP to Non-GAAP Reconciliations
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<tr>
<td><strong>Sales and marketing (S&amp;M) expense on a GAAP basis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>$115,792</td>
<td>$166,361</td>
<td>$36,447</td>
<td>$73,206</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>6,545</td>
<td>14,734</td>
<td>2,735</td>
<td>11,155</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense</strong></td>
<td>$109,183</td>
<td>$151,356</td>
<td>$33,712</td>
<td>$61,441</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense as a % of total revenue</strong></td>
<td>73%</td>
<td>64%</td>
<td>63%</td>
<td>70%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$149,805</td>
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<tr>
<td><strong>General and administrative (G&amp;A) expense on a GAAP basis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>$24,662</td>
<td>$122,516</td>
<td>$8,334</td>
<td>$37,943</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>3,649</td>
<td>90,535</td>
<td>1,251</td>
<td>11,202</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>21</td>
<td>143</td>
<td>5</td>
<td>222</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense</strong></td>
<td>$20,992</td>
<td>$31,838</td>
<td>$7,078</td>
<td>$13,229</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense as a % of total revenue</strong></td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
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</tr>
<tr>
<td>Operating loss on a GAAP basis</td>
<td>$(98,108)</td>
<td>$(233,175)</td>
<td>$(27,494)</td>
<td>$(86,045)</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>18,617</td>
<td>143,341</td>
<td>7,072</td>
<td>34,516</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>106</td>
<td>520</td>
<td>5</td>
<td>1,435</td>
</tr>
<tr>
<td>Add: Common stock charitable donation expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,290</td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$(79,385)</td>
<td>$(89,314)</td>
<td>$(20,417)</td>
<td>$(36,804)</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>(53)%</td>
<td>(38)%</td>
<td>(38)%</td>
<td>(42)%</td>
</tr>
</tbody>
</table>