



Q4 and Fiscal Year 2021 Supplemental Financial Information

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Non-GAAP Financial Measures

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

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

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

	Year Ended December 31,		
	2019	2020	2021
Revenue:			
Subscription	\$ 130,206	\$ 208,633	\$ 347,099
Services	19,599	27,944	40,765
Total revenue	<u>149,805</u>	<u>236,577</u>	<u>387,864</u>
Cost of revenue:			
Subscription	28,395	49,283	94,860
Services	20,974	26,193	42,432
Total cost of revenue	<u>49,369</u>	<u>75,476</u>	<u>137,292</u>
Gross profit	<u>100,436</u>	<u>161,101</u>	<u>250,572</u>
<i>Subscription</i>	<i>78.2%</i>	<i>76.4%</i>	<i>72.7%</i>
<i>Services</i>	<i>(7.0%)</i>	<i>6.3%</i>	<i>(4.1%)</i>
<i>Total gross margin</i>	<i>67.0%</i>	<i>68.1%</i>	<i>64.6%</i>
Operating expenses:			
Research and development	58,090	105,399	161,925
Sales and marketing	115,792	166,361	319,331
General and administrative	24,662	122,516	108,936
Total operating expenses	<u>198,544</u>	<u>394,276</u>	<u>590,192</u>
Operating loss	(98,108)	(233,175)	(339,620)
Interest income	2,494	4,113	2,020
Other income (expense), net	567	(973)	(2,027)
Loss before income taxes	(95,047)	(230,035)	(339,627)
Provision for (benefit from) income taxes	(5)	(207)	3,174
Net loss	<u>\$ (95,042)</u>	<u>\$ (229,828)</u>	<u>\$ (342,801)</u>
Net loss per share, basic and diluted	<u>\$ (0.99)</u>	<u>\$ (2.21)</u>	<u>\$ (1.82)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>96,067,380</u>	<u>104,218,082</u>	<u>188,627,720</u>

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

	Three Months Ended							
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Revenue:								
Subscription	\$ 43,943	\$ 46,973	\$ 54,498	\$ 63,219	\$ 67,992	\$ 78,516	\$ 92,400	\$ 108,191
Services	6,961	6,879	6,999	7,105	9,036	9,822	10,170	11,737
Total revenue	50,904	53,852	61,497	70,324	77,028	88,338	102,570	119,928
Cost of revenue:								
Subscription	11,014	11,734	12,373	14,162	15,757	20,292	25,489	33,322
Services	6,799	5,956	6,683	6,755	8,081	9,717	11,810	12,824
Total cost of revenue	17,813	17,690	19,056	20,917	23,838	30,009	37,299	46,146
Gross profit	33,091	36,162	42,441	49,407	53,190	58,329	65,271	73,782
Subscription	74.9%	75.0%	77.3%	77.6%	76.8%	74.2%	72.4%	69.2%
Services	2.3%	13.4%	4.5%	4.9%	10.6%	1.1%	(16.1%)	(9.3%)
Total gross margin	65.0%	67.2%	69.0%	70.3%	69.1%	66.0%	63.6%	61.5%
Operating expenses:								
Research and development	19,742	18,875	44,921	21,861	24,313	33,225	47,701	56,686
Sales and marketing	38,317	36,447	43,759	47,838	58,509	73,206	86,991	100,625
General and administrative	8,415	8,334	93,758	12,009	15,512	37,943	25,330	30,151
Total operating expenses	66,474	63,656	182,438	81,708	98,334	144,374	160,022	187,462
Operating loss	(33,383)	(27,494)	(139,997)	(32,301)	(45,144)	(86,045)	(94,751)	(113,680)
Interest income	443	1,303	1,259	1,108	844	688	299	189
Other expense, net	(307)	(211)	(153)	(302)	(336)	(643)	(530)	(518)
Loss before income taxes	(33,247)	(26,402)	(138,891)	(31,495)	(44,636)	(86,000)	(94,982)	(114,009)
Provision for (benefit from) income taxes	388	(106)	(750)	261	(110)	2,170	684	430
Net loss	\$ (33,635)	\$ (26,296)	\$ (138,141)	\$ (31,756)	\$ (44,526)	\$ (88,170)	\$ (95,666)	\$ (114,439)
Net loss per share, basic and diluted	\$ (0.33)	\$ (0.25)	\$ (1.34)	\$ (0.30)	\$ (0.41)	\$ (0.74)	\$ (0.37)	\$ (0.43)
Weighted-average shares used to compute net loss per share, basic and diluted								
	103,196,156	105,532,865	102,852,461	105,294,029	108,731,605	118,648,655	259,152,303	265,480,761

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,375,932	\$ 36,789
Marketable securities	640,085	251,756
Accounts receivable, net of allowance	137,491	105,971
Deferred contract acquisition costs	27,646	14,403
Prepaid expenses and other current assets	44,919	18,775
Total current assets	2,226,073	427,694
Property and equipment, net	14,428	6,718
Operating lease right-of-use assets	37,281	48,273
Deferred contract acquisition costs, non-current	51,178	33,196
Other assets, non-current	13,769	10,238
Total assets	\$ 2,342,729	\$ 526,119
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 7,591	\$ 1,646
Accrued expenses and other liabilities	98,974	33,711
Operating lease liabilities	9,236	10,492
Deferred revenue	220,920	142,901
Liability for early exercise of unvested stock options	11,467	5,049
Total current liabilities	348,188	193,799
Operating lease liabilities, non-current	31,645	40,440
Deferred revenue, non-current	25,557	16,292
Convertible senior notes, net	1,080,701	-
Other liabilities, non-current	6,357	7,203
Total liabilities	1,492,448	257,734
Redeemable convertible preferred stock	-	574,634
Stockholders' equity (deficit):		
Preferred stock	-	-
Common stock	-	1
Convertible founder stock	-	-
Class A common stock	1	-
Class B common stock	2	-
Additional paid-in capital	1,599,962	99,575
Accumulated other comprehensive (loss) income	(830)	228
Accumulated deficit	(748,854)	(406,053)
Total stockholders' equity (deficit)	850,281	(306,249)
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	\$ 2,342,729	\$ 526,119

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	\$ (114,439)	\$ (31,756)	\$ (342,801)	\$ (229,828)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation and amortization	1,192	380	3,632	1,567
Net amortization of premiums or discounts on marketable securities	770	516	2,270	1,294
Amortization of debt issuance costs	187	-	187	-
Amortization of deferred contract acquisition costs	8,375	5,776	26,697	16,029
Non-cash operating lease costs	2,424	2,866	10,990	11,911
Common stock charitable donation expense	-	-	13,290	-
Stock-based compensation, net of amounts capitalized	58,072	9,744	155,624	143,341
Deferred income taxes	(394)	(297)	1,335	(1,335)
Other	157	331	1,828	710
Changes in operating assets and liabilities:				
Accounts receivable	(21,642)	(18,013)	(32,516)	(41,612)
Deferred contract acquisition costs	(20,332)	(14,654)	(57,924)	(38,129)
Prepaid expenses and other assets	(14,027)	(10,391)	(31,366)	(14,368)
Accounts payable	4,406	(222)	6,143	(327)
Accrued expenses and other liabilities	29,642	7,638	61,132	15,837
Operating lease liabilities	(2,650)	(2,731)	(10,866)	(11,224)
Deferred revenue	44,383	30,418	87,285	64,077
Net cash used in operating activities	(23,876)	(20,395)	(105,060)	(82,057)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalization of internal-use software costs	(1,479)	(643)	(5,342)	(3,610)
Purchases of marketable securities	(284,683)	(46,196)	(663,595)	(329,616)
Sales of marketable securities	-	-	-	4,988
Maturities of marketable securities	91,275	45,433	271,942	152,419
Purchases of property and equipment	(1,364)	(347)	(3,600)	(1,040)
Other	-	-	12	-
Net cash used in investing activities	(196,251)	(1,753)	(400,583)	(176,859)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from initial public offering, net of underwriting discounts and commissions	-	-	786,600	-
Proceeds from issuance of common stock upon exercise of vested options	22,611	5,376	51,737	12,376
Proceeds from issuance of common stock upon early exercise of unvested options, net of repurchases	405	1,347	18,972	4,678
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	-	(50)	-	259,815
Payments of deferred offering costs	-	(111)	(3,125)	(111)
Proceeds from convertible senior notes, net of issuance costs	1,081,300	-	1,081,300	-
Payment for purchase of capped calls	(90,970)	-	(90,970)	-
Net cash provided by financing activities	1,013,346	6,562	1,844,514	276,758
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	16	(25)	5	(7)
Net increase (decrease) in cash, cash equivalents, and restricted cash	793,235	(15,611)	1,338,876	17,835
Cash, cash equivalents, and restricted cash at beginning of period	583,447	53,417	37,806	19,971
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,376,682</u>	<u>\$ 37,806</u>	<u>\$ 1,376,682</u>	<u>\$ 37,806</u>
Reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets to the amounts shown above:				
Cash and cash equivalents	\$ 1,375,932	\$ 36,789	\$ 1,375,932	\$ 36,789
Restricted cash included in other assets, current and non-current	750	1,017	750	1,017
Total cash, cash equivalents, and restricted cash	<u>\$ 1,376,682</u>	<u>\$ 37,806</u>	<u>\$ 1,376,682</u>	<u>\$ 37,806</u>

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

	Year Ended December 31,		
	2019	2020	2021
Reconciliation of GAAP total gross profit to non-GAAP total gross profit:			
Total gross profit on a GAAP basis	\$ 100,436	\$ 161,101	\$ 250,572
<i>Total gross margin on a GAAP basis</i>	<i>67.0%</i>	<i>68.1%</i>	<i>64.6%</i>
Add: Stock-based compensation expense	2,155	4,317	17,989
Add: Employer taxes on employee stock transactions	1	25	1,013
Non-GAAP total gross profit	<u>\$ 102,592</u>	<u>\$ 165,443</u>	<u>\$ 269,574</u>
<i>Non-GAAP total gross margin</i>	<i>68.5%</i>	<i>69.9%</i>	<i>69.5%</i>
Reconciliation of GAAP subscription gross profit to non-GAAP subscription gross profit:			
Subscription gross profit on a GAAP basis	\$ 101,811	\$ 159,350	\$ 252,239
<i>Subscription gross margin on a GAAP basis</i>	<i>78.2%</i>	<i>76.4%</i>	<i>72.7%</i>
Add: Stock-based compensation expense	1,161	2,572	12,571
Add: Employer taxes on employee stock transactions	-	9	636
Non-GAAP subscription gross profit	<u>\$ 102,972</u>	<u>\$ 161,931</u>	<u>\$ 265,446</u>
<i>Non-GAAP subscription gross margin</i>	<i>79.1%</i>	<i>77.6%</i>	<i>76.5%</i>
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:			
Research and development operating expense on a GAAP basis	\$ 58,090	\$ 105,399	\$ 161,925
Less: Stock-based compensation expense	6,268	33,755	49,051
Less: Employer taxes on employee stock transactions	20	81	2,278
Non-GAAP research and development operating expense	<u>\$ 51,802</u>	<u>\$ 71,563</u>	<u>\$ 110,596</u>
<i>Non-GAAP research and development operating expense as a percentage of total revenue</i>	<i>34.6%</i>	<i>30.2%</i>	<i>28.5%</i>
Sales and marketing operating expense on a GAAP basis	\$ 115,792	\$ 166,361	\$ 319,331
Less: Stock-based compensation expense	6,545	14,734	55,506
Less: Employer taxes on employee stock transactions	64	271	4,266
Non-GAAP sales and marketing operating expense	<u>\$ 109,183</u>	<u>\$ 151,356</u>	<u>\$ 259,559</u>
<i>Non-GAAP sales and marketing operating expense as a percentage of total revenue</i>	<i>72.9%</i>	<i>64.0%</i>	<i>66.9%</i>
General and administrative operating expense on a GAAP basis	\$ 24,662	\$ 122,516	\$ 108,936
Less: Stock-based compensation expense	3,649	90,535	33,078
Less: Employer taxes on employee stock transactions	21	143	2,532
Less: Common stock charitable donation expense	-	-	13,290
Non-GAAP general and administrative operating expense	<u>\$ 20,992</u>	<u>\$ 31,838</u>	<u>\$ 60,036</u>
<i>Non-GAAP general and administrative operating expense as a percentage of total revenue</i>	<i>14.0%</i>	<i>13.5%</i>	<i>15.5%</i>
Reconciliation of GAAP operating loss to non-GAAP operating loss:			
Operating loss on a GAAP basis	\$ (98,108)	\$ (233,175)	\$ (339,620)
Add: Stock-based compensation expense	18,617	143,341	155,624
Add: Employer taxes on employee stock transactions	106	520	10,089
Add: Common stock charitable donation expense	-	-	13,290
Non-GAAP operating loss	<u>\$ (79,385)</u>	<u>\$ (89,314)</u>	<u>\$ (160,617)</u>
<i>Non-GAAP operating margin</i>	<i>(53.0%)</i>	<i>(37.8%)</i>	<i>(41.4%)</i>
Reconciliation of GAAP net loss to non-GAAP net loss:			
Net loss on a GAAP basis	\$ (95,042)	\$ (229,828)	\$ (342,801)
Add: Stock-based compensation expense	18,617	143,341	155,624
Add: Employer taxes on employee stock transactions	106	520	10,089
Add: Common stock charitable donation expense	-	-	13,290
Add: Amortization of debt issuance costs	-	-	187
Add: Income tax effects and adjustments	(441)	(1,620)	844
Non-GAAP net loss	<u>\$ (76,760)</u>	<u>\$ (87,587)</u>	<u>\$ (162,767)</u>
Non-GAAP net loss per share, basic and diluted	<u>96,067,380</u>	<u>104,218,082</u>	<u>188,627,720</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>\$ (0.80)</u>	<u>\$ (0.84)</u>	<u>\$ (0.86)</u>

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

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

	Three Months Ended							
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Reconciliation of GAAP total gross profit to non-GAAP total gross profit:								
Total gross profit on a GAAP basis	\$ 33,091	\$ 36,162	\$ 42,441	\$ 49,407	\$ 53,190	\$ 58,329	\$ 65,271	\$ 73,782
<i>Total gross margin on a GAAP basis</i>	<i>65.0%</i>	<i>67.2%</i>	<i>69.0%</i>	<i>70.3%</i>	<i>69.1%</i>	<i>66.0%</i>	<i>63.6%</i>	<i>61.5%</i>
Add: Stock-based compensation expense	812	836	1,554	1,115	1,519	3,227	5,735	7,508
Add: Employer taxes on employee stock transactions	1	-	24	-	-	326	166	521
Non-GAAP total gross profit	<u>\$ 33,904</u>	<u>\$ 36,998</u>	<u>\$ 44,019</u>	<u>\$ 50,522</u>	<u>\$ 54,709</u>	<u>\$ 61,882</u>	<u>\$ 71,172</u>	<u>\$ 81,811</u>
<i>Non-GAAP total gross margin</i>	<i>66.6%</i>	<i>68.7%</i>	<i>71.6%</i>	<i>71.8%</i>	<i>71.0%</i>	<i>70.1%</i>	<i>69.4%</i>	<i>68.2%</i>
Reconciliation of GAAP subscription gross profit to non-GAAP subscription gross profit:								
Subscription gross profit on a GAAP basis	\$ 32,929	\$ 35,239	\$ 42,125	\$ 49,057	\$ 52,235	\$ 58,224	\$ 66,911	\$ 74,869
<i>Subscription gross margin on a GAAP basis</i>	<i>74.9%</i>	<i>75.0%</i>	<i>77.3%</i>	<i>77.6%</i>	<i>76.8%</i>	<i>74.2%</i>	<i>72.4%</i>	<i>69.2%</i>
Add: Stock-based compensation expense	462	524	883	703	975	2,172	3,945	5,479
Add: Employer taxes on employee stock transactions	1	-	8	-	-	38	117	481
Non-GAAP subscription gross profit	<u>\$ 33,392</u>	<u>\$ 35,763</u>	<u>\$ 43,016</u>	<u>\$ 49,760</u>	<u>\$ 53,210</u>	<u>\$ 60,434</u>	<u>\$ 70,973</u>	<u>\$ 80,829</u>
<i>Non-GAAP subscription gross margin</i>	<i>76.0%</i>	<i>76.1%</i>	<i>78.9%</i>	<i>78.7%</i>	<i>78.3%</i>	<i>77.0%</i>	<i>76.8%</i>	<i>74.7%</i>

	Three Months Ended							
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:								
Research and development operating expense on a GAAP basis	\$ 19,742	\$ 18,875	\$ 44,921	\$ 21,861	\$ 24,313	\$ 33,225	\$ 47,701	\$ 56,686
Less: Stock-based compensation expense	2,046	2,250	26,522	2,937	3,511	8,932	16,310	20,298
Less: Employer taxes on employee stock transactions	9	-	45	27	121	277	601	1,279
Non-GAAP research and development operating expense	<u>\$ 17,687</u>	<u>\$ 16,625</u>	<u>\$ 18,354</u>	<u>\$ 18,897</u>	<u>\$ 20,681</u>	<u>\$ 24,016</u>	<u>\$ 30,790</u>	<u>\$ 35,109</u>
<i>Non-GAAP research and development operating expense as a percentage of total revenue</i>	34.7%	30.9%	29.8%	26.9%	26.8%	27.2%	30.0%	29.3%
Sales and marketing operating expense on a GAAP basis	\$ 38,317	\$ 36,447	\$ 43,759	\$ 47,838	\$ 58,509	\$ 73,206	\$ 86,991	\$ 100,625
Less: Stock-based compensation expense	2,373	2,735	6,379	3,247	4,976	11,155	18,516	20,859
Less: Employer taxes on employee stock transactions	22	-	35	214	103	610	1,236	2,317
Non-GAAP sales and marketing operating expense	<u>\$ 35,922</u>	<u>\$ 33,712</u>	<u>\$ 37,345</u>	<u>\$ 44,377</u>	<u>\$ 53,430</u>	<u>\$ 61,441</u>	<u>\$ 67,239</u>	<u>\$ 77,449</u>
<i>Non-GAAP sales and marketing operating expense as a percentage of total revenue</i>	70.6%	62.6%	60.7%	63.1%	69.4%	69.6%	65.6%	64.6%
General and administrative operating expense on a GAAP basis	\$ 8,415	\$ 8,334	\$ 93,758	\$ 12,009	\$ 15,512	\$ 37,943	\$ 25,330	\$ 30,151
Less: Stock-based compensation expense	1,220	1,251	85,619	2,445	3,347	11,202	9,122	9,407
Less: Employer taxes on employee stock transactions	44	5	92	2	39	222	436	1,835
Less: Common stock charitable donation expense	-	-	-	-	-	13,290	-	-
Non-GAAP general and administrative operating expense	<u>\$ 7,151</u>	<u>\$ 7,078</u>	<u>\$ 8,047</u>	<u>\$ 9,562</u>	<u>\$ 12,126</u>	<u>\$ 13,229</u>	<u>\$ 15,772</u>	<u>\$ 18,909</u>
<i>Non-GAAP general and administrative operating expense as a percentage of total revenue</i>	14.0%	13.1%	13.1%	13.6%	15.7%	15.0%	15.4%	15.8%

	Three Months Ended							
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Reconciliation of GAAP operating loss to non-GAAP operating loss:								
Operating loss on a GAAP basis	\$ (33,383)	\$ (27,494)	\$ (139,997)	\$ (32,301)	\$ (45,144)	\$ (86,045)	\$ (94,751)	\$ (113,680)
Add: Stock-based compensation expense	6,451	7,072	120,074	9,744	13,353	34,516	49,683	58,072
Add: Employer taxes on employee stock transactions	76	5	196	243	263	1,435	2,439	5,952
Add: Common stock charitable donation expense	-	-	-	-	-	13,290	-	-
Non-GAAP operating loss	<u>\$ (26,856)</u>	<u>\$ (20,417)</u>	<u>\$ (19,727)</u>	<u>\$ (22,314)</u>	<u>\$ (31,528)</u>	<u>\$ (36,804)</u>	<u>\$ (42,629)</u>	<u>\$ (49,656)</u>
<i>Non-GAAP operating margin</i>	<i>(52.8%)</i>	<i>(37.9%)</i>	<i>(32.1%)</i>	<i>(31.7%)</i>	<i>(40.9%)</i>	<i>(41.7%)</i>	<i>(41.6%)</i>	<i>(41.4%)</i>
Reconciliation of GAAP net loss to non-GAAP net loss:								
Net loss on a GAAP basis	\$ (33,635)	\$ (26,296)	\$ (138,141)	\$ (31,756)	\$ (44,526)	\$ (88,170)	\$ (95,666)	\$ (114,439)
Add: Stock-based compensation expense	6,451	7,072	120,074	9,744	13,353	34,516	49,683	58,072
Add: Employer taxes on employee stock transactions	76	5	196	243	263	1,435	2,439	5,952
Add: Common stock charitable donation expense	-	-	-	-	-	13,290	-	-
Add: Amortization of debt issuance costs	-	-	-	-	-	-	-	187
Add: Income tax effects and adjustments	11	(438)	(987)	(206)	(671)	1,716	(20)	(181)
Non-GAAP net loss	<u>\$ (27,097)</u>	<u>\$ (19,657)</u>	<u>\$ (18,858)</u>	<u>\$ (21,975)</u>	<u>\$ (31,581)</u>	<u>\$ (37,213)</u>	<u>\$ (43,564)</u>	<u>\$ (50,409)</u>
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.26)</u>	<u>\$ (0.19)</u>	<u>\$ (0.18)</u>	<u>\$ (0.21)</u>	<u>\$ (0.29)</u>	<u>\$ (0.31)</u>	<u>\$ (0.17)</u>	<u>\$ (0.19)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>103,196,156</u>	<u>105,532,865</u>	<u>102,852,461</u>	<u>105,294,029</u>	<u>108,731,605</u>	<u>118,648,655</u>	<u>259,152,303</u>	<u>265,480,761</u>

In connection with a tender offer and secondary sales of Confluent common stock and convertible founder stock, stock-based compensation for the three months ended Q3'20 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.

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net cash used in operating activities	\$ (23,876)	\$ (20,395)	\$ (105,060)	\$ (82,057)
Capitalized internal-use software costs	(1,479)	(643)	(5,342)	(3,610)
Capital expenditures	(1,364)	(347)	(3,600)	(1,040)
Free cash flow	<u>\$ (26,719)</u>	<u>\$ (21,385)</u>	<u>\$ (114,002)</u>	<u>\$ (86,707)</u>
<i>Free cash flow margin</i>	<i>(22.3%)</i>	<i>(30.4%)</i>	<i>(29.4%)</i>	<i>(36.7%)</i>
Net cash used in investing activities	\$ (196,251)	\$ (1,753)	\$ (400,583)	\$ (176,859)
Net cash provided by financing activities	\$ 1,013,346	\$ 6,562	\$ 1,844,514	\$ 276,758