



# Investor Presentation

As of June 30, 2025

# Safe Harbor



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In addition to our results determined in accordance with generally accepted accounting principles in the United States ("GAAP"), this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate 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. See the appendix for a reconciliation of those measures to the most directly comparable GAAP measures.

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# Cloudflare at a Glance

**2010**

Launched

**265K+**

Paying Customers

**330+**

Cities in Network

**71%**

Of Revenue from Large Customers

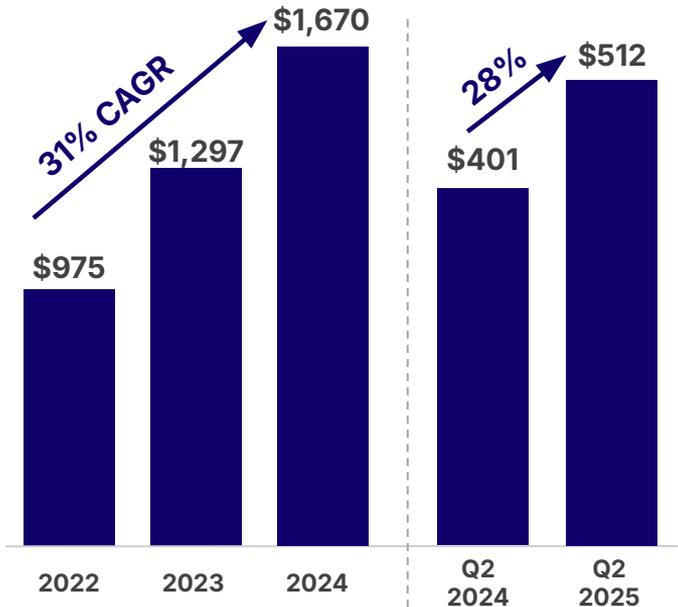
**4,616**

Employees

**76%**

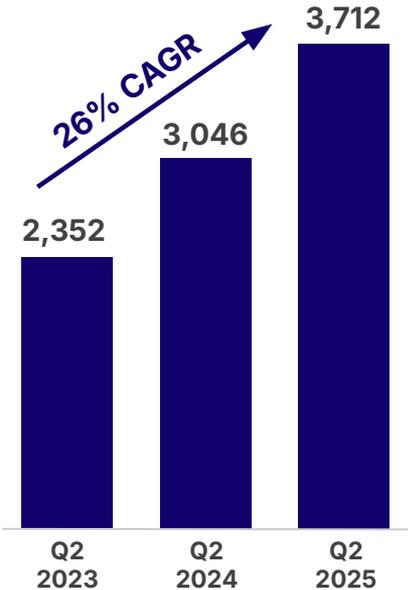
Non-GAAP Gross Margin

## Total Revenue (\$M)



## Large Customers

> \$100,000 Annualized Revenue



Note: Unless indicated otherwise, all data in orange shaded area of slide are as of June 30, 2025 except revenue from Large Customers and Non-GAAP gross margin are for three months ended June 30, 2025. Large Customers data are as of June 30 of their respective years. See Appendix for GAAP financial measures and GAAP to Non-GAAP reconciliation, and Large Customers definition.

# Fighting for the open Internet

The Internet is a miracle. The connection of diverse networks with common standards enables us to exchange data around the world in a way that is resilient, interoperable, and accessible to anyone. Today, we depend on it for economic growth and innovation, access to information and free expression, and rule of law and democratic principles.

Cloudflare is proud to be part of the global community standing up for the Internet.



Supporting multistakeholder Internet governance

Participating in Internet standards development

Advocating for network neutrality

Monitoring places where the Internet is not open

Protecting human rights and democratic institutions

Deploying standards that improve the privacy and security of data flows

# Helping Build a Better Internet



## Project Galileo

Free services for journalists, civil society organizations, and human rights defenders

3000+ domains in 111 countries

DDoS Mitigation, Web Application Firewall (WAF), DNS, CDN, Zero Trust, SSL



## Cloudflare for Startups

3,000+ startups receiving free credits to build on Cloudflare

122 startups in 22 countries selected for Cloudflare Launch Pad (2024)

\$2 billion in potential financing from partners to support startups



## Impact Report

Engineering privacy into the Internet

Empowering the open source community

Responsible AI for everyone

Investing in technical standards

Sustainability reporting

"Cyber attacks were not in the headlines during the 2024 U.S. presidential election, thanks in part to cybersecurity firm Cloudflare." - TIME Magazine

**TIME100 Most Influential Company of 2025**

**Fast Company Most Innovative Companies in Enterprise 2025**

**Newsweek Top 100 Global Most Loved Workplaces 2025**

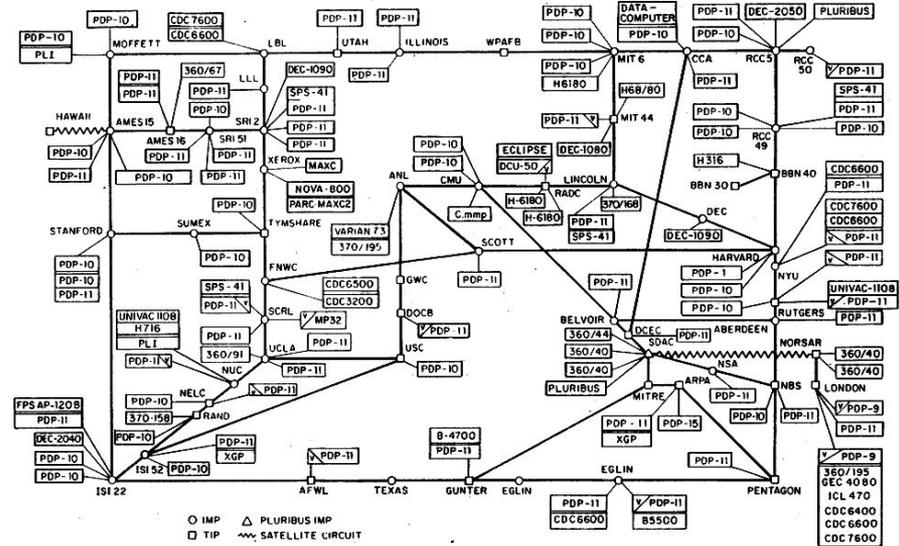
For more information, visit

<https://www.cloudflare.com/impact/>

Cloudflare's mission is to  
**Help build a better Internet**

The Internet  
was not  
built for  
what it has  
become.

ARPANET LOGICAL MAP, MARCH 1977

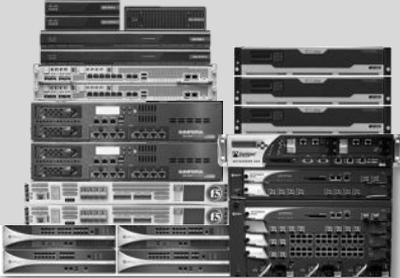


(PLEASE NOTE THAT WHILE THIS MAP SHOWS THE HOST POPULATION OF THE NETWORK ACCORDING TO THE BEST INFORMATION OBTAINABLE, NO CLAIM CAN BE MADE FOR ITS ACCURACY)  
NAMES SHOWN ARE IMP NAMES, NOT NECESSARILY HOST NAMES

# From Endless Hardware to a Global Cloud Platform

## BAND-AID BOXES

- Costly and complex
- Web of dependencies
- Specialized hardware
- On-premise only
- Point solutions

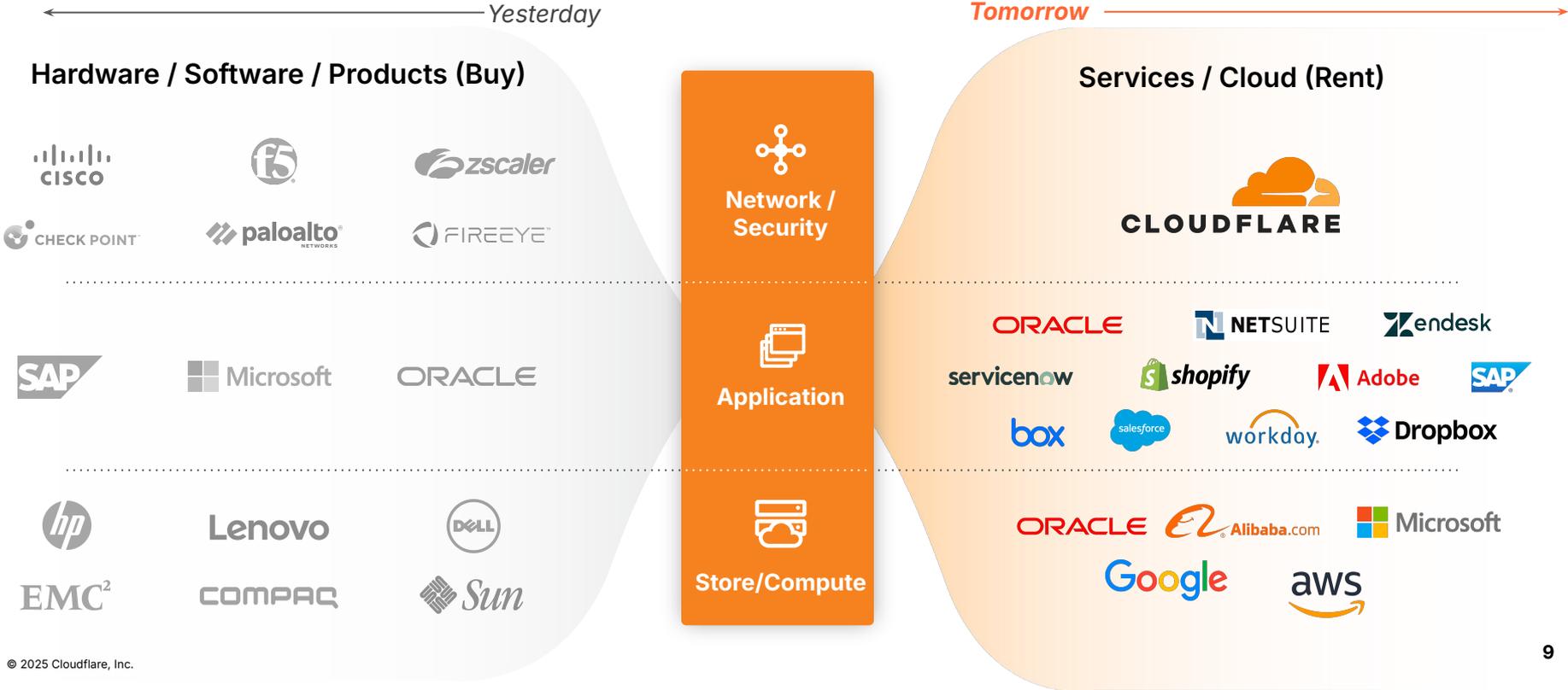


## BETTER INTERNET

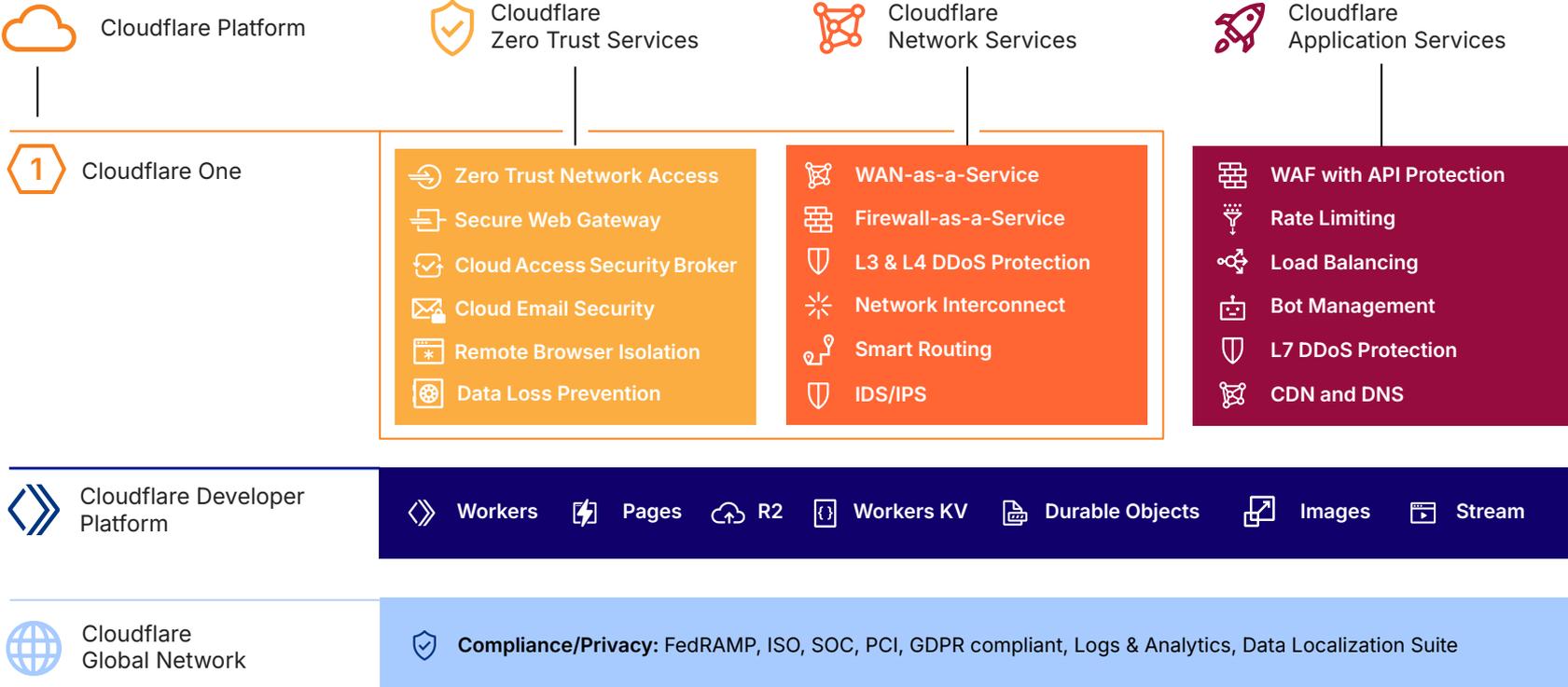
- Easy-to-use, flexible, and scalable
- Unified control plane
- Serverless cloud architecture
- Cloud, hybrid, on-premise, and SaaS
- Broad, integrated product platform



# Evolution of the Enterprise Stack



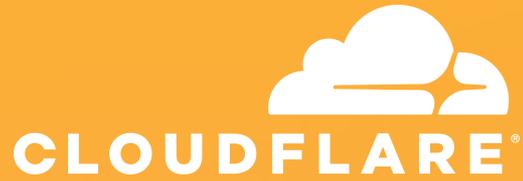
# An Integrated Global Cloud Platform



# We Operate at Massive Scale



Cyber threats blocked per day is approximate average over the three months ended June 30, 2025. All other figures are as of the three months ended June 30, 2025. See Appendix for "Paying Customers" and "Large Customers" definitions.



# Our Flexible, Scalable, & Efficient Serverless Architecture

- Abstracts underlying infrastructure
- Dynamically optimizes and leverages capacity across network
- Single unified code base
- Deployment on commodity hardware

# A Global Network Powering our Platform



**330+** cities

in 125+ countries, including mainland China



**~13,000** networks

directly connect to Cloudflare, including ISPs, cloud providers, and large enterprises



**405 Tbps**

of network capacity and growing



**265,000+** Paying Customers



**36%**

of the Fortune 500 are Paying Customers  
as of June 30, 2025

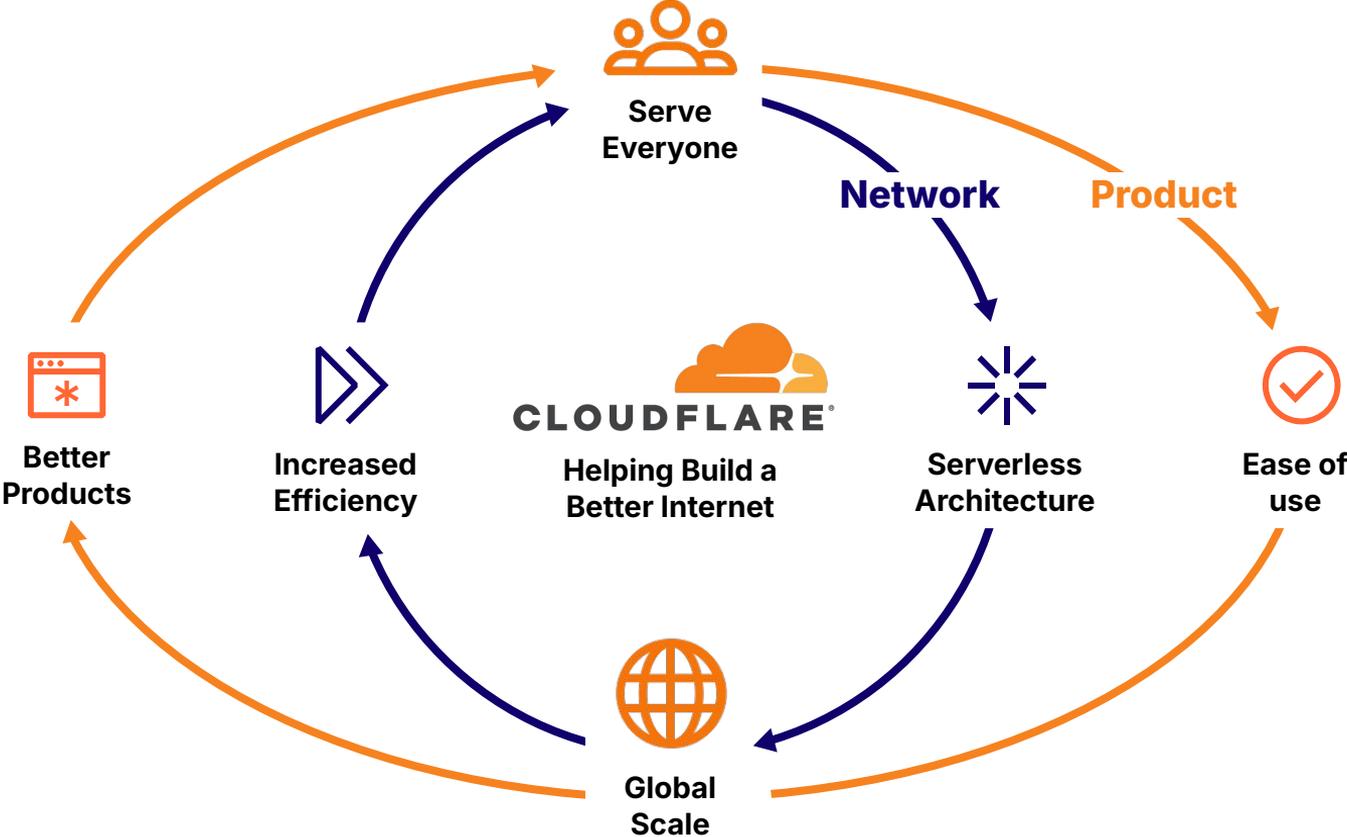
**22%**

year-over-year Large Customer growth in Q2'25

**~95%**

of the world's Internet-connected population is  
within ~50 ms of a Cloudflare data center

# Our Product & Network Flywheels Drive Our Business



# Data Intelligence & Quality Assurance at Scale

## Global sensor network

with paying customers in 190+ countries.

Machine learning systems  
**improve products** with  
every customer's request.

**Immune system** for the  
Internet blocking an average of  
~190 billion cyber threats each  
day.

**Rapid development cycles**  
and QA through free users  
volunteering to test new products.

# Our Competitive Advantages



**NETWORK  
SCALE**



**EASE  
OF USE**



**SHARED  
INTELLIGENCE**



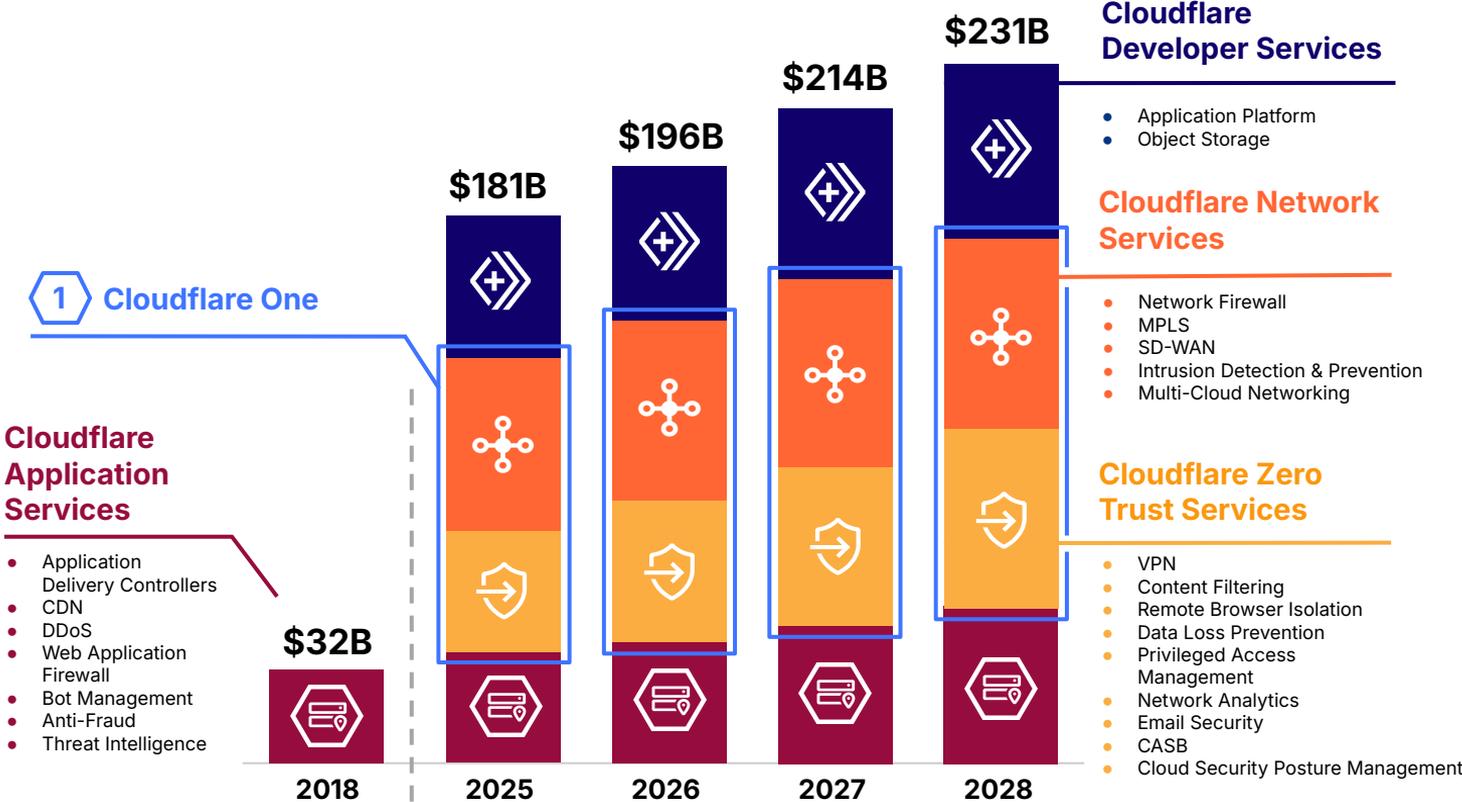
**NO  
TRADE OFFS**

# Our Favorable Competitive Position

## Limitations

|   |   |  |
|---|---|--|
|  <p><b>On-Premises</b></p>     |   | <ul style="list-style-type: none"> <li>• Complex and expensive</li> <li>• Not suited to address cloud-based and hybrid deployments</li> </ul>  |
|  <p><b>Point Solutions</b></p> |   | <ul style="list-style-type: none"> <li>• Architected to deliver single point / more narrow product portfolio</li> <li>• Customers are increasingly looking for an integrated platform offering security, performance, and reliability through a single vendor</li> </ul> |
|  <p><b>Public Cloud</b></p>    |   | <ul style="list-style-type: none"> <li>• Inability to serve as a unified control plane across on-premise, cloud, hybrid, and SaaS infrastructure</li> <li>• Customer lock-in and competition concerns</li> </ul>   |

# Consistent & Deliberate TAM Expansion



### Areas for Potential Incremental Growth

-  AI
-  Database
-  Internet of Things
-  5G Cellular
-  Network Services

# Traditional Go-To-Market Model Inverted

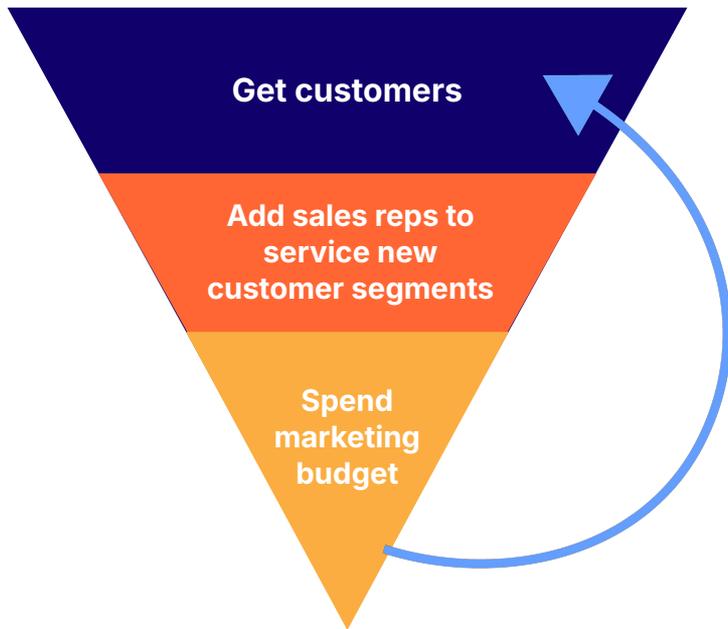
We don't build ahead of the curve.

## Sources of Leverage

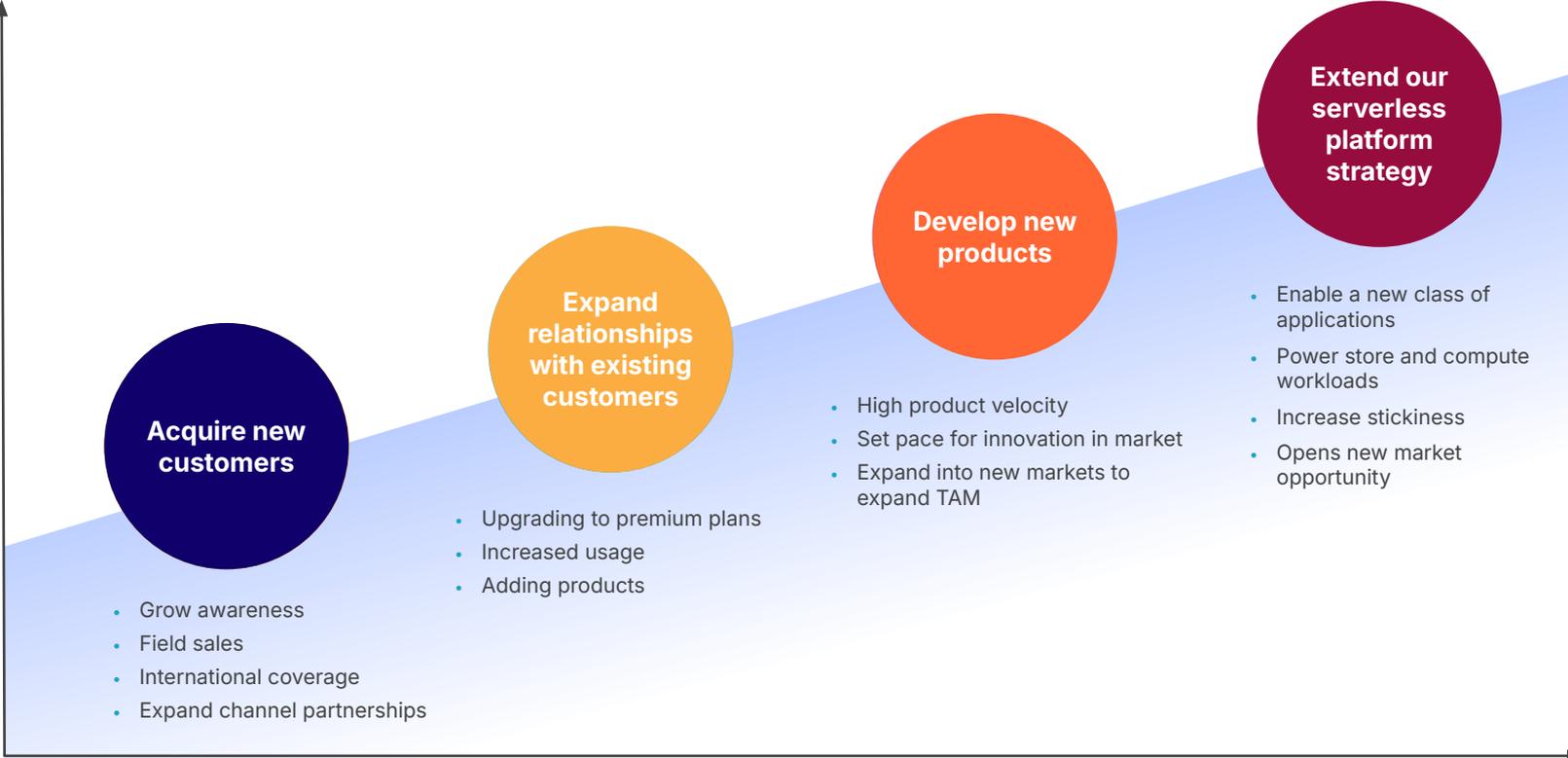
- Self service adoption for customers of all sizes
- Natural expansion
- Pulled into new geographies
- Pulled up market



## CLOUDFLARE<sup>®</sup> Model

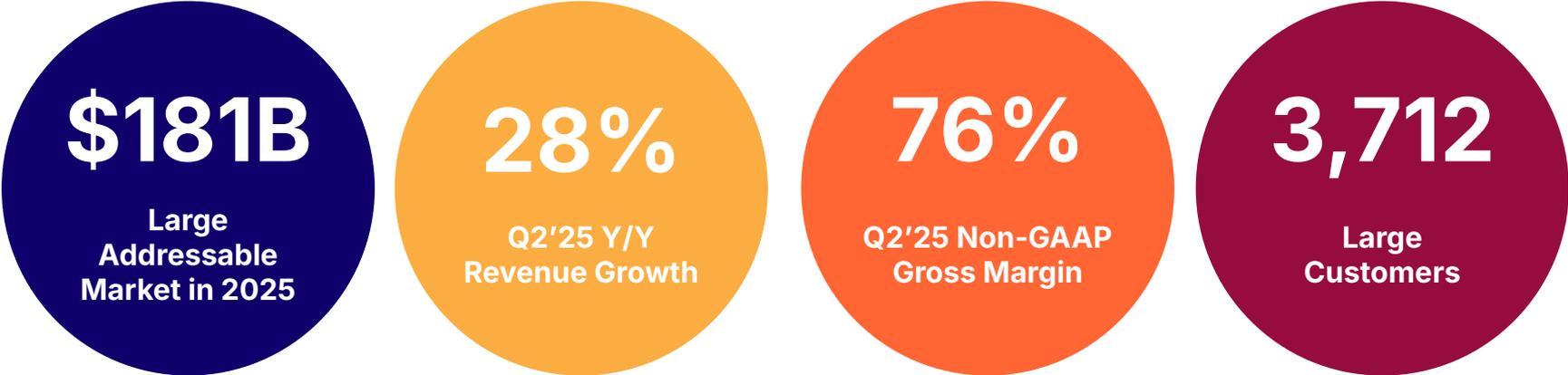


# Our Strategy for Growth



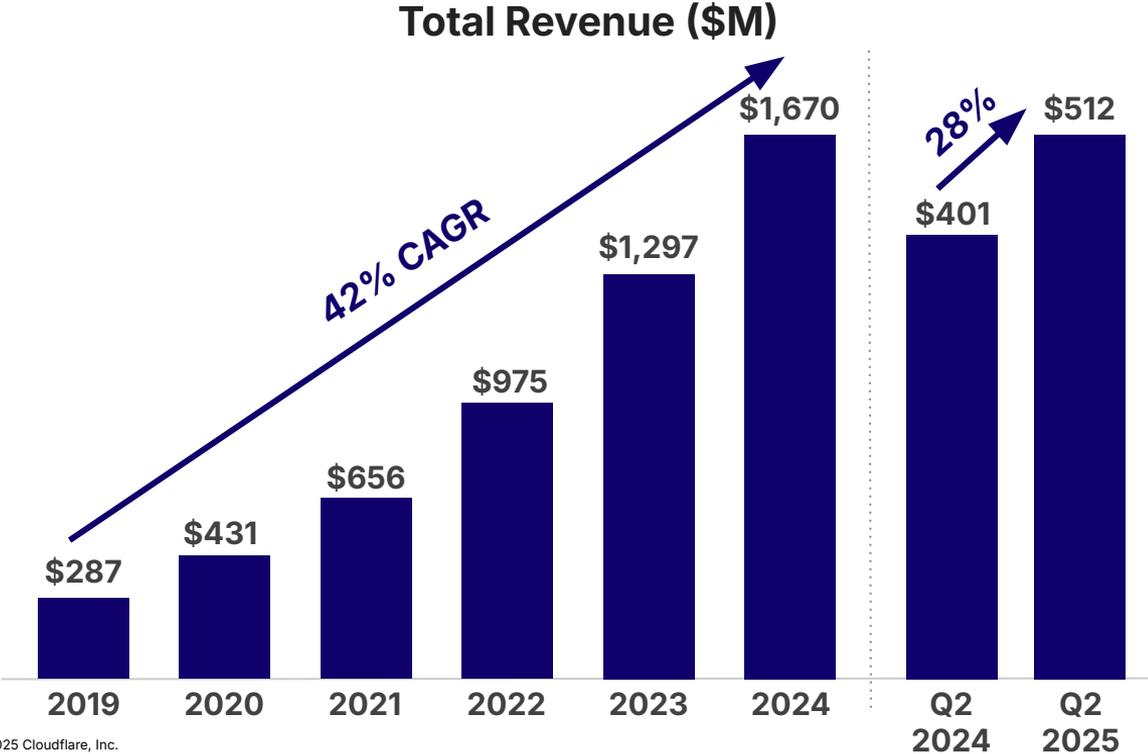
# Financial Overview

# Key Financial Highlights



Note: Total Addressable Market represents 2025 expected spend from our analysis based on Gartner and IDC market data. Year-over-year revenue growth and Non-GAAP gross margin are as of the three months ended June 30, 2025. Large Customers are as of June 30, 2025. See Appendix for GAAP financial measures and GAAP to Non-GAAP reconciliation, and how we define "Large Customers."

# Track Record of Delivering Revenue Growth



Investment in enterprise sales



Large customer momentum



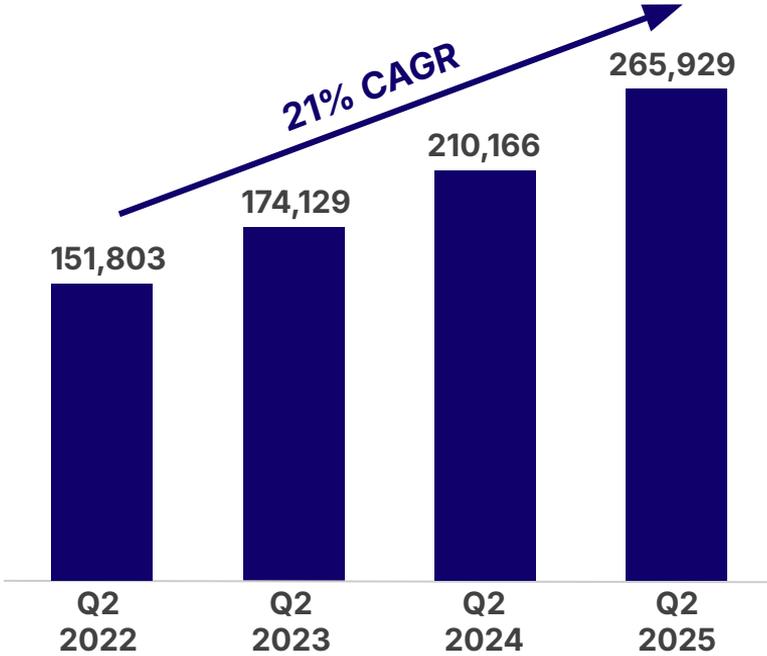
Land and expand strategy drives growth across cohorts



Strong penetration across the entire product portfolio

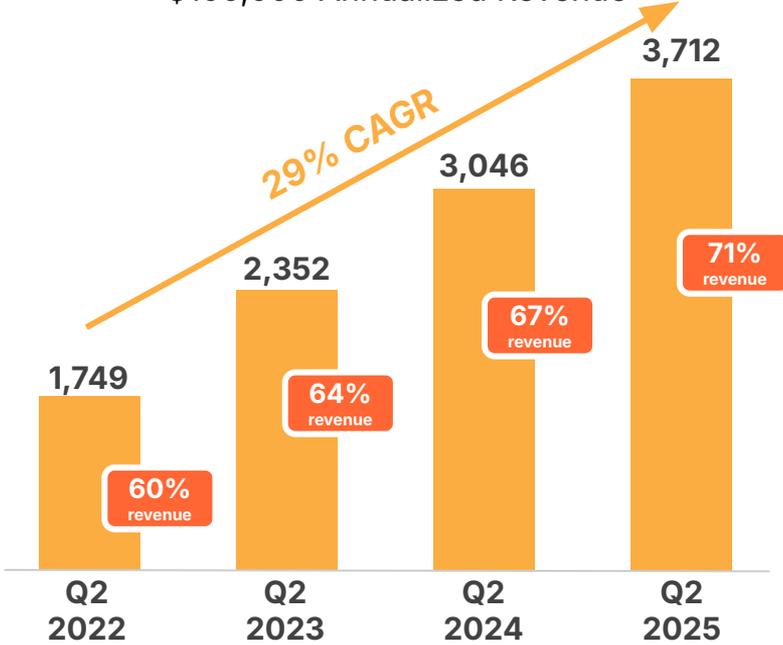
# Rapid Customer Growth

## Paying Customers



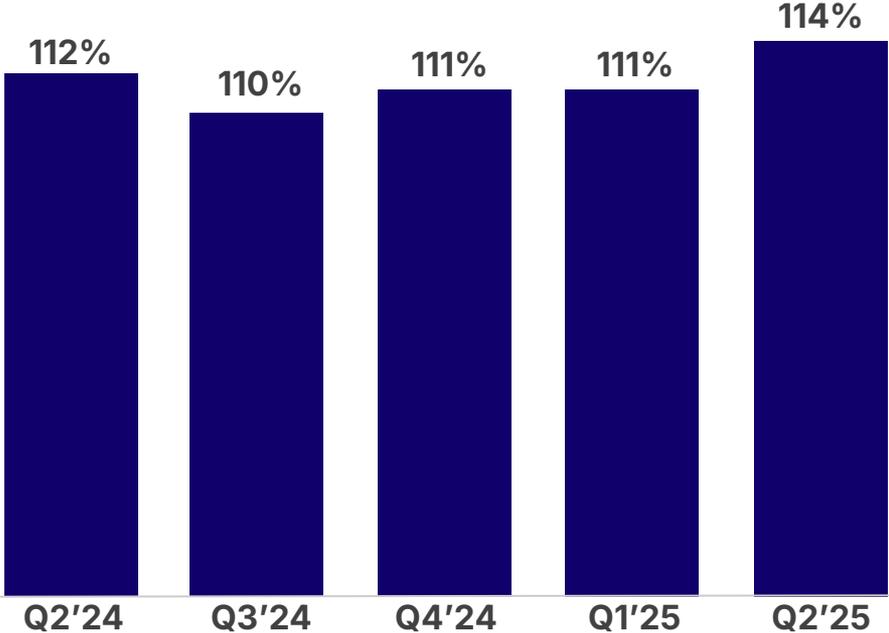
## Large Customers

>\$100,000 Annualized Revenue



Note: Paying and Large Customer data are as of three months ended June 30 of their respective years. See the Appendix for how we define "Paying Customers" and "Large Customers."

# Strong Dollar-Based Net Retention



Note: See the Appendix for how we define "Dollar-Based Net Retention."



DNR includes all paying customers



Large customers are a long-term tailwind to DNR



Continuous innovation offers expansion opportunities

# Attractive & Consistent Gross Margin

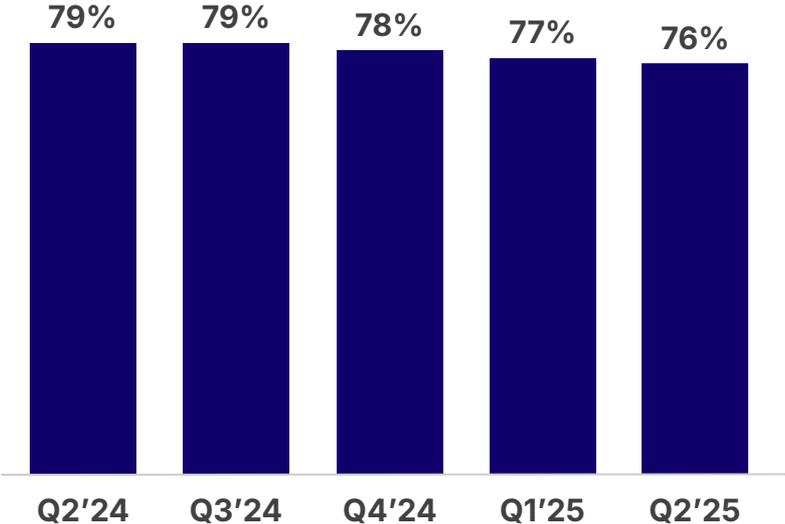
Serverless architecture deployed on commodity hardware

Single software stack across the network

Symbiotic relationship with ISPs

Leverage idle capacity across network

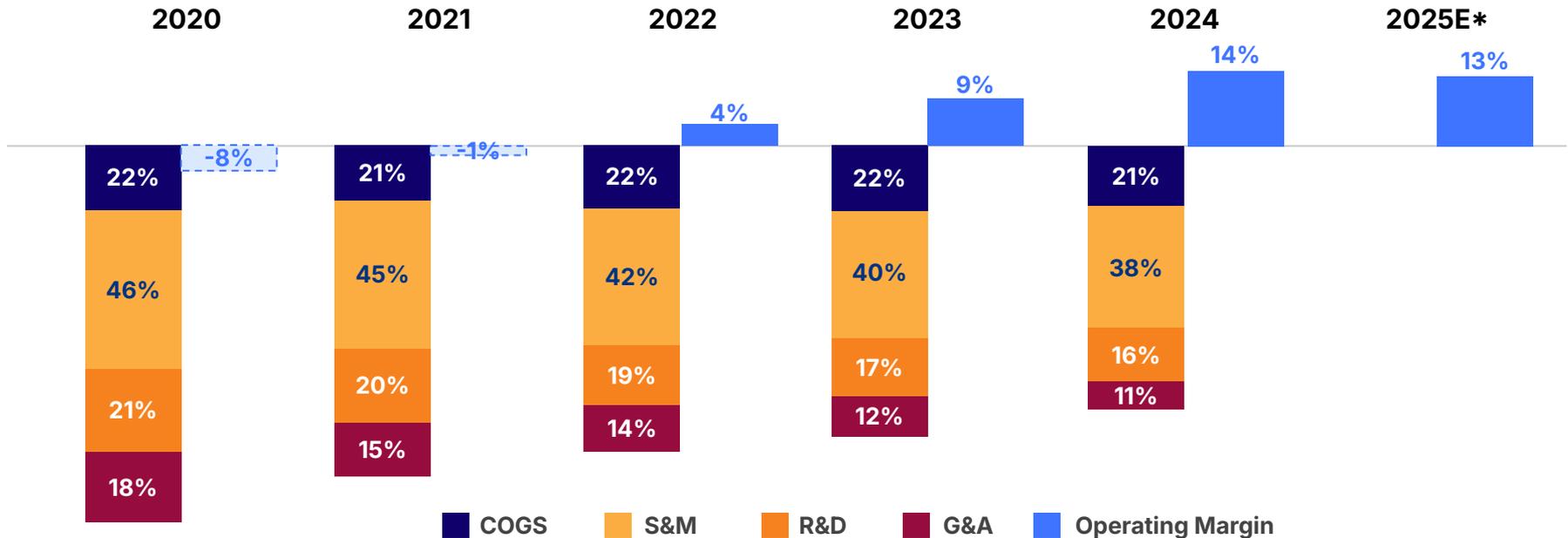
## Non-GAAP Gross Margin



Note: See Appendix for GAAP to Non-GAAP reconciliation.  
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# Elasticity of & Leverage in Our Operating Model

## Non-GAAP Operating Expenses & Operating Margin (% of Revenue)

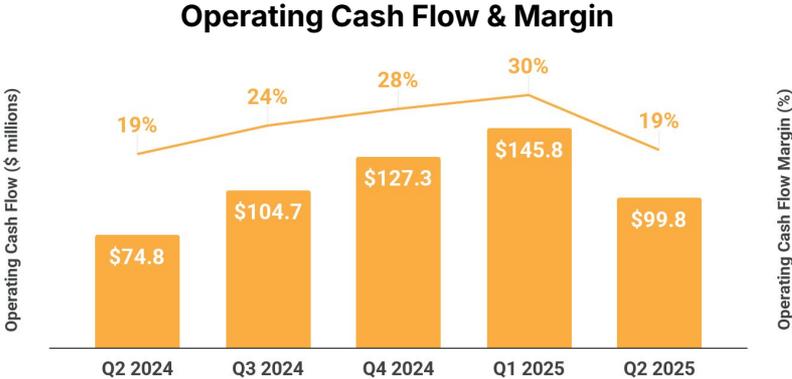


Note: See the Appendix for GAAP to Non-GAAP reconciliation.

\*2025E is based on full-year mid-point guidance provided by Cloudflare on July 31, 2025. This forward looking guidance speaks only as of such date and the inclusion of such guidance in this presentation should not be interpreted as a confirmation or affirmation of such guidance as of any other date. Except as required by law, we assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations.

# Strong Cash Position

- **Issued 2026 Notes:** Raised \$790 million in our Convertible Note Offering due 2026 that priced on August 10, 2021, net of the repurchase of 2025 notes, issuance costs, and a capped call with respect to the 2026 convertible notes.
- **Revolving Credit Facility:** Executed \$400 million senior secured revolving credit facility on May 21, 2024. The proceeds may be used for working capital and general corporate purposes.
- **Settled 2025 Capped Calls:** Received \$309.6M in cash in May 2025 upon the settlement of the 2025 Capped Calls.
- **Issued 2030 Notes:** Raised \$1.97B in our Convertible Notes Offering due 2030 that priced on June 12, 2025, net of issuance costs, and a capped call with respect to the 2030 convertible notes.



# Guidance

## Q3 2025

**Revenue** **\$543.5 - \$544.5**  
 Y/Y Growth 26% - 27%

**Operating Income** **\$75.0 - \$76.0**  
 Operating Margin 14%

**EPS** **\$0.23**

## FY 2025

**Revenue** **\$2,113.5 - \$2,115.5**  
 Y/Y Growth 27%

**Operating Income** **\$284.0 - \$286.0**  
 Operating Margin 13% - 14%

**EPS** **\$0.85 - \$0.86**

**FY 2025  
 Network Capex  
 as % of Revenue**

---

**12%-13%**

Note: These forward looking statements were provided by us on July 31, 2025. This forward looking guidance speaks only as of such date and the inclusion of such guidance in this presentation should not be interpreted as a confirmation or affirmation of such guidance as of any other date. Except as required by law, we assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations.

# Long-Term Operating Model

Unit economics support 20%+ long-term operating margins

|   | 2022  | 2023 | 2024 | Q2 2025 |   | Long-Term Model  |
|---|-------|------|------|---------|---|------------------|
| <b>Gross Margin</b>                                   | 78 %  | 78 % | 79 % | 76 %    | <p>Leverage efficiency and elasticity of our network and ingress/egress dynamics</p> <p>Scale go-to-market operations with a focus on improving productivity</p> <p>Continue to prioritize product innovation</p> <p>Benefit from economies of scale and automation</p> | <b>75% - 77%</b> |
| <b>Sales &amp; Marketing</b><br>(% of revenue)        | 42 %  | 40 % | 38 % | 36 %    |   | <b>27% - 29%</b> |
| <b>Research &amp; Development</b><br>(% of revenue)   | 19 %  | 17 % | 16 % | 16 %    |   | <b>18% - 20%</b> |
| <b>General &amp; Administrative</b><br>(% of revenue) | 14 %  | 12 % | 11 % | 10 %    |   | <b>8% - 10%</b>  |
| <b>Operating Margin</b>                               | 4 %   | 9 %  | 14 % | 14 %    |   | <b>20%+</b>      |
| <b>Free Cash Flow Margin</b>                          | (4) % | 9 %  | 10 % | 6 %     |   | <b>~25%+</b>     |

Note: Metrics shown are Non-GAAP. See Appendix for GAAP financial measures and GAAP to Non-GAAP reconciliation.

# Our Business Model



**Disrupting a large and growing total addressable market**



**Widely distributed global cloud platform**



**Expansive product portfolio; open to developer innovation**



**Highly efficient business model and low fundamental cost structure**



**High growth subscription revenue model with attractive gross margin**

# Appendix

# GAAP to Non-GAAP Reconciliation (Quarterly)

|  | Q2 2024          | Q3 2024          | Q4 2024          | Q1 2025          | Q2 2025          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>GAAP cost of revenue</b>                                    | <b>\$89,011</b>  | <b>\$95,967</b>  | <b>\$108,686</b> | <b>\$115,576</b> | <b>\$128,677</b> |
| Less: Stock-based compensation expense & related payroll taxes | -\$3,011         | -\$2,943         | -\$2,821         | -\$2,906         | -\$3,693         |
| Less: Amortization of acquired intangible assets               | -\$1,619         | -\$2,054         | -\$2,720         | -\$2,853         | -\$3,329         |
| <b>Non-GAAP cost of revenue</b>                                | <b>\$84,381</b>  | <b>\$90,970</b>  | <b>\$103,145</b> | <b>\$109,817</b> | <b>\$121,655</b> |
| <b>GAAP gross profit</b>                                       | <b>\$311,985</b> | <b>\$334,115</b> | <b>\$351,260</b> | <b>\$363,511</b> | <b>\$383,639</b> |
| Add: Stock-based compensation expense & related payroll taxes  | \$3,011          | \$2,943          | \$2,821          | \$2,906          | \$3,693          |
| Add: Amortization of acquired intangible assets                | \$1,619          | \$2,054          | \$2,720          | \$2,853          | \$3,329          |
| <b>Non-GAAP gross profit</b>                                   | <b>\$316,615</b> | <b>\$339,112</b> | <b>\$356,801</b> | <b>\$369,270</b> | <b>\$390,661</b> |
| GAAP gross margin  | 78%              | 78%              | 76%              | 76%              | 75%              |
| Non-GAAP gross margin  | 79%              | 79%              | 78%              | 77%              | 76%              |
| <b>GAAP sales and marketing expense</b>                        | <b>\$174,501</b> | <b>\$185,221</b> | <b>\$191,967</b> | <b>\$214,011</b> | <b>\$219,359</b> |
| Less: Stock-based compensation expense & related payroll taxes | -\$24,629        | -\$24,677        | -\$24,682        | -\$30,205        | -\$36,818        |
| Less: Amortization of acquired intangible assets               | -\$363           | -\$363           | -\$362           | -\$388           | -\$417           |
| Less: One-time compensation charge                             | -                | -                | -                | -                | -                |
| <b>Non-GAAP sales and marketing expense</b>                    | <b>\$149,509</b> | <b>\$160,181</b> | <b>\$166,923</b> | <b>\$183,418</b> | <b>\$182,124</b> |
| GAAP S&M expense as a % of revenue                             | 44%              | 43%              | 42%              | 45%              | 43%              |
| Non-GAAP S&M expense as a % of revenue                         | 37%              | 37%              | 36%              | 38%              | 36%              |
| <b>GAAP research and development expense</b>                   | <b>\$102,547</b> | <b>\$110,911</b> | <b>\$120,213</b> | <b>\$115,089</b> | <b>\$134,557</b> |
| Less: Stock-based compensation expense & related payroll taxes | -\$37,106        | -\$40,459        | -\$45,391        | -\$38,269        | -\$50,956        |
| <b>Non-GAAP research and development expense</b>               | <b>\$65,441</b>  | <b>\$70,452</b>  | <b>\$74,822</b>  | <b>\$76,820</b>  | <b>\$83,601</b>  |
| GAAP R&D expense as a % of revenue                             | 26%              | 26%              | 26%              | 24%              | 26%              |
| Non-GAAP R&D expense as a % of revenue                         | 16%              | 16%              | 16%              | 16%              | 16%              |
| <b>GAAP general and administrative expense</b>                 | <b>\$69,635</b>  | <b>\$68,777</b>  | <b>\$73,799</b>  | <b>\$87,658</b>  | <b>\$96,987</b>  |
| Less: Stock-based compensation expense & related payroll taxes | -\$24,761        | -\$23,688        | -\$25,528        | -\$34,515        | -\$40,526        |
| Less: Acquisition-related and other expenses                   | -\$162           | -\$78            | -\$462           | -\$112           | -                |
| Less: Lease impairment charges                                 | -                | -                | -                | -                | -\$3,840         |
| <b>Non-GAAP general and administrative expense</b>             | <b>\$44,712</b>  | <b>\$45,011</b>  | <b>\$47,809</b>  | <b>\$53,031</b>  | <b>\$52,621</b>  |
| GAAP G&A expense as a % of revenue                             | 17%              | 16%              | 16%              | 18%              | 19%              |
| Non-GAAP G&A expense as a % of revenue                         | 11%              | 10%              | 10%              | 11%              | 10%              |
| <b>GAAP loss from operations</b>                               | <b>-\$34,698</b> | <b>-\$30,794</b> | <b>-\$34,719</b> | <b>-\$53,247</b> | <b>-\$67,264</b> |
| Add: Stock-based compensation expense & related payroll taxes  | \$89,507         | \$91,767         | \$98,422         | \$105,895        | \$131,993        |
| Add: Amortization of acquired intangible assets                | \$1,982          | \$2,417          | \$3,082          | \$3,241          | \$3,746          |
| Add: Acquisition-related and other expenses                    | \$162            | \$78             | \$462            | \$112            | -                |
| Add: One-time compensation charge                              | -                | -                | -                | -                | -                |
| Add: Lease impairment charges                                  | -                | -                | -                | -                | \$3,840          |
| <b>Non-GAAP income from operations</b>                         | <b>\$56,953</b>  | <b>\$63,468</b>  | <b>\$67,247</b>  | <b>\$56,001</b>  | <b>\$72,315</b>  |
| GAAP operating margin  | -9%              | -7%              | -8%              | -11%             | -13%             |
| <b>Non-GAAP operating margin</b>                               | <b>14%</b>       | <b>15%</b>       | <b>15%</b>       | <b>12%</b>       | <b>14%</b>       |

# Key Business Metrics

## Paying Customers

|            | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|
|            | 182,027 | 189,791 | 197,138 | 210,166 | 221,540 | 237,714 | 250,819 | 265,929 |
| y-y growth | 17%     | 17%     | 17%     | 21%     | 22%     | 25%     | 27%     | 27%     |

## Paying Customers (> \$100,000 Annualized Revenue)

|              | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|
|              | 2,558   | 2,756   | 2,878   | 3,046   | 3,265   | 3,497   | 3,527   | 3,712   |
| y-y growth   | 34%     | 35%     | 33%     | 30%     | 28%     | 27%     | 23%     | 22%     |
| % of revenue | 65%     | 66%     | 67%     | 67%     | 67%     | 69%     | 69%     | 71%     |

## Dollar-Based Net Retention

|  | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
|  | 116%    | 115%    | 115%    | 112%    | 110%    | 111%    | 111%    | 114%    |

Note: See next slide for definitions of Paying Customers, Paying Customers (> \$100,000 Annualized Revenue), and Dollar-Based Net Retention.

# Definitions

**Paying Customers.** We believe our ability to grow the number of paying customers on our network provides a key indicator of growth of our business and our future business opportunities. We define a paying customer at the end of the quarter as a person or entity who has generated revenue and has an active contract with us or one of our partners during such quarter, excluding (i) customers that were not acquired through ordinary sales channels, (ii) customers using only our registrar product, and (iii) customers using our consumer applications, such as 1.1.1.1 and Warp, which agreements and customers together represent an insignificant amount of our revenue. An entity is defined as a company, a government institution, a non-profit organization, or a distinct business unit of a large company. An active contract is defined as a customer relationship for which we have provided services during the quarter.

**Paying Customers (> \$100,000 Annualized Revenue).** While we continue to grow customers across all sizes, over time, our large customers have contributed an increasing share of our revenue. We view the number of customers with Annualized Revenue greater than \$100,000 as indicative of our penetration within large enterprise accounts. To measure Annualized Revenue at the end of a quarter, we take the sum of revenue for each customer in the quarter and multiply that amount by four. For example, if we signed a new customer that generated \$1,800 of revenue in a quarter, that customer would account for \$7,200 of Annualized Revenue for that year. Our Annualized Revenue calculation excludes (i) agreements that were not entered into through ordinary sales channels, (ii) revenue generated from customers using only our registrar product, and (iii) customers using our consumer applications, such as 1.1.1.1 and Warp, which agreements and customers together represent an insignificant amount of our revenue. Our Annualized Revenue metric also includes any usage charges by a customer during a period, which represents a small portion of our total revenue and may not be recurring. As a result, Annualized Revenue may be higher than actual revenue over the course of the year.

**Dollar-Based Net Retention.** Our ability to maintain long-term revenue growth and achieve profitability is dependent on our ability to retain and grow revenue generated from our existing paying customers. We believe that we will achieve these objectives by continuing to focus on customer loyalty and adding additional products and functionality to our network. Our dollar-based net retention rate is a key way we measure our performance in these areas. Dollar-based net retention measures our ability to retain and expand recurring revenue from existing customers. To calculate dollar-based net retention for a quarter, we compare the Annualized Revenue from paying customers four quarters prior to the Annualized Revenue from the same set of customers in the most recent quarter. Our dollar-based net retention includes expansion and is net of contraction and attrition, but excludes Annualized Revenue from new customers in the current period. Our dollar-based net retention excludes the benefit of free customers that upgrade to a paid subscription between the prior and current periods, even though this is an important source of incremental growth. We believe this provides a more meaningful representation of our ability to add incremental business from existing paying customers as they renew and expand their contracts.

**Total Addressable Market.** Total Addressable Market figures are Cloudflare estimates based on Gartner market forecasts and include the following Gartner sources: (1) Forecast Enterprise Network Equipment by Market Segment, Worldwide, 2022-2028, 4Q24 Update, Gartner, Christian Canales, Naresh Singh, Gurjyot Uppal, 12/24/2024 (2) Forecast Analysis: Edge Distribution Platforms, Worldwide, Gartner, Brandon Medford, Jimmy Chuang, 08/22/2024 (3) Forecast: Information Security, Worldwide, 2022-2028, 4Q24 Update, Gartner, Shailendra Upadhyay, Akshita Joshi, Elizabeth Kim, Ruggero Contu, Charanpal Bhogal, Rahul Yadav, Matt Milone, Sean O'Neill, Mark Wah, Christian Canales, 12/19/2024 (4) Forecast: IT Operations Management Software, Worldwide, 2022-2028, 2Q24 Update, Gartner, Shailendra Upadhyay, Kanchi Bindal, Colin Fletcher, 10/16/2024 (5) Forecast Analysis: Communications Services, Worldwide, Gartner, Grigory Betskov, Shashank Nigam, Gaspar Valdivia, Rashi Priyam, Shivansh Gupta, Vartika Dixit, 02/23/2024 (6) Forecast Analysis: CPaaS, Worldwide, Gartner, Lisa Uden-Farboud, Daniel O'Connell, Ajit Patankar, 03/08/2024 (7) Forecast: Enterprise Infrastructure Software, Worldwide, 2022-2028, 4Q24 Update, Gartner, Arunasree Cheparthi, Colin Fletcher, Robin Schumacher, Lisa Uden-Farboud, Nicholas Carter, Saikat Ray, Sharat Menon, Kelli Smith, Irina Guseva, Christian Canales, Brandon Medford, Amarendra ., Shailendra Upadhyay, Varsha Mehta, 12/17/2024. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.