Introducing Confluent
August 2, 2023
Disclaimer

This presentation includes express and implied forward-looking statements. All statements contained in this presentation other than statements of historical facts, including expectations of Confluent, Inc. ("we," "us," "our," or "Confluent") regarding our revenue, revenue mix, expenses and other results of operations; operating margins and margin improvements, targeted or anticipated margin levels, achievement of non-GAAP operating margin breakeven exiting the fourth quarter of fiscal 2023; future financial performance, business strategy and plans; potential market and growth opportunities; competitive position; technological or market trends; addressable market opportunity; and our objectives for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors, including but not limited to: (i) our limited operating history, including in uncertain macroeconomic environments, (ii) our ability to sustain and manage our rapid growth, including following our recent restructuring, (iii) our ability to attract new customers and retain and sell additional features and services to our existing customers, (iv) inflationary conditions, economic uncertainty, recessionary risks, and exchange rate fluctuations, which have resulted and may continue to result in customer pullback in information technology spending, lengthening of sales cycles, reduced contract sizes, reduced consumption of Confluent Cloud or customer preference for open source alternatives, as well as the potential need for cost efficiency measures, (v) our ability to increase consumption of our offering, including by (a) increasing the number of our users, increasing the usage of our offering, and through the acquisition of new customers, and successfully introducing new features and functionality to our offering, (vi) our ability to achieve profitability and improve margins annually, by our expected timelines or at all, (vii) our ability to operate our business and execute on our strategic initiatives following our recent restructuring, (viii) the estimated addressable market opportunity for our offering, including our Flink offering and stream processing, (ix) our ability to compete effectively in an increasingly competitive market, including achieving market acceptance over competitors and open source alternatives, (x) our ability to successfully execute our go-to-market strategy and initiatives and increase market awareness and acceptance of the benefits of our offering, including the total cost of ownership benefits of Confluent Cloud, (xi) our ability to attract and retain highly qualified personnel, which could be negatively impacted by our recent restructuring, (xii) breaches in our security measures or unauthorized access to our platform, our data, or our customers’ or other users’ personal data, (xiii) our reliance on third-party cloud-based infrastructure to host Confluent Cloud, and (xiv) general market, political, economic, and business conditions, including continuing impacts from the COVID-19 pandemic. These risks are not exhaustive.

It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. You should not rely upon the forward-looking statements as predictions of future events. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this presentation. While we believe such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

This presentation also contains statistical data, estimates and forecasts made by independent parties and by us relating to market size and growth, as well as other data about our industry and business. These data involve a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of these data. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk. The Gartner content described herein (the "Gartner Content") represents research opinions or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. The Gartner Content speaks as of its original publication date and (not as of the date of this presentation), and the opinions expressed in the Gartner Content are subject to change without notice.

This presentation includes certain non-GAAP financial measures as defined by Securities and Exchange Commission ("SEC") rules. Because not all companies calculate non-GAAP financial information identically (or at all), the presentations herein may not be comparable to other similarly titled measures used by other companies. Further, such non-GAAP financial information of Confluent should be considered in addition to, and not as superior to or as a substitute for, the historical consolidated financial statements of Confluent prepared in accordance with GAAP. 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.
# Confluent Momentum-at-a-Glance

**Founded in 2014 by the Original Creators of** [Apache Kafka](https://www.apache.org/kafka/)

- ~$60B Total Addressable Market\(^1\)

<table>
<thead>
<tr>
<th>Q2’23</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$189M / +36% YoY</td>
</tr>
<tr>
<td>Confluent Cloud Revenue</td>
<td>$84M / +78% YoY</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin (OM)</td>
<td>(9%) / +24pts YoY</td>
</tr>
<tr>
<td>Dollar-Based Net Retention Rate</td>
<td>&gt;130%</td>
</tr>
<tr>
<td>Customers with ≥ $100K in ARR</td>
<td>1,144 / +33% YoY</td>
</tr>
</tbody>
</table>


\(^2\) Q4’23 non-GAAP operating margin target of 0% is as of Confluent’s Q2’23 earnings call dated August 02, 2023.

Note: Financials and metrics other than TAM data are as of or for stated period ended June 30, 2023.

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.

See Appendix for definitions for “Dollar-Based Net Retention Rate” and “Customers with $100,000 or greater in ARR.”
Confluent is on a mission to set data in motion
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
Real-time Use Cases Found Everywhere in Our Lives

- Real-time trades
- Transportation optimization
- Cybersecurity
- Omnichannel
- Supply-chain optimization
- Customer 360
- Loyalty rewards
- Route optimization
- Payment verification
- Dynamic pricing
- Fleet management
- Personalized recommendations
- Sentiment analysis
New use cases need new capabilities

This requires **total connectivity and instant reaction, all the time, in real-time**
The Problems with Data at Rest and Legacy Movement Tools

Data at Rest

- **Databases**
  - Slow, daily batch processing
  - Simple, static real-time queries

Legacy Data Movement Tools

- **ETL/Data Integration**
  - Batch
  - Expensive
  - Time Consuming

- **Messaging**
  - Difficult to Scale
  - No Persistence
  - Data Loss
  - No Replay
Databases Bring Point-in-Time Queries to Stored Data; This Leads to a Giant Mess in Data Architecture
A New Paradigm for Data in Motion: Data Streaming

All your data continuously streamed, processed, governed and shared as a product, making it instantly valuable, usable, and trustworthy everywhere.
From Giant Mess to **Central Nervous System**

**CONFLUENT**
DATA STREAMING PLATFORM
The New Data Infrastructure Category

Data Infrastructure

Data Analytics & Warehousing / OLAP
- snowflake
- Google BigQuery
- teradata
- ORACLE
- databricks

Databases / DBaaS / OLTP
- MongoDB
- Amazon DynamoDB
- Azure Cosmos DB
- ORACLE
- redis

Developer Tools
- JFrog
- bmc
- HashiCorp
- hp
- cloudflare

Applications
- Microsoft
- Applications
- monday.com
- salesforce
- servicenow
- workday
- ATLASIAN

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>Teleco</td>
<td>5G Networks</td>
<td>Data Security</td>
<td>Product Development &amp; Introduction</td>
<td>Sentiment Analysis</td>
<td>IOT Integration</td>
<td>Systems of Scale for High Traffic Periods</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>

Note: See appendix for additional use case examples.
Customer Success with Confluent

Leveraging data in motion to reimagine the customer experience

Optimizing production logistics through data in motion

Streaming IoT data to launch new products

Transforming customer interactions with data in motion

Delivering real-time data at the point of care

Democratizing data to launch new digital first banking apps

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

ARR $ in millions

**Online Travel Provider**
- Q3'16: $0.1
- Q2'19: $0.6
- Q3'21: $1.5
- Q4'22: $2.4
- Expansion multiple: 29x

- Rapid global adoption driving elevated customer experiences and seamless internal engineering initiatives

**Health Benefits Provider**
- Q4'18: $0.3
- Q4'19: $0.5
- Q4'20: $1.3
- Q4'22: $2.8
- Expansion multiple: 10x

- Accelerated claims approval and processing, member digital experience, and internal systems aggregation

**Payment Card Provider**
- Q2'17: $0.2
- Q4'19: $1.0
- Q4'20: $1.5
- Q4'22: $5.1
- Expansion multiple: 34x

- Secured the ability to continue doing business throughout the globe unlocked by Confluent with use cases including GDPR and mandate processing

**Fortune 50 Bank**
- Q2'18: $1.2
- Q2'19: $4.8
- Q2'21: $7.9
- Q4'22: $11.6
- Expansion multiple: 9x

- Improved banking relationship management, accelerated client onboarding, and enabled customized marketing programs for customers

Note: The expansion multiple is calculated based on the land ARR and the Q4'22 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

Financial Services
- citi
- ING
- SGX
- KeyBank
- Nationwide
- Affin Hwang Capital
- Morgan Stanley
- Goldman Sachs
- RBC

Technology
- Square
- eBay
- 10x
- Q2
- PayPal
- new relic
- ARMIS
- Care.com
- SAP
- Plaid
- Wix
- Instacart
- Viewpoint
- Homepoint
- Snagajob
- SecurityScorecard
- Robinhood

Communications & Media
- Telefónica
- sky
- Ticketmaster
- Netflix
- 8x8
- Brightspeed
- TiVo
- Ziff Davis
- Dish
- Netflix
- Whirlpool
- RODAN + FIELDS

Manufacturing
- Bosch
- Engel
- Amway
- Whirlpool
- RODAN + FIELDS

Consumer & Retail
- Walmart
- Migros
- Boden
- Sainsbury’s
- Shipt
- Dick’s Sporting Goods
- Picnic

Automotive & Transportation
- Advance Auto Parts
- Polaris
- DKV
- Lufthansa
- BMW Group
- DriveTime
- DB
- Meesho

Healthcare
- Alight
- BHG
- Health 
- Reursion
- SureScripts

Insurance
- Generali
- Ladder
- Beazley
- Humana
- Vitality
- Centene
Using Confluent Everywhere

Confluent Cloud
Apache Kafka Re-engineered for the Cloud
Available via PAYG or commit consumption on the leading public clouds

Confluent Platform
The Enterprise Distribution of Apache Kafka
Available via committed contract; Deploy on any platform, on-prem or cloud

Fully-Managed

Self-Managed
Why Confluent Wins

Product Differentiation

Cloud-native: Re-imagined Kafka experience for the Cloud

Complete: Enable developers to reliably & securely build next-gen apps faster

Everywhere: Be everywhere our customers want to be

Customer Growth Go-To-Market Model

Product Led: Getting customers’ hands on product early to qualify and deliver faster time-to value

Consumption Oriented: Customer health and actual usage are primary indicators for customer success

Purpose Built for Data in Motion Journey: Targeted features and expertise from early stage to Central Nervous System
The Confluent Data Streaming Platform

- Data Pipelines
- Data Streams
- Geofencing
- Streaming ETL
- Real-time Analytics
- Dynamic Pricing
- Data Analytics
- Cyber-Security
- IoT & Telematics
- Customer 360
- ML & AI
- and more...

DATA STREAMING APPLICATIONS

CONNECT

GOVERN

PROCESS

SHARE

STREAM

KORA: THE APACHE KAFKA ENGINE, BUILT FOR THE CLOUD
Confluent’s Cloud Advantage: Kora Architecture

CUSTOMERS

NETWORK

COMPUTE

OBJECT STORAGE

GLOBAL CONTROL PLANE

Other Confluent Cloud Services

METRICS & OBSERVABILITY

GOVERNANCE

CONNECT

PROCESSING

SECURITY

30X ELASTICITY
Scale to handle GBps workloads and peak customer demands 30x faster without operational burden

10X RESILIENCY
Ensure high availability and offload Kafka ops with 99.99% uptime SLA, multi-AZ clusters, and no-touch Kafka patches

∞X STORAGE
Never worry about Kafka storage again with Intelligent Tiered Storage and Infinite Retention

Product Differentiation
Stronger Capabilities, With Up to 60% Lower TCO

**HEADCOUNT**
Savings with Confluent

Development & Operations Personnel

**INFRASTRUCTURE**
Savings with Confluent

- Multi-tenancy
- Elastic
- Data Balancing
- Networking & Replication

**DEVELOPMENT & OPERATIONS**
Savings with Confluent

- Higher Utilization of Infrastructure
- Software-driven Operations
- Real-time Monitoring & Validation

Product Differentiation
Product Led Complements Enterprise Sales GTM Motion

PRODUCT LED
Self-Serve Signup, Pay-As-You-Go

ENTERPRISE SALES
Master Contract, Success Plan / Value Realization and TCO, Governance

Awareness of Solution
Evaluation
Development

Mission Critical
Production
Central Nervous System

Developers, Architects, Operators
Tech Exec, CIO/CTO, Infosec/CISO
Our Powerful and Differentiated Cloud Consumption Model

Serve mission-critical workloads in data infrastructure

Power revenue *(frontend)* and operational *(backend)* use cases

Expand seamlessly in the cloud with strong network effects

Moving up the stack with Flink and capitalizing on Cloud and Gen AI opportunities
Data in Motion Journey

1. Experimentation / Early Interest
   - Low friction
   - Developer love

2. Early Production Usage

3. Mission Critical, But Disconnected Use Cases
   - Architecture Review
   - Operational SLAs
   - Total Cost of Ownership
   - Infosec Review

   - Senior executive buy-in (CTO, CIO, CISO)
   - Center of Excellence
   - Company-wide governance

5. Central Nervous System

INVESTMENT & TIME

VALUE
Network Effects Drive Further Expansion

- Web
- Custom Apps
- Microservices
- Monitoring
- Analytics

Applications Bring Data In Motion

...and more

Data In Motion Brings New Applications

Any source
- NoSQL
- Oracle
- Mainframes
- Salesforce
- Marketo
- Twitter
- AWS, Azure, GCP
- Data Warehouse

Any destination
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

- **Partners & Competitors**
  - Microsoft
  - AWS
  - Google
# Cloud Competitive Landscape

## Cloud-Native

<table>
<thead>
<tr>
<th>Service</th>
<th>Confluent</th>
<th>Microsoft</th>
<th>Google</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Hubs</td>
<td>☝️</td>
<td>☝️</td>
<td>☝️</td>
<td>☝️</td>
</tr>
<tr>
<td>Dataflow</td>
<td>☝️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Pub/Sub</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Kinesis</td>
<td>☝️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>MSK</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
</tbody>
</table>

## Complete

<table>
<thead>
<tr>
<th>Service</th>
<th>Confluent</th>
<th>Microsoft</th>
<th>Google</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Hubs</td>
<td>☝️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Dataflow</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Pub/Sub</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Kinesis</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>MSK</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
</tbody>
</table>

## Everywhere

<table>
<thead>
<tr>
<th>Service</th>
<th>Confluent</th>
<th>Microsoft</th>
<th>Google</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Hubs</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Dataflow</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Pub/Sub</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>Kinesis</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
<td>❄️</td>
</tr>
<tr>
<td>MSK</td>
<td>❄️</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

2,738 employees as of Q2 2023
Financial Highlights
A New Data Category, A Large Market Opportunity

2022 Total Addressable Market (TAM) 
~$60B (2)

- Addressed by Kafka and Cluster Linking
- Addressed by ksqlDB pull queries and Kafka Storage
- Addressed by ksqlDB push queries, Connect SMTs, and Stream Designer

$37B Application Infrastructure & Middleware
$9B Database
$10B Analytics Platforms
$5B Data Mgmt

(1) Represent 73% of the $50B application infrastructure & middleware market
(2) Represent 10% of the $92B database management market
(3) Represent 30% of the $32B analytics platform market
(4) Represent 50% of the $10B data management market

(1) Market size based on Gartner estimates from
(2) Confluent product share based on internal analysis of use cases in each Gartner market category addressable with generally available Confluent products
(3) Confluent TAM based on estimated share of each Gartner market from 2022 to 2025, which is tied to our current product offering and planned product roadmap
Bottoms-up View of Our 2022 Addressable Market

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Companies</th>
<th>Estimated Average ARR per Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortune 500</td>
<td>500</td>
<td>$10M+</td>
</tr>
<tr>
<td>Enterprise (LTM Revenue &gt;$1B)</td>
<td>~29,000</td>
<td>$1M+</td>
</tr>
<tr>
<td>Commercial - Mid Market (LTM Revenue: &lt;$1B)</td>
<td>~300,000</td>
<td>$100K+</td>
</tr>
</tbody>
</table>

$60B+

(1) Source: Capital IQ.
(2) Estimates based on evaluation of spending patterns across Confluent’s customer base.
The Power of Our Hybrid Model

Confluent Cloud
- 44%
- Fully managed, cloud-native
- Rev Rec: Consumption

Confluent Platform
- 49%
- Self-managed software
- Rev Rec: Upfront & ratable

Services
- 7%
- Attached to product sales
- Rev Rec: As delivered

Note: 44% Confluent Cloud revenue mix, 49% Confluent Platform revenue mix, and 7% Services revenue mix are as of the quarterly period ended June 30, 2023.
Significant Revenue Growth at Scale

**Annual Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>$65.2</td>
</tr>
<tr>
<td>FY19</td>
<td>$149.8</td>
</tr>
<tr>
<td>FY20</td>
<td>$236.6</td>
</tr>
<tr>
<td>FY21</td>
<td>$387.9</td>
</tr>
<tr>
<td>FY22</td>
<td>$585.9</td>
</tr>
</tbody>
</table>

72%+ CAGR FY18-FY22

**Quarterly Revenue**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'21</td>
<td>$102.6</td>
</tr>
<tr>
<td>Q4'21</td>
<td>$119.9</td>
</tr>
<tr>
<td>Q1'22</td>
<td>$126.1</td>
</tr>
<tr>
<td>Q2'22</td>
<td>$139.4</td>
</tr>
<tr>
<td>Q3'22</td>
<td>$151.7</td>
</tr>
<tr>
<td>Q4'22</td>
<td>$168.7</td>
</tr>
<tr>
<td>Q1'23</td>
<td>$174.3</td>
</tr>
<tr>
<td>Q2'23</td>
<td>$189.3</td>
</tr>
</tbody>
</table>

Y/Y Growth: 71%, 64%, 58%, 48%, 41%, 38%, 36%
Fast-Growing Confluent Cloud Revenue

**Annual Confluent Cloud Revenue**

- **$211.2 million** in FY22
- **200%+ CAGR** from FY18 to FY22

**Quarterly Revenue**

- **$26.8 million** in Q3’21
- **$211.2 million** in Q2’23

**Quarterly Revenue Growth**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q/Q $ Add</th>
<th>Y/Y Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3’21</td>
<td>$7.1</td>
<td>211%</td>
</tr>
<tr>
<td>Q4’21</td>
<td>$7.0</td>
<td>180%</td>
</tr>
<tr>
<td>Q1’22</td>
<td>$5.1</td>
<td>139%</td>
</tr>
<tr>
<td>Q2’22</td>
<td>$8.1</td>
<td>112%</td>
</tr>
<tr>
<td>Q3’22</td>
<td>$9.9</td>
<td>102%</td>
</tr>
<tr>
<td>Q4’22</td>
<td>$11.5</td>
<td>89%</td>
</tr>
<tr>
<td>Q1’23</td>
<td>$5.3</td>
<td>78%</td>
</tr>
<tr>
<td>Q2’23</td>
<td>$9.9</td>
<td></td>
</tr>
</tbody>
</table>

**Annual Confluent Cloud Revenue Growth**

- **200%+ CAGR (FY18-FY22)**
Early International Expansion and Accelerating Adoption of Confluent Cloud

**Revenue Mix by Geography**

- **$ in millions**
- **FY'21**: $387.9
- **FY'22**: $585.9
- **Q2'22**: $139.4
- **Q2'23**: $189.3

- **US**: 64%, 62%, 63%, 60%
- **International**: 36%, 38%, 37%, 40%

**Revenue Mix by Product**

- **$ in millions**
- **FY'21**: $387.9
- **FY'22**: $585.9
- **Q2'22**: $139.4
- **Q2'23**: $189.3

- **Confluent Platform**: 11%, 24%, 9%, 9%
- **Confluent Cloud**: 65%, 55%, 57%, 49%
- **Service**: 62%, 36%, 34%, 44%
Strong Customer Commitments

- **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

<table>
<thead>
<tr>
<th></th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
<th>Q1'23</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confluent Platform</td>
<td>4,120</td>
<td>4,240</td>
<td>4,530</td>
<td>4,690</td>
<td>4,830</td>
</tr>
<tr>
<td>Confluent Cloud</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Customers with ≥ $100K in ARR

<table>
<thead>
<tr>
<th></th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
<th>Q1'23</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confluent Platform</td>
<td>862</td>
<td>945</td>
<td>1,015</td>
<td>1,075</td>
<td>1,144</td>
</tr>
<tr>
<td>Confluent Cloud</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Customers with ≥ $1M in ARR

<table>
<thead>
<tr>
<th></th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
<th>Q1'23</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confluent Platform</td>
<td>99</td>
<td>112</td>
<td>127</td>
<td>135</td>
<td>147</td>
</tr>
<tr>
<td>Confluent Cloud</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$5M+ ARR Customer Cohort Continuing to Grow
Gross Margin Healthy as Revenue Mix Shifts

**Total Gross Margin (Non-GAAP)**
- FY'21: 69.5%
- FY'22: 71.2%
- Q2'22: 70.6%
- Q2'23: 75.0%

**Subscription Gross Margin (Non-GAAP)**
- FY'21: 76.5%
- FY'22: 77.1%
- Q2'22: 76.8%
- Q2'23: 79.1%

**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, employer taxes on employee stock transactions, and amortization of acquired intangibles. 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.
Driving Efficient Growth

Non-GAAP Operating Expenses as % of Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;M</td>
<td>29%</td>
<td>27%</td>
<td>28%</td>
<td>24%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>67%</td>
<td>61%</td>
<td>62%</td>
<td>49%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>16%</td>
<td>14%</td>
<td>14%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Non-GAAP Operating Margin %

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;M</td>
<td>-41%</td>
<td>-30%</td>
<td>-34%</td>
<td>-9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-41%</td>
<td>-30%</td>
<td>-34%</td>
<td>-9%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-41%</td>
<td>-30%</td>
<td>-34%</td>
<td>-9%</td>
</tr>
</tbody>
</table>

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.

1 Q4'23 non-GAAP operating margin target of 0% is as of Confluent’s Q2'23 earnings call dated August 02, 2023.
## Managing Growth and Profitability

### Non-GAAP Mid-Term Targets

<table>
<thead>
<tr>
<th>Non-GAAP</th>
<th>Mid-Term Targets</th>
<th>Long-Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>~30% Annual Revenue Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>72%-75%</td>
<td>75%+</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>~19%</td>
<td>16%-17%</td>
</tr>
<tr>
<td>% of total revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>~38%</td>
<td>27%-29%</td>
</tr>
<tr>
<td>% of total revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>~8%</td>
<td>6%-7%</td>
</tr>
<tr>
<td>% of total revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>5%-10%</td>
<td>25%+</td>
</tr>
<tr>
<td>Free Cash Flow Margin</td>
<td><strong>In-line with OM</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

*~80% Cloud Mix Long Term*

*Top line growth determines rate of OM% expansion*
**Focus on Managing Net Dilution**

**Net dilution Calc**
- \( \frac{\text{shares granted} - \text{shares forfeited}}{\text{WASO}} \)

**Drivers**
- SBC is a lagging indicator
- Final tranches of pre-IPO options recognized in SBC through 1H FY25
- FY23 net dilution target of 3-4%
- Focus managing net dilution LT below 2% and SBC % of revenue mid-teens

**SBC % of Revenue**
- FY22: 47%
- Mid-Term: ~25%
- Long-Term: Mid-Teens

**Net Dilution**
- FY22: 5%
- Mid-Term: ~3%
- Long-Term: <2%
Key Takeaways

- Category Creating Company Founded by the Creators of Kafka
- ~$60 Billion Total Addressable Market\(^1\)
- Positioned to Capitalize on the Large and Growing Shift to Cloud
- Expansion Driven by Network Effects
- Strong Growth and Long-Term Margin Profile
- Positioned to Capitalize on the Large and Growing Shift to Cloud
- Seasoned Management Team with Track Record of Execution

Appendix
Originally created by the founders of Confluent while at LinkedIn

>150,000 organizations using Kafka

>75% of the F500 estimated to be using Apache Kafka

>65,000 Kafka meetup members

>200 global meetup groups
Teleco Use Cases

5G Network
- Migration to the Cloud
- Dynamic Sales Prediction Model
- Legacy IT Modernization
- Edge Computing
- Automating Operations

Data Security
- Fraud Detection & Analysis
- Regulatory Reporting & Compliance
- Customer Dispute Resolution
- Real-time Network Monitoring
- Response Monitoring

Product Development & Introduction
- Predictive/Preventative Maintenance
- Product Quality Monitoring
- Efficiency/Waste Reduction
- Logistics Telemetry
- Real-Time Collaboration Across Teams

Sentiment Analysis
- Customer Data Aggregation
- Intelligence Visualization & Transformation
- Machine Learning Training
- Real-Time Associate feedback
- Responsive Model Correction

Teleco
Drive analytics and streamline operations
Financial Services Use Cases

Corporate and Investment Banking, Capital Markets

- Real-time Payments
- Risk Analytics
- Market, Reference, & Security Master Data Distribution
- Trade System Integration & Automation
- Trade Processing

Finance, Risk, Compliance, IT & Cyber

- Operational Log Hub
- IT Observability
- Cyber Security / SIEM Modernization
- Credit & Market Risk
- Fraud Detection

Retail Banking, Wealth & Asset Management

- Customer 360
- Omni-channel Banking
- Fraud Detection
- Client Advisor Workstations
- Data & Analytics Service

Technology Modernization

- Mainframe Modernization
- Bridge to Cloud
- Streaming Analytics
- Event-driven Microservices
- CDC Patterns from System of Records

Financial Services
Reshape customer experience and streamline operations

[Diagram of Financial Services Use Cases with various use cases and solutions related to payments, risk analytics, market data distribution, trade systems, operational log hub, IT observability, cyber security, credit and market risk, fraud detection, and customer 360, among others.]

[Diagram extends to the right with additional solutions and use cases for technology modernization, including mainframe modernization, bridge to cloud, streaming analytics, event-driven microservices, and CDC patterns from system of records.]
Retail Use Cases

Inventory Management
- Omni-Channel Experiences
- Dynamic Sales Prediction Model
- Integrated Order Implementation
- Real-Time Alternate Scenario Analysis
- Transportation Optimization

Personalized Promotions
- Correlation Detection & Analysis
- Customer Profile Development
- Event-Driven Processing of Customer Navigation
- Real-time Personalized Messaging
- Promotion Release & Response Monitoring

Product Development & Introduction
- Predictive/Preventative Maintenance
- Product Quality Monitoring
- Manufacturing Efficiency/Waste Reduction
- Shipping/Logistics/Telemetry
- Real-Time Collaboration Across Teams

Sentiment Analysis
- Customer Data Aggregation
- Intelligence Visualization & Transformation
- Machine Learning Training
- Real-Time Associate feedback
- Responsive Model Correction

Retail
Drive consumer analytics & streamline operations
Definitions

**Annual Recurring Revenue (ARR):**
We define ARR as (1) with respect to Confluent Platform customers, the amount of revenue to which our customers are contractually committed over the following 12 months assuming no increases or reductions in their subscriptions, and (2) with respect to Confluent Cloud customers, the amount of revenue that we expect to recognize from such customers over the following 12 months, calculated by annualizing actual consumption of Confluent Cloud in the last three months of the applicable period, assuming no increases or reductions in usage rate. Services arrangements are excluded from the calculation of ARR. Prior to the first quarter of 2023, ARR with respect to Confluent Cloud customers excluded pay-as-you-go arrangements and was based on contractual commitments over the following 12 months, regardless of actual consumption. We adjusted our methodology for calculating ARR commencing with the first quarter of 2023 to incorporate actual consumption of Confluent Cloud and applied this change retroactively.

**Dollar-Based Net Retention Rate:**
We calculate our dollar-based net retention rate (NRR) as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period end ("Prior Period Value"). We then calculate the ARR from these same customers as of the current period end ("Current Period Value"), and divide the Current Period Value by the Prior Period Value to arrive at our dollar-based NRR. The dollar-based NRR includes the effect, on a dollar-weighted value basis, of our Confluent Platform subscriptions that expand, renew, contract, or attrit. The dollar-based NRR also includes the effect of annualizing actual consumption of Confluent Cloud in the last three months of the applicable period, but excludes ARR from new customers in the current period. Our dollar-based NRR is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity.

**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
<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$387,864</td>
<td>$585,944</td>
<td>$139,407</td>
<td>$189,285</td>
</tr>
<tr>
<td>Total gross profit on a GAAP basis</td>
<td>$250,572</td>
<td>$383,529</td>
<td>$89,898</td>
<td>$131,365</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>17,989</td>
<td>32,389</td>
<td>8,346</td>
<td>10,039</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>1,013</td>
<td>1,173</td>
<td>150</td>
<td>393</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127</td>
</tr>
<tr>
<td>Non-GAAP total gross profit</td>
<td>$269,574</td>
<td>$417,091</td>
<td>$98,394</td>
<td>$141,924</td>
</tr>
<tr>
<td>Non-GAAP total gross margin</td>
<td>69.5%</td>
<td>71.2%</td>
<td>70.6%</td>
<td>75.0%</td>
</tr>
<tr>
<td>Subscription revenue</td>
<td>$347,099</td>
<td>$535,009</td>
<td>$127,018</td>
<td>$176,488</td>
</tr>
<tr>
<td>Subscription gross profit on a GAAP basis</td>
<td>$252,239</td>
<td>$388,685</td>
<td>$91,410</td>
<td>$132,300</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>12,571</td>
<td>23,136</td>
<td>6,018</td>
<td>6,914</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>636</td>
<td>569</td>
<td>70</td>
<td>265</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127</td>
</tr>
<tr>
<td>Non-GAAP subscription gross profit</td>
<td>$265,446</td>
<td>$412,390</td>
<td>$97,498</td>
<td>$139,606</td>
</tr>
<tr>
<td>Non-GAAP subscription gross margin</td>
<td>76.5%</td>
<td>77.1%</td>
<td>76.8%</td>
<td>79.1%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>$387,864</td>
<td>$585,944</td>
<td>$139,407</td>
<td>$189,285</td>
</tr>
<tr>
<td><strong>Research and development (R&amp;D) expense on a GAAP basis</strong></td>
<td>$161,925</td>
<td>$264,041</td>
<td>$66,472</td>
<td>$85,677</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>49,051</td>
<td>101,499</td>
<td>25,337</td>
<td>35,420</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>2,278</td>
<td>2,632</td>
<td>342</td>
<td>1,306</td>
</tr>
<tr>
<td>Less: Acquisition-related expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,841</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense</strong></td>
<td>$110,596</td>
<td>$159,910</td>
<td>$38,793</td>
<td>$45,110</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense as a % of total revenue</strong></td>
<td>28.5%</td>
<td>27.3%</td>
<td>27.8%</td>
<td>23.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>$387,864</td>
<td>$585,944</td>
<td>$139,407</td>
<td>$189,285</td>
</tr>
<tr>
<td><strong>Sales and marketing (S&amp;M) expense on a GAAP basis</strong></td>
<td>$319,331</td>
<td>$456,452</td>
<td>$112,754</td>
<td>$127,770</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>55,506</td>
<td>99,366</td>
<td>24,746</td>
<td>32,889</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>4,266</td>
<td>2,485</td>
<td>1,048</td>
<td>1,488</td>
</tr>
<tr>
<td>Less: Acquisition-related expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,076</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense</strong></td>
<td>$259,559</td>
<td>$354,601</td>
<td>$86,960</td>
<td>$92,317</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense as a % of total revenue</strong></td>
<td>66.9%</td>
<td>60.5%</td>
<td>62.4%</td>
<td>48.8%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$387,864</td>
<td>$585,944</td>
<td>$139,407</td>
<td>$189,285</td>
</tr>
<tr>
<td>General and administrative (G&amp;A) expense on a GAAP basis</td>
<td>$108,936</td>
<td>$125,710</td>
<td>$29,979</td>
<td>$36,343</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>33,078</td>
<td>44,402</td>
<td>10,437</td>
<td>13,811</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>2,532</td>
<td>720</td>
<td>130</td>
<td>412</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Acquisition-related expenses</td>
<td>-</td>
<td>1,104</td>
<td>-</td>
<td>281</td>
</tr>
<tr>
<td>Non-GAAP G&amp;A expense</td>
<td>$60,036</td>
<td>$79,484</td>
<td>$19,412</td>
<td>$21,839</td>
</tr>
<tr>
<td>Non-GAAP G&amp;A expense as a % of total revenue</td>
<td>15.5%</td>
<td>13.6%</td>
<td>13.9%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations
(in thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q2'22</th>
<th>Q2'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$387,864</td>
<td>$585,944</td>
<td>$139,407</td>
<td>$189,285</td>
</tr>
<tr>
<td>Operating loss on a GAAP basis</td>
<td>$(339,620)</td>
<td>$(462,674)</td>
<td>$(117,307)</td>
<td>$(119,368)</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>155,624</td>
<td>277,656</td>
<td>68,866</td>
<td>92,159</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>10,089</td>
<td>7,010</td>
<td>1,670</td>
<td>3,599</td>
</tr>
<tr>
<td>Add: Common stock charitable donation expense</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127</td>
</tr>
<tr>
<td>Add: Acquisition-related expenses</td>
<td>-</td>
<td>1,104</td>
<td>-</td>
<td>5,198</td>
</tr>
<tr>
<td>Add: Restructuring and other related charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>943</td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$(160,617)</td>
<td>$(176,904)</td>
<td>$(46,771)</td>
<td>$(17,342)</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>(41.4%)</td>
<td>(30.2%)</td>
<td>(33.5%)</td>
<td>(9.2%)</td>
</tr>
</tbody>
</table>