Introducing Confluent
November 1, 2023
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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 restructuring, (iii) our ability to attract new customers and retain and sell additional features and services to our existing customers, (iv) uncertain macroeconomic conditions, including higher inflation, higher interest rates, stock market volatility, geopolitical events, economic, political, regulatory, 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 offerings, including by existing customers and through the acquisition of new customers, including by addressing customer consumption preferences, and successfully add new features and functionality to our offerings, (vi) our ability to achieve profitability and improve margins annually, by our expected timelines or at all, (vii) the estimated addressable market opportunity for our offerings, including our Flink offering and stream processing, and our ability to capture our share of that market opportunity, (viii) our ability to compete effectively in an increasingly competitive market, (ix) our ability to successfully execute our go-to-market strategy and initiatives, including as we reorient our go-to-market strategy and model around customer consumption, (x) our ability to attract and retain highly qualified personnel, including as we reorient our go-to-market strategy and model around customer consumption, (xi) our ability to successfully transition executive leadership, (xii) breaches in our security measures, intentional or accidental cybersecurity incidents 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, (xiv) public sector budgetary cycles and funding reductions or delays, such as an extended federal government shutdown, (xv) our ability to accurately forecast our future performance, business and growth, and (xvi) general market, political, economic, and business conditions, including continuing impacts from the COVID-19 pandemic. 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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 Confluent, which involve a number of assumptions and limitations and we have not independently verified the accuracy of 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.

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## Confluent Momentum-at-a-Glance

Founded in 2014 by the Original Creators of Apache Kafka

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q3’23</th>
<th>Q4’23 OM Guidance: 0-1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$200M / +32% YoY</td>
<td>0-1%</td>
</tr>
<tr>
<td>Confluent Cloud Revenue</td>
<td>$92M / +61% YoY</td>
<td>0-1%</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin (OM)</td>
<td>(5.5%) / +22pts YoY</td>
<td>0-1%</td>
</tr>
<tr>
<td>Dollar-Based Net Retention Rate</td>
<td>Just Under 130%</td>
<td>0-1%</td>
</tr>
<tr>
<td>Customers with ≥ $100K in ARR</td>
<td>1,185 / +25% YoY</td>
<td>0-1%</td>
</tr>
</tbody>
</table>

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2 Q4’23 non-GAAP operating margin guidance of 0-1% is as of Confluent’s Q3’23 earnings call dated November 1, 2023.

Note: Financials and metrics other than TAM data are as of or for stated period ended September 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
Real-time Use Cases Found Everywhere in Our Lives
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.

**CONNECT**

- SQL Server
- ORACLE
- IBM Z
- TIBCO
- elastic
- MQTT
- Amazon CloudWatch
- syslog
- IoT
- MySQL
- splunk

**PROCESS**

- AI/ML Modeling
- Inventory
- Payments
- Personalization
- Fraud
- Supply Chain
- Recommendations

**SHARE**

- Custom App & Microservices

**GOVERN**

Data Systems

**STREAM**

From Data Chaos — To Data Products — To Instant Value Everywhere
From Giant Mess to Central Nervous System
Confluent is Becoming the Central Nervous System of the Modern Technology Stack
Proven Success Across Industries

Financial Services
- Citi
- ING
- SGX
- KeyBank
- Nationwide Building Society
- Morgan Stanley
- Affin Hwang Capital Asset Management
- Goldman Sachs
- RBC

Technology
- Square
- eBay
- 10x
- Q2
- O2
- PayPal
- ARMIS
- Care.com
- ARMIS
- PLaid
- Wix
- Instacart
- Viewpoint
- Homepoint
- Snagajob
- SecurityScorecard
- Robinhood
- BlackRock

Communications & Media
- Telefónica
- Sky
- Netflix
- Ticketmaster
- 8x8
- Brightspeed
- TiVo
- Ziff Davis
- ETC
- MPL
- Premier League
- DISH
- ViacomCBS
- SAG-AFTRA

Manufacturing
- SunPower
- Bosch
- Engel
- Amway
- Whirlpool
- Rodan + Fields

Consumer & Retail
- Walmart
- Nuuly
- GO.com
- Ann Taylor
- Migros
- Sainsbury’s
- Boden
- Shipt
- Foodpanda
- Ocado
- Selerity
- Lufthansa
- BMW Group
- Arcese
- GTN
- SureScripts
- DriveCentric
- Domino’s

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

Healthcare
- Alight
- BHG
- Recursion
- SureScripts
- DriveCentric
- GTN

Insurance
- Generali
- Ladder
- Beazley
- Humana
- Vitality
- Centene

[Image of logos for each industry]
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

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

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

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

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).
# Use Cases Across All Industries

## Retail
- Inventory Management
- Personalized Promotions
- Product Development & Introduction
- Sentiment Analysis
- Streaming Enterprise Messaging
- Systems of Scale for High Traffic Periods

## Healthcare
- Connected Health Records
- Data Confidentiality & Accessibility
- Dynamic Staff Allocation Optimization
- Integrated Treatment
- Proactive Patient Care
- Real-Time Monitoring

## Finance & Banking
- Early-On Fraud Detection
- Capital Management
- Market Risk Recognition & Investigation
- Preventive Regulatory Scanning
- Real-Time What-If Analysis
- Trade Flow Monitoring

## Transportation
- Advanced Navigation
- Environmental Factor Processing
- Fleet Management
- Predictive Maintenance
- Threat Detection & Real-Time Response
- Traffic Distribution Optimization

## Teleco
- 5G Networks
- Data Security
- Product Development & Introduction
- Sentiment Analysis
- IOT Integration
- Systems of Scale for High Traffic Periods

## Common in all Industries
- Data Pipelines
- Hybrid Cloud Integration
- Microservices
- Security and Fraud
- Customer 360
- Streaming ETL

Note: See appendix for additional use case examples.
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 STREAMING APPLICATIONS

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

CUSTOMERS

NETWORK

Multi-Cloud Networking & Routing Tier

COMPUTE

Cells

OBJECT STORAGE

GLOBAL CONTROL PLANE

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
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

Value vs. Investment & Time

Mission Critical, But Disconnected Use Cases
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

<table>
<thead>
<tr>
<th>Cloud-Native</th>
<th>Complete</th>
<th>Everywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Confluent</strong></td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Filled" /></td>
</tr>
<tr>
<td><strong>Microsoft</strong></td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Partial" /></td>
</tr>
<tr>
<td>Microsoft Event Hubs</td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Partial" /></td>
</tr>
<tr>
<td><strong>Google</strong></td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Empty" /></td>
</tr>
<tr>
<td>Google Dataflow</td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Empty" /></td>
</tr>
<tr>
<td>Google Pub/Sub</td>
<td><img src="image" alt="Filled" /></td>
<td><img src="image" alt="Empty" /></td>
</tr>
<tr>
<td><strong>Amazon</strong></td>
<td><img src="image" alt="Partial" /></td>
<td><img src="image" alt="Partial" /></td>
</tr>
<tr>
<td>Amazon Kinesis</td>
<td><img src="image" alt="Partial" /></td>
<td><img src="image" alt="Partial" /></td>
</tr>
<tr>
<td>Amazon MSK</td>
<td><img src="image" alt="Partial" /></td>
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</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

2,778 employees as of Q3 2023

Board of Directors

Jay Kreps
Co-Founder & CEO of Confluent
Neha Narkhede
Co-Founder of Confluent
Matt Miller
Sequoia Capital
Mike Volpi
Index Ventures
Eric Vishria
Benchmark Capital
Jonathan Chadwick
Former EVP, CFO/COO at VMware
Greg Schott
Former CEO and Chairman at Mulesoft
Lara Caimi
President, Worldwide Field Operations at Samsara
Alyssa Henry
Former CEO at Square
Financial Highlights
A New Data Category, A Large Market Opportunity

2022 Total Addressable Market (TAM)
~$60B

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

Addressed by Kafka and Cluster Linking

Addressed by ksqlDB push queries and Kafka Storage

Addressed by Connectors and Stream Governance

Represents 73% of the $50B application infrastructure & middleware market
Represents 10% of the $92B database management market
Represents 30% of the $32B analytics platform market
Represents 50% of the $10B data management market

2022-2025 TAM Growth
19% CAGR

~$60B

2022
2025

$100B

[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>Fortune 500</th>
<th>Enterprise (LTM Revenue &gt;$1B)</th>
<th>Commercial - Mid Market (LTM Revenue: &lt;$1B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Companies $^{(1)}$</td>
<td>500</td>
<td>~300,000</td>
</tr>
<tr>
<td>Estimated Average ARR per Company $^{(2)}$</td>
<td>$10M+$</td>
<td>$1M+$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$100K+</td>
</tr>
</tbody>
</table>

$\sum$ $60B+$

$^{(1)}$ Source: Capital IQ.

$^{(2)}$ Estimates based on evaluation of spending patterns across Confluent’s customer base.
The Power of Our Hybrid Model

Confluent Cloud
- 46%
- Fully managed, cloud-native
- Rev Rec: Consumption

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

Services
- 5%
- Attached to product sales
- Rev Rec: As delivered

Note: 46% Confluent Cloud revenue mix, 49% Confluent Platform revenue mix, and 5% Services revenue mix are as of the quarterly period ended September 30, 2023.
Significant Revenue Growth at Scale

**Annual Revenue**

- **FY18**: $56.4 million
- **FY19**: $130.2 million
- **FY20**: $208.6 million
- **FY21**: $347.1 million
- **FY22**: $535.0 million

**CAGR FY18-FY22**: 72%+

**Total Rev Y/Y**:
- **Q4'21**: 64%
- **Q1'22**: 58%
- **Q2'22**: 48%
- **Q3'22**: 41%
- **Q4'22**: 38%
- **Q1'23**: 36%
- **Q2'23**: 32%
- **Q3'23**: 31%

**Quarterly Revenue**

- **Q4'21**: $119.9 million
- **Q1'22**: $126.1 million
- **Q2'22**: $139.4 million
- **Q3'22**: $151.7 million
- **Q4'22**: $168.7 million
- **Q1'23**: $174.3 million
- **Q2'23**: $189.3 million
- **Q3'23**: $200.2 million
Fast-Growing Confluent Cloud Revenue

**Annual Confluent Cloud Revenue**

- **$ in millions**
- **FY18**: $2.6
- **FY19**: $14.4
- **FY20**: $31.4
- **FY21**: $94.2
- **FY22**: $211.2

**200%+ CAGR FY18-FY22**

**Quarterly Revenue**

- **$ in millions**
- **Q4'21**: $33.8
- **Q1'22**: $38.9
- **Q2'22**: $47.0
- **Q3'22**: $56.9
- **Q4'22**: $68.4
- **Q1'23**: $73.6
- **Q2'23**: $83.6
- **Q3'23**: $91.6

**Q/Q $ Add**

- **Q4'21**: $7.0
- **Q1'22**: $5.1
- **Q2'22**: $8.1
- **Q3'22**: $9.9
- **Q4'22**: $11.5
- **Q1'23**: $5.3
- **Q2'23**: $9.9
- **Q3'23**: $8.0

**Y/Y Growth**

- **180%**
- **139%**
- **112%**
- **102%**
- **89%**
- **78%**
- **61%**
Early International Expansion and Accelerating Adoption of Confluent Cloud

Revenue Mix by Geography

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>FY22</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>Q3'22</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Q3'23</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Revenue Mix by Product

<table>
<thead>
<tr>
<th></th>
<th>Confluent Platform</th>
<th>Confluent Cloud</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>65%</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>FY22</td>
<td>65%</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>Q3'22</td>
<td>55%</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>Q3'23</td>
<td>54%</td>
<td>46%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Q3'22 revenue mix by product does not sum to 100% due to rounding.
RPO and current RPO (cRPO)

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

- **RPO and cRPO** was impacted by:
  - A decline in both average deal sizes and average contract duration
  - Current macro conditions negatively impacting customers’ appetite to commit to large upfront contracts

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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

- **Customers with $100K in ARR**
  - Q3’22: 945
  - Q4’22: 1,015
  - Q1’23: 1,075
  - Q2’23: 1,144
  - Q3’23: 1,185

- **Customers with $1M in ARR**
  - Q3’22: 112
  - Q4’22: 127
  - Q1’23: 135
  - Q2’23: 147
  - Q3’23: 155

- **Total Customers**
  - Q3’22: 4,240
  - Q4’22: 4,530
  - Q1’23: 4,690
  - Q2’23: 4,830
  - Q3’23: 4,910

- **$5M+ ARR Customer Cohort Continues to Grow**
  - 38% y/y growth
  - 25% y/y growth
  - 16% y/y growth

---

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

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

**Total Gross Margin (Non-GAAP):**
- FY'21: 69.5%
- FY'22: 71.2%
- Q3'22: 71.0%
- Q3'23: 76.4%

**Subscription Gross Margin (Non-GAAP):**
- FY'21: 76.5%
- FY'22: 77.1%
- Q3'22: 76.9%
- Q3'23: 80.1%

**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>Q3'22</th>
<th>Q3'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;M</td>
<td>67%</td>
<td>61%</td>
<td>57%</td>
<td>47%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>15%</td>
<td>14%</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>29%</td>
<td>27%</td>
<td>28%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Non-GAAP Operating Margin %

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
<th>FY'22</th>
<th>Q3'22</th>
<th>Q3'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'21</td>
<td>-41%</td>
<td>-30%</td>
<td>-28%</td>
<td>-5%</td>
</tr>
<tr>
<td>Q3'22</td>
<td></td>
<td></td>
<td></td>
<td></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 guidance of 0-1% is as of Confluent's Q3'23 earnings call dated November 1, 2023.
Focus on Managing Net Dilution

Net dilution Calc
• (shares granted - shares forfeited) / 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 on the Large and Growing Shift to Cloud
- Seasoned Management Team with Track Record of Execution

Appendix
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
Teleco Use Cases

Teleco
Drive analytics and streamline operations

- 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

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- Customer Data Aggregation
- Intelligence Visualization & Transformation
- Machine Learning Training
- Real-Time Associate feedback
- Responsive Model Correction
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
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
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
### GAAP to Non-GAAP Reconciliations

*(in thousands, except percentages)*

<table>
<thead>
<tr>
<th></th>
<th>FY'21</th>
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<th>Q3'23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>$387,864</td>
<td>$585,944</td>
<td>$151,732</td>
<td>$200,181</td>
</tr>
<tr>
<td><strong>Total gross profit on a GAAP basis</strong></td>
<td>$250,572</td>
<td>$383,529</td>
<td>$98,552</td>
<td>$143,632</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>17,989</td>
<td>32,389</td>
<td>8,997</td>
<td>8,790</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>1,013</td>
<td>1,773</td>
<td>144</td>
<td>305</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129</td>
</tr>
<tr>
<td><strong>Non-GAAP total gross profit</strong></td>
<td>$269,574</td>
<td>$417,091</td>
<td>$107,693</td>
<td>$152,856</td>
</tr>
<tr>
<td><strong>Non-GAAP total gross margin</strong></td>
<td>69.5%</td>
<td>71.2%</td>
<td>71.0%</td>
<td>76.4%</td>
</tr>
</tbody>
</table>

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<tr>
<td><strong>Subscription revenue</strong></td>
<td>$347,099</td>
<td>$535,009</td>
<td>$138,730</td>
<td>$189,270</td>
</tr>
<tr>
<td><strong>Subscription gross profit on a GAAP basis</strong></td>
<td>$252,239</td>
<td>$388,685</td>
<td>$100,313</td>
<td>$145,166</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>12,571</td>
<td>23,136</td>
<td>6,313</td>
<td>179</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>636</td>
<td>569</td>
<td>82</td>
<td>179</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129</td>
</tr>
<tr>
<td><strong>Non-GAAP subscription gross profit</strong></td>
<td>$265,446</td>
<td>$412,390</td>
<td>$106,708</td>
<td>$151,645</td>
</tr>
<tr>
<td><strong>Non-GAAP subscription gross margin</strong></td>
<td>76.5%</td>
<td>77.1%</td>
<td>76.9%</td>
<td>80.1%</td>
</tr>
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<td>$151,732</td>
<td>$200,181</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>$70,099</td>
<td>$91,237</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>49,051</td>
<td>101,499</td>
<td>27,692</td>
<td>37,778</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>4,051</td>
<td>2,632</td>
<td>496</td>
<td>686</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>$41,911</td>
<td>$48,932</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>27.6%</td>
<td>24.4%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations
(in thousands, except percentages)

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<td>$585,944</td>
<td>$151,732</td>
<td>$200,181</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>$114,312</td>
<td>$128,624</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>4,266</td>
<td>2,485</td>
<td>580</td>
<td>798</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>$87,020</td>
<td>$94,453</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>57.4%</td>
<td>47.2%</td>
</tr>
<tr>
<td><strong>General and administrative (G&amp;A) expense on a GAAP basis</strong></td>
<td>$108,936</td>
<td>$125,710</td>
<td>$33,041</td>
<td>$31,874</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>33,078</td>
<td>44,402</td>
<td>11,992</td>
<td>10,649</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>2,532</td>
<td>720</td>
<td>149</td>
<td>684</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>148</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense</strong></td>
<td>$60,036</td>
<td>$79,484</td>
<td>$20,900</td>
<td>$20,393</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense as a % of total revenue</strong></td>
<td>15.5%</td>
<td>13.6%</td>
<td>13.8%</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>Operating loss on a GAAP basis</strong></td>
<td>$(339,620)</td>
<td>$(462,674)</td>
<td>$(118,900)</td>
<td>$(108,632)</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>155,624</td>
<td>277,656</td>
<td>75,393</td>
<td>89,514</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>10,089</td>
<td>7,010</td>
<td>1,369</td>
<td>2,473</td>
</tr>
<tr>
<td>Add: Common stock charitable donation expense</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add: Amortization of acquired intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129</td>
</tr>
<tr>
<td>Add: Acquisition-related expenses</td>
<td>-</td>
<td>1,104</td>
<td>-</td>
<td>5,065</td>
</tr>
<tr>
<td>Add: Restructuring and other related charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>529</td>
</tr>
<tr>
<td><strong>Non-GAAP operating loss</strong></td>
<td>$(160,617)</td>
<td>$(176,904)</td>
<td>$(42,138)</td>
<td>$(10,922)</td>
</tr>
<tr>
<td><strong>Non-GAAP operating margin</strong></td>
<td>(41.4%)</td>
<td>(30.2%)</td>
<td>(27.8%)</td>
<td>(5.5%)</td>
</tr>
</tbody>
</table>