Introducing Confluent

November 2, 2022
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; 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, (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 may 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, (v) our ability to achieve or sustain profitability and improve margins annually or at all, (vi) the estimated addressable market opportunity for our offering, (vii) our ability to compete effectively in an increasingly competitive market, including achieving market acceptance over competitors and open source alternatives, (viii) our ability to attract and retain highly qualified personnel, (ix) breaches in our security measures or unauthorized access to our platform, our data, or our customers’ or other users’ personal data, (x) our reliance on third-party cloud-based infrastructure to host Confluent Cloud, (xi) the impact of the ongoing COVID-19 pandemic on our business, as well as our customers, prospects, partners, and service providers and (xii) general market, political, economic, and business conditions. 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.

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# Confluent Momentum-at-a-Glance

## Founded in 2014 by the
Original Creators of **Apache Kafka**

~$60B Total Addressable Market¹

## Q3’22 TTM

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$537M</td>
<td>59%</td>
</tr>
<tr>
<td>Confluent Cloud Revenue</td>
<td>$177M</td>
<td>148%</td>
</tr>
<tr>
<td>Dollar-Based Net Retention Rate</td>
<td>&gt;130%</td>
<td></td>
</tr>
<tr>
<td>Total Customers</td>
<td>~4,240²</td>
<td></td>
</tr>
<tr>
<td>Customers with ≥ $100K in ARR</td>
<td>921</td>
<td></td>
</tr>
</tbody>
</table>

### Note:
Financials and metrics other than TAM data are as of or for stated period ended September 30, 2022; revenue based on trailing twelve months as of September 30, 2022.


2 Includes the impact of paywall removal.

See Definitions page for "Dollar-Based Net Retention Rate", "Total Customers," and "Customers with $100,000 or greater in ARR" definitions.
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
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 is Required for Data in Motion:
Continuously Processing Evolving Streams of Data in Real-time
Originally created by the founders of Confluent while at LinkedIn

+100,000s organizations using Kafka

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

>65,000 Kafka meetup members

>200 global meetup groups
From Giant Mess to Central Nervous System
The New Data Infrastructure Category
Confluent is Becoming the Central Nervous System of the Modern Technology Stack
## 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

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

Leveraging data in motion to reimagine the customer experience
LEARN MORE

Optimizing production logistics through data in motion
LEARN MORE

Streaming IoT data to launch new products
LEARN MORE

Transforming customer interactions with data in motion
LEARN MORE

Delivering real-time data at the point of care
LEARN MORE

Democratizing data to launch new digital first banking apps
LEARN MORE

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

ARR $ in millions

**Online Travel Provider**
- Rapid global adoption driving elevated customer experiences and seamless internal engineering initiatives
- Expansion multiple: 29x
- Q3'16: $0.1
- Q2'19: $0.6
- Q3'21: $1.5
- Q2'22: $2.4

**Health Benefits Provider**
- Accelerated claims approval and processing, member digital experience, and internal systems aggregation
- Expansion multiple: 8x
- Q4'18: $0.3
- Q4'19: $0.5
- Q4'20: $1.3
- Q2'22: $2.4

**Payment Card Provider**
- Secured the ability to continue doing business throughout the globe unlocked by Confluent with use cases including GDPR and mandate processing
- Expansion multiple: 31x
- Q2'17: $0.2
- Q4'19: $1.0
- Q4'20: $1.5
- Q2'22: $4.6

**Fortune 50 Bank**
- Improved banking relationship management, accelerated client onboarding, and enabled customized marketing programs for customers
- Expansion multiple: 9x
- Q2'18: $1.2
- Q2'19: $4.8
- Q2'21: $7.9
- Q2'22: $10.7

Note: The expansion multiple is calculated based on the land ARR and the Q2'22 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
- Morgan Stanley
- Affin Hwang Capital
- Nationwide Building Society
- Euronext
- Goldman Sachs
- RBC
- Wealthsimple

Technology
- Square
- eBay
- 10x
- Q2
- PayPal
- Care.com
- judo
- Optimize
- Wix
- Instacart
- Viewpoint
- Homepoint
- Snagajob
- SecurityScorecard
- Robinhood

Communications & Media
- Telefónica
- Sky
- Deutsche Telekom
- Ticketmaster
- Netflix
- 8x8
- TiVo
- Dish

Manufacturing
- BAADER
- BOSCH
- Engel
- Amway
- Rodan+Fields

Consumer & Retail
- Walmart
- nuuly
- Boden
- Migros
- ao.com
- Sainsbury’s
- S Oliver
- Dick’s
- Shipt

Automotive & Transportation
- Advance Auto Parts
- GTÜ
- BMW Group
- Lufthansa
- DriveTime
- DB
- DriveCentric

Healthcare
- Alight
- BHG
- Generali
- Ladder
- Humana
- Vitality

Insurance
- Ladder
- Humana
- Vitality
Using Confluent Everywhere

**Fully-Managed**

**Confluent Cloud**
Apache Kafka Re-engineered for the Cloud

Available on the leading public clouds

**Self-Managed**

**Confluent Platform**
The Enterprise Distribution of Apache Kafka

Deploy on any platform, on-prem or cloud

*Both: Subscription option available where price scales with usage*
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

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**Customer Growth Go-To-Market Model**

**Product Led:** Product-led growth at early stages of the journey

**Consumption Oriented:** Use case driven expansion and consumption

**Purpose Built for Data in Motion Journey:** Expertise & product capabilities for every stage of adoption
The Confluent Data Streaming Platform

Up-the-Stack Capabilities
- Data Pipelines
  - Data Sharing
  - Data Analytics
  - Cyber-security
  - IoT & Telematics
  - ML & AI
  - Customer 360
- Stream Designer

Real-Time Applications

Infrastructure Capabilities
- Connectors
  - Confluent
  - Community
- Stream Processing
  - Real-time Processing
  - Point-in-Time Queries
  - Materialized Views
- Enterprise Security & Governance
  - Schema Registry
  - Stream Catalog
  - Stream Lineage

Apache Kafka Protocol
- Confluent Server
  - Cloud-Native
  - Complete
  - Everywhere

Cloud-Native

Complete

Everywhere
Data in Motion Journey

- Low friction
- Developer love

- Architecture Review
- Operational SLAs
- Total Cost of Ownership
- Infosec Review

- Senior executive buy-in (CTO, CIO, CISO)
- Center of Excellence
- Company-wide governance
Product-Led and Enterprise Sales Motions are Complementary and Serve our Stakeholder Personas

Awareness of Solution

Evaluation

Development

Product Led
Pay as you go
Confluent Cloud

Enterprise Sales
Master contract,
Success Plan,
Governance

Mission Critical

Production

Central Nervous System
Network Effects Drive Further Expansion

Applications Bring Data In Motion

Data In Motion Brings New Applications

any source

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

any destination

- Web
- Custom Apps
- Microservices
- Monitoring
- Analytics
- ...and more
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></th>
<th>Cloud-Native</th>
<th>Complete</th>
<th>Everywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Confluent</strong></td>
<td><img src="image1" alt="Cloud-Native" /></td>
<td><img src="image2" alt="Complete" /></td>
<td><img src="image3" alt="Everywhere" /></td>
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<tr>
<td><strong>Microsoft</strong></td>
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<td><img src="image2" alt="Complete" /></td>
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<tr>
<td>Event Hubs</td>
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<td><strong>Google</strong></td>
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<td><img src="image3" alt="Everywhere" /></td>
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<td>Kinesis</td>
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<td><img src="image3" alt="Everywhere" /></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

2,601 employees as of Q3 2022
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 Connectors and Stream Governance
- Addressed by ksqlDB push queries, Connect SMTs, and Stream Designer
- Addressed by ksqlDB pull queries and Kafka Storage

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

2022-2025 TAM Growth
19% CAGR

$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

**Fortune 500**
- Number of Companies: 500
- Estimated Average ARR per Company: $10M+

**Enterprise**
- Number of Companies: ~29,000
- Estimated Average ARR per Company: $1M+

**Commercial - Mid Market**
- Number of Companies: ~300,000
- Estimated Average ARR per Company: $100K+

Total Addressable Market: $60B+
The Power of Our Model

**Confluent Cloud**
38% of Q3’22 revenue | 112% y/y growth

- Committed subscription or pay-as-you-go
- Priced based on type of cluster, compute power, data transfer, and storage used
- Revenue recognized based on customer usage¹

**Confluent Platform**
54% of Q3’22 revenue | 25% y/y growth

- Committed subscription
- Priced per node running on physical or virtual computing machines
- Portion of upfront license revenue, substantial majority ratable over contract term

**Services**
9% of Q3’22 revenue | 28% y/y growth

- Professional services and education services
- Priced on time-and-materials basis; attached to subscriptions sales
- Revenue recognized based on completion and utilization

¹ For contracts that are not usage-based, revenue from Confluent Cloud is recognized ratably over the non-cancellable contractual term of the arrangement. Effective Q3 2020, usage-based contract is the default offering for Confluent Cloud.

Note: Q3’22 revenue mix by product does not sum to 100% due to rounding.
Significant Revenue Growth at Scale

**Annual Revenue**

$ in millions

- FY18: $65.2
- FY19: $149.8
- FY20: $236.6
- FY21: $387.9

80%+ CAGR FY18-FY21

**Quarterly Revenue**

$ in millions

<table>
<thead>
<tr>
<th>Quarter</th>
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<tr>
<td>Q4 '20</td>
<td>$70.3</td>
</tr>
<tr>
<td>Q1 '21</td>
<td>$77.0</td>
</tr>
<tr>
<td>Q2 '21</td>
<td>$88.3</td>
</tr>
<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>
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<tr>
<td>Q2 '22</td>
<td>$139.4</td>
</tr>
<tr>
<td>Q3 '22</td>
<td>$151.7</td>
</tr>
</tbody>
</table>

**Y/Y Growth**

- Q4 '20 to Q1 '21: 51%
- Q1 '21 to Q2 '21: 64%
- Q2 '21 to Q3 '21: 67%
- Q3 '21 to Q4 '21: 71%
- Q4 '21 to Q1 '22: 64%
- Q1 '22 to Q2 '22: 58%
- Q2 '22 to Q3 '22: 48%
Early International Expansion and Accelerating Adoption of Confluent Cloud

Revenue Mix by Geography

$ in millions

<table>
<thead>
<tr>
<th></th>
<th>FY'20</th>
<th>FY'21</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$236.6</td>
<td>$387.9</td>
<td>$102.6</td>
<td>$151.7</td>
</tr>
<tr>
<td>Int</td>
<td>34%</td>
<td>36%</td>
<td>35%</td>
<td>37%</td>
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<tr>
<td></td>
<td>66%</td>
<td>64%</td>
<td>65%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Revenue Mix by Product

$ in millions

<table>
<thead>
<tr>
<th></th>
<th>FY'20</th>
<th>FY'21</th>
<th>Q3'21</th>
<th>Q3'22</th>
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<td>S</td>
<td>88%</td>
<td>89%</td>
<td>90%</td>
<td>91%</td>
</tr>
</tbody>
</table>

Note: Q3'22 revenue mix by product does not sum to 100% due to rounding.
Fast-Growing Confluent Cloud Revenue

**Annual Confluent Cloud Revenue**

- FY18: $2.6 million
- FY19: $14.4 million
- FY20: $31.4 million
- FY21: $94.2 million

CAGR:

- 230%+ from FY18 to FY21

**Quarterly Revenue**

- Q4’20: $10.9 million
- Q1’21: $13.9 million
- Q2’21: $19.7 million
- Q3’21: $26.8 million
- Q4’21: $33.8 million
- Q1’22: $38.9 million
- Q2’22: $47.0 million
- Q3’22: $56.9 million

Y/Y Growth:

- Q4’20: 124%
- Q1’21: 200%
- Q2’21: 245%
- Q3’21: 211%
- Q4’21: 180%
- Q1’22: 139%
- Q2’22: 112%

FY18-FY21 CAGR: 230%+
Strong Customer Commitments

Remaining Performance Obligations (RPO)

$ in millions

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

- RPO and current RPO, rather than Billings:
  - Are important metrics to measure the health of the business, considering the various revenue components and billings 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**
- Q3’21: 3,020
- Q4’21: 3,470
- Q1’22: 4,120
- Q2’22: 4,120
- Q3’22: 4,240

40% y/y growth

**Customers with ≥ $100K in ARR**
- Q3’21: 664
- Q4’21: 734
- Q1’22: 791
- Q2’22: 857
- Q3’22: 921

39% y/y growth

**Customers with ≥ $1M in ARR**
- Q3’21: 74
- Q4’21: 88
- Q1’22: 97
- Q2’22: 107
- Q3’22: 113

53% y/y growth

Note: See Definitions page for “Total Customers,” “Customers with $100,000 or greater in ARR,” and “Customers with $1,000,000 or greater in ARR” definitions.

¹ Customer counts as of Q3’22 and Q2’22 include the impact of paywall removal.

Including a growing number of $5M+ and $10M+ ARR Customers
Gross Margin Healthy as Revenue Mix Shifts

### Total Gross Margin (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>FY'20</th>
<th>FY'21</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>69.9%</td>
<td>69.5%</td>
<td>69.4%</td>
<td>71.0%</td>
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</table>

### Subscription Gross Margin (Non-GAAP)

<table>
<thead>
<tr>
<th></th>
<th>FY'20</th>
<th>FY'21</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>77.6%</td>
<td>76.5%</td>
<td>76.8%</td>
<td>76.9%</td>
</tr>
</tbody>
</table>

### Margin Drivers:

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

Note: We define non-GAAP gross margin and non-GAAP subscription gross margin as GAAP gross margin and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and employer taxes on employee stock transactions. Refer to the slides in the section titled “GAAP to Non-GAAP Reconciliations” at the end of this presentation for a reconciliation of our non-GAAP financial metrics to the most directly comparable GAAP financial metrics.
Investing Prudently for Growth

**Total Opex as % of Revenue (Non-GAAP)**
- FY'20: 107.7%
- FY'21: 110.9%
- Q3'21: 110.9%
- Q3'22: 98.7%

**R&D as % of Revenue (Non-GAAP)**
- FY'20: 30.2%
- FY'21: 28.5%
- Q3'21: 30.0%
- Q3'22: 27.6%

**S&M as % of Revenue (Non-GAAP)**
- FY'20: 64.0%
- FY'21: 66.9%
- Q3'21: 65.6%
- Q3'22: 57.4%

**G&A as % of Revenue (Non-GAAP)**
- FY'20: 13.5%
- FY'21: 15.5%
- Q3'21: 15.4%
- Q3'22: 13.8%

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. R&D, S&M, and G&A as % of Revenue may not sum to the Total Opex as % of Revenue due to rounding.
## Managing Growth and Profitability

<table>
<thead>
<tr>
<th>Non-GAAP</th>
<th>Mid-Term Target</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Revenue Growth: &gt;30%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>~70%</td>
<td>72%-75%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>~5%</td>
<td>20%-25%</td>
</tr>
<tr>
<td>Free Cash Flow Margin</td>
<td>~10%</td>
<td>&gt;25%</td>
</tr>
</tbody>
</table>
Key Takeaways

- Category Creating Company Founded by the Creators of Kafka
- $60 Billion 2022 Total Addressable Market\(^1\)
- Strong Growth and Long-Term Margin Profile
- Expansion Driven by Network Effects
- Positioned to Capitalize on the Large and Growing Shift to Cloud
- Seasoned Management Team with Track Record of Execution

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

Drive analytics and streamline operations

Teleco
Drive analytics and streamline operations
Financial Services Use Cases

Financial Services
Reshape customer experience and streamline operations

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

Real-time Payments
Operational Log Hub
IT Observability
Cyber Security / SIEM Modernization
Credit & Market Risk
Fraud Detection
Customer 360
Omni-channel Banking
Fraud Detection
Client Advisor Workstations
Data & Analytics Service
Mainframe Modernization
Bridge to Cloud
Streaming Analytics
Event-driven Microservices
CDC Patterns from System of Records
Retail Services Use Cases

Retail
Drive consumer analytics & streamline operations

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
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Retail
Drive consumer analytics & streamline operations
Definitions

**Annual Recurring Revenue (ARR):**
We define ARR as the revenue customers contractually committed to over the following 12 months assuming no increases or reductions in their subscriptions. ARR excludes services and pay-as-you-go arrangements. Similar to RPO, ARR as a metric is not necessarily indicative of future revenue growth because it does not account for the timing of customers’ consumption or future expansion.

**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 the 12 months prior to such period end, or Prior Period Value. We then calculate the ARR from these same customers as of the current period end, or Current Period Value, which includes any growth in the value of subscriptions and is net of contraction or attrition over the prior 12 months. Services and pay-as-you-go arrangements are excluded from the calculation of ARR. We then divide the Current Period Value by the Prior Period Value to arrive at our dollar-based net retention rate. The dollar-based net retention rate includes the effect, on a dollar-weighted value basis, of our subscriptions that expand, renew, contract, or attrit, but excludes ARR from new customers in the current period.

**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'20</th>
<th>FY'21</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
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<tbody>
<tr>
<td>Total revenue</td>
<td>$236,577</td>
<td>$387,864</td>
<td>$102,570</td>
<td>$151,732</td>
</tr>
<tr>
<td>Total gross profit on a GAAP basis</td>
<td>$161,101</td>
<td>$250,572</td>
<td>$65,271</td>
<td>$98,552</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>4,317</td>
<td>17,989</td>
<td>5,735</td>
<td>8,997</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>25</td>
<td>1,013</td>
<td>166</td>
<td>144</td>
</tr>
<tr>
<td>Non-GAAP total gross profit</td>
<td>$165,443</td>
<td>$269,574</td>
<td>$71,172</td>
<td>$107,693</td>
</tr>
<tr>
<td>Non-GAAP total gross margin</td>
<td>69.9%</td>
<td>69.5%</td>
<td>69.4%</td>
<td>71.0%</td>
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<tr>
<td>Subscription revenue</td>
<td>$208,633</td>
<td>$347,099</td>
<td>$92,400</td>
<td>$138,730</td>
</tr>
<tr>
<td>Subscription gross profit on a GAAP basis</td>
<td>$159,350</td>
<td>$252,239</td>
<td>$66,911</td>
<td>$100,313</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>2,572</td>
<td>12,571</td>
<td>3,945</td>
<td>6,313</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>9</td>
<td>636</td>
<td>117</td>
<td>82</td>
</tr>
<tr>
<td>Non-GAAP subscription gross profit</td>
<td>$161,931</td>
<td>$265,446</td>
<td>$70,973</td>
<td>$106,708</td>
</tr>
<tr>
<td>Non-GAAP subscription gross margin</td>
<td>77.6%</td>
<td>76.5%</td>
<td>76.8%</td>
<td>76.9%</td>
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## GAAP to Non-GAAP Reconciliations

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<tr>
<td><strong>Operating expenses on a GAAP basis</strong></td>
<td>$394,276</td>
<td>$590,192</td>
<td>$160,022</td>
<td>$217,452</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>139,024</td>
<td>137,635</td>
<td>43,948</td>
<td>66,396</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>495</td>
<td>9,076</td>
<td>2,273</td>
<td>1,225</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>-</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating expenses</strong></td>
<td>$254,757</td>
<td>$430,191</td>
<td>$113,801</td>
<td>$149,831</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating expenses as a % of total revenue</strong></td>
<td>107.7%</td>
<td>110.9%</td>
<td>110.9%</td>
<td>98.7%</td>
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<tr>
<td><strong>Research and development (R&amp;D) expense on a GAAP basis</strong></td>
<td>$105,399</td>
<td>$161,925</td>
<td>$47,701</td>
<td>$70,099</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>33,755</td>
<td>49,051</td>
<td>16,310</td>
<td>27,692</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>81</td>
<td>2,278</td>
<td>601</td>
<td>496</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense</strong></td>
<td>$71,563</td>
<td>$110,596</td>
<td>$30,790</td>
<td>$41,911</td>
</tr>
<tr>
<td><strong>Non-GAAP R&amp;D expense as a % of total revenue</strong></td>
<td>30.2%</td>
<td>28.5%</td>
<td>30.0%</td>
<td>27.6%</td>
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<td>$151,732</td>
</tr>
<tr>
<td><strong>Sales and marketing (S&amp;M) expense on a GAAP basis</strong></td>
<td>$166,361</td>
<td>$319,331</td>
<td>$86,991</td>
<td>$114,312</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>14,734</td>
<td>55,506</td>
<td>18,516</td>
<td>26,712</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>271</td>
<td>4,266</td>
<td>1,236</td>
<td>580</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense</strong></td>
<td>$151,356</td>
<td>$259,559</td>
<td>$67,239</td>
<td>$87,020</td>
</tr>
<tr>
<td><strong>Non-GAAP S&amp;M expense as a % of total revenue</strong></td>
<td>64.0%</td>
<td>66.9%</td>
<td>65.6%</td>
<td>57.4%</td>
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<td>$102,570</td>
<td>$151,732</td>
</tr>
<tr>
<td><strong>General and administrative (G&amp;A) expense on a GAAP basis</strong></td>
<td>$122,516</td>
<td>$108,936</td>
<td>$25,330</td>
<td>$33,041</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>90,535</td>
<td>33,078</td>
<td>9,122</td>
<td>11,992</td>
</tr>
<tr>
<td>Less: Employer taxes on employee stock transactions</td>
<td>143</td>
<td>2,532</td>
<td>436</td>
<td>149</td>
</tr>
<tr>
<td>Less: Common stock charitable donation expense</td>
<td>-</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense</strong></td>
<td>$31,838</td>
<td>$60,036</td>
<td>$15,772</td>
<td>$20,900</td>
</tr>
<tr>
<td><strong>Non-GAAP G&amp;A expense as a % of total revenue</strong></td>
<td>13.5%</td>
<td>15.5%</td>
<td>15.4%</td>
<td>13.8%</td>
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## GAAP to Non-GAAP Reconciliations

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<td>$102,570</td>
<td>$151,732</td>
</tr>
<tr>
<td>Operating loss on a GAAP basis</td>
<td>$(233,175)</td>
<td>$(339,620)</td>
<td>$(94,751)</td>
<td>$(118,900)</td>
</tr>
<tr>
<td>Add: Stock-based compensation expense</td>
<td>143,341</td>
<td>155,624</td>
<td>49,683</td>
<td>75,393</td>
</tr>
<tr>
<td>Add: Employer taxes on employee stock transactions</td>
<td>520</td>
<td>10,089</td>
<td>2,439</td>
<td>1,369</td>
</tr>
<tr>
<td>Add: Common stock charitable donation expense</td>
<td>-</td>
<td>13,290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$(89,314)</td>
<td>$(160,617)</td>
<td>$(42,629)</td>
<td>$(42,138)</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td><em>(37.8)%</em></td>
<td><em>(41.4)%</em></td>
<td><em>(41.6)%</em></td>
<td><em>(27.8)%</em></td>
</tr>
</tbody>
</table>

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