



INVESTOR DAY

Welcome! The program will begin shortly after 1PM ET

Forward Looking Statements and Non-GAAP Financial Measures



This presentation and the accompanying oral presentation (together, the “presentation”) contain forward-looking statements including, among other things, statements regarding our business, strategy, financial performance and outlook, customers, technology, market opportunity, products, growth, and our overall future prospects. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “seek,” “plan,” “project,” “target,” “looking ahead,” “look to,” “move into,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent our current beliefs, estimates and assumptions only as of the date of this presentation and information contained in this presentation should not be relied upon as representing our estimates as of any subsequent date. These forward-looking statements are subject to risks, uncertainties, and assumptions. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Risks include, but are 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 existing customers and through the acquisition of new customers, and successfully add 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. Further information on these and other risks that could affect Confluent’s results is included in our filings with the Securities and Exchange Commission (“SEC”), including our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, and our future reports that we may file from time to time with the SEC. Confluent assumes no obligation to, and does not currently intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Certain financial measures we use in the presentation are expressed on a non-GAAP basis. We use these non-GAAP financial measures and other key metrics internally to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. We believe these non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. However, non-GAAP financial measures have limitations as an analytical tool and are presented for supplemental informational purposes only. They should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation between these GAAP and non-GAAP financial measures is included in the Appendix to this presentation.



Data Streaming and the Emerging Data Landscape



Jay Kreps
CEO & Co-founder

Agenda



TOPIC	SPEAKERS
Data Streaming and the Emerging Data Landscape	Jay Kreps, Co-Founder and CEO
Innovating for the Future	Shaun Clowes, Chief Product Officer Chad Verbowski, Chief Technology Officer
Q&A	Jay, Shaun, Chad
The Power of Our Go-To-Market Model	Erica Schultz, President of Field Operations
Fireside Chat: Winning Together with AWS	Erica Schultz, President of Field Operations Matt Yanchyshyn, GM, AWS Marketplace & Partner Engineering
Driving Efficient Growth	Steffan Tomlinson, Chief Financial Officer
Financial Modeling Session	Rohan Sivaram, SVP Finance
Q&A	Management Team
Customer Panel	Babak Bashiri, Director of Data Engineering, Vimeo Mahesh Tyagarajan, VP, Platform Engineering and Architecture, McAfee Sarvant Singh, VP, Data & Emerging Digital Solutions, Penske Transportation Solutions Stephanie Buscemi, Chief Marketing Officer
Reception and Product Demos	

Confluent: The Pioneer in Data Streaming Platforms



~\$700M

Total Revenue
Run Rate

+38%

Q1'23 Revenue
YoY Growth

~\$300M

Cloud Revenue
Run Rate

>130%

Dollar-Based
Net Retention Rate (NRR)

Breakeven

Q4'23 Non-GAAP
Operating Margin

>140%

Cloud
NRR

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

Apache Kafka used by >75% of Fortune 500

Note: All financials are as of period ended March 31, 2023.
Breakeven target for Q4'23 non-GAAP operating margin is as of Confluent's Q1'23 earnings call dated May 3, 2023.
See Appendix for the definitions for "Dollar-Based Net Retention Rate" and "Cloud NRR".

The Foundational Assumption of Every Database: Data at Rest





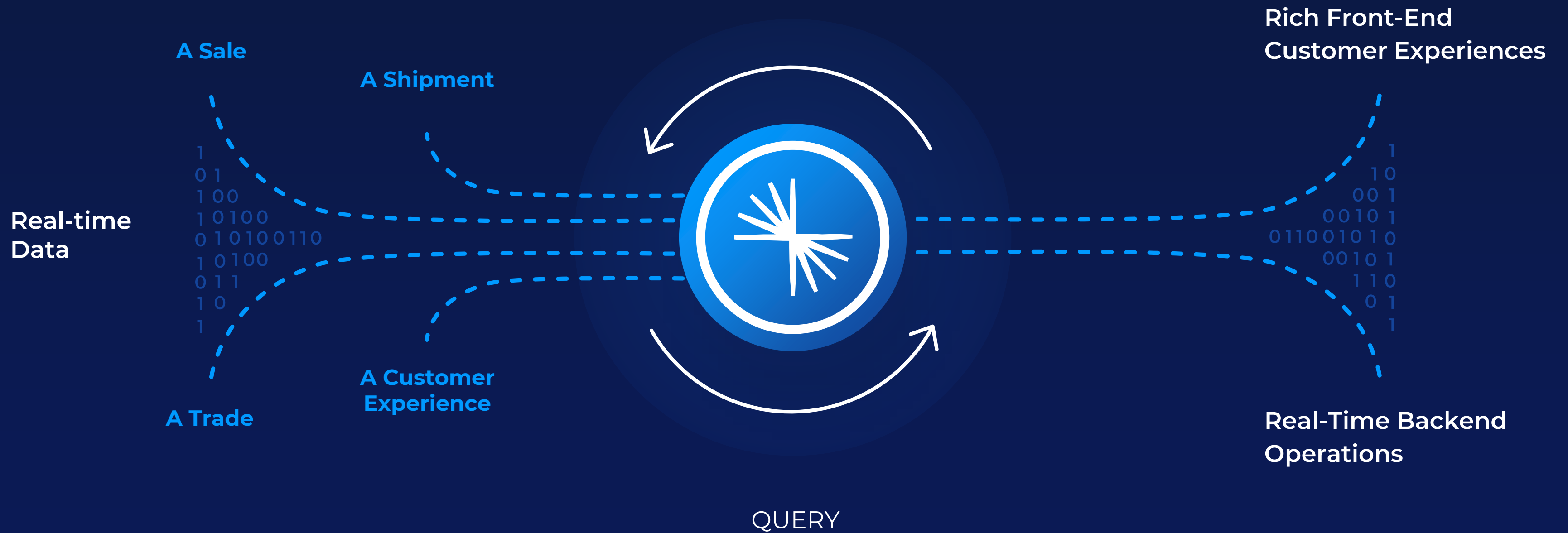
Databases focus on stored silos of data.
This Leads to a **Giant Mess** in Data Architecture.



A New Paradigm is Required for Data in Motion:

Continuously Processing Evolving Streams of Data in Real-time

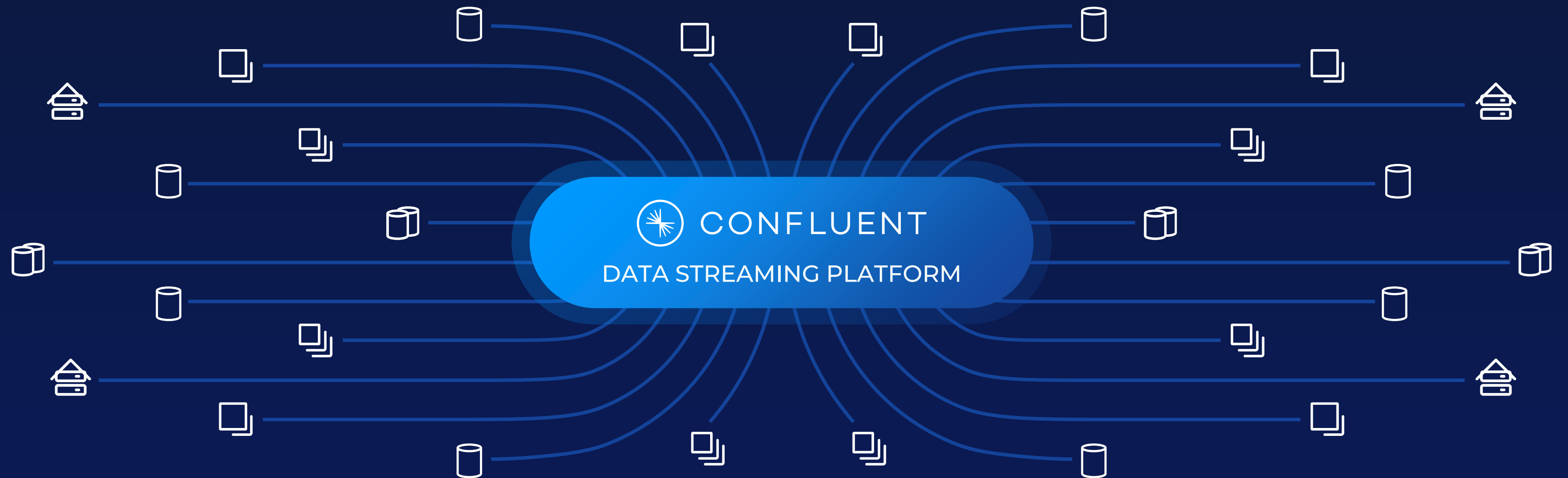
Real-time Stream Processing





From **Giant Mess** to Central Nervous System

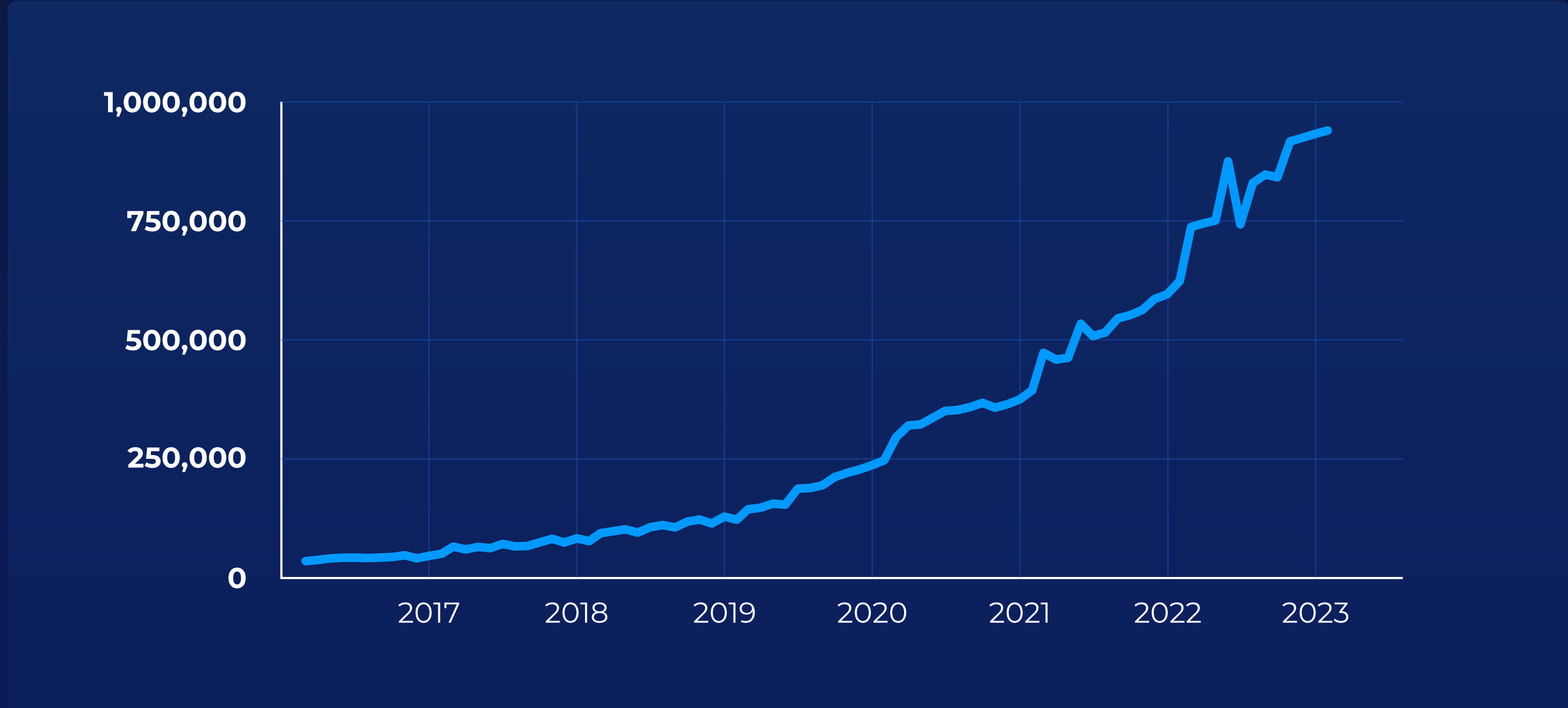
From Giant Mess to **Central Nervous System**



The Kafka Community's Growth is Accelerating



Active Monthly Unique Users



Top Fortune 500 Companies Use Kafka



10 OUT OF 10

Travel & Retail



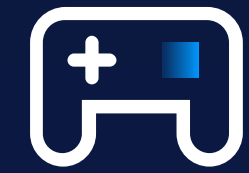
10 OUT OF 10

Banking



10 OUT OF 10

Insurance



10 OUT OF 10

Entertainment



10 OUT OF 10

Technology



10 OUT OF 10

Healthcare



9 OUT OF 10

Auto & Trans.



7 OUT OF 8

Telco

>75% Fortune 500 Companies
Estimated to be Using Kafka

Top Fortune 500 Companies Use Confluent



9 OUT OF 10

Travel & Retail



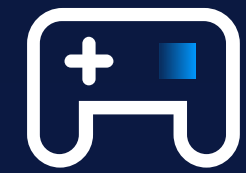
10 OUT OF 10

Banking



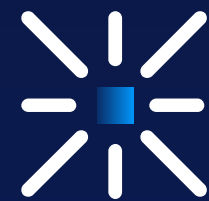
8 OUT OF 10

Insurance



7 OUT OF 10

Entertainment



9 OUT OF 10

Technology



4 OUT OF 10

Healthcare



7 OUT OF 10

Auto & Trans.



5 OUT OF 8

Telco

36%

Fortune 500 Companies
Estimated to be Using Confluent

Use Cases Span Every Industry



Inventory Management
Personalized Promotions
Dynamic Pricing

Travel & Retail

Fraud Detection
Risk Analysis & Regulatory Reporting
Trade-flow Monitoring

Banking

Claims Automation & Approval
Telematics-based Insurance
Churn Prevention

Insurance

Personalized Content / Recommendations
Targeted Advertising
Moderation of UGC & Comments

Entertainment

DevOps Monitoring & Alerting
Cybersecurity Threat Analysis
Network / Infra Capacity Planning

Technology

Real-time Patient Monitoring
Connected Health Records
Proactive Patient Care

Healthcare

Advanced Navigation
Predictive Maintenance
Fleet Management

Auto & Trans.

Network Performance Monitoring
IoT Device Management
Real-time Usage / Billing Analytics

Telco



Common In All Industries

Infrastructure Use Cases

Data Pipelines

Hybrid Cloud Integration

Microservices

Security and Fraud

Customer 360

....and more



What Trends Are Driving the Adoption of Data Streaming?



EXPANSION OF
DATA, SOFTWARE,
& THE CLOUD



DIGITAL
CUSTOMER
EXPERIENCES



ARTIFICIAL
INTELLIGENCE



What Trends Are Driving the Adoption of Data Streaming?



EXPANSION OF
DATA, SOFTWARE,
& THE CLOUD



DIGITAL
CUSTOMER
EXPERIENCES



ARTIFICIAL
INTELLIGENCE



Data Grows, Applications Grow, and Infrastructure Grows

Worldwide Enterprise Application Software Spend

\$ Billions of Dollars

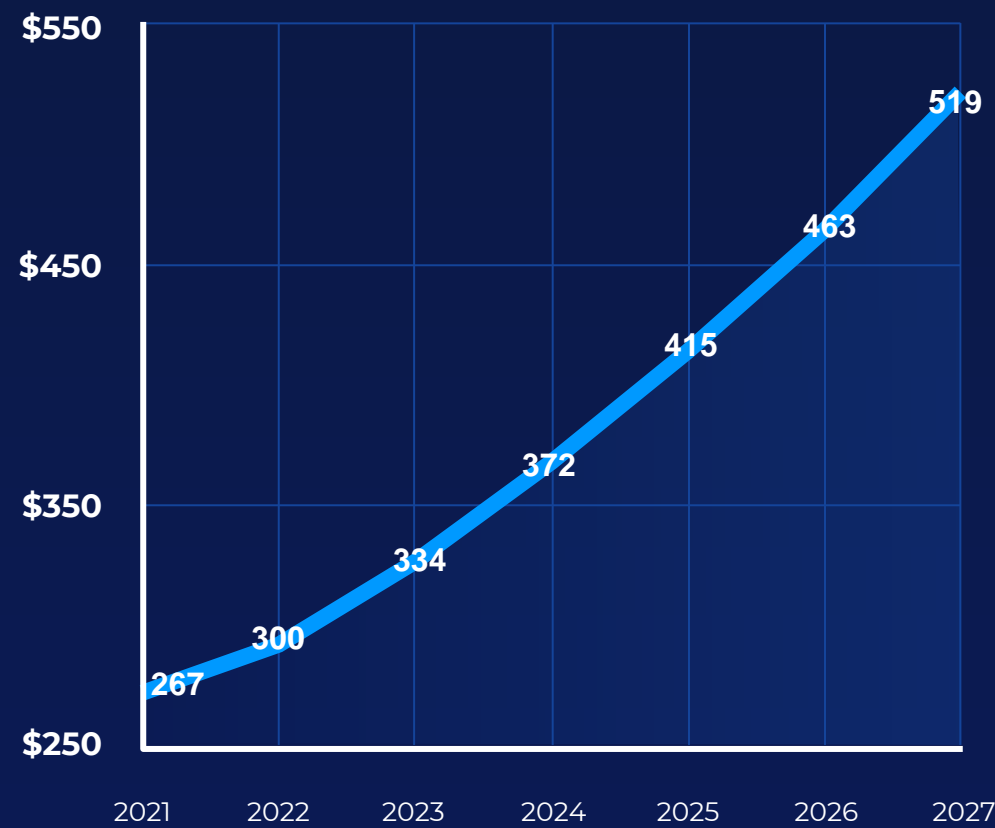


Chart created by Confluent based on Gartner® research.
 Source: Forecast: Enterprise Application Software, Worldwide, 2021-2027, 1Q23 Update, ID G00789110, By Analyst(s): Amarendra, Balaji Abbabatulla, Chris Pang, Craig Roth, Julian Poulter, Alexandre Oddos, Yanna Dharmasthira, Roland Johnson, Radu Miclaus, Eric Hunter, Jim Hare, Kevin Quinn, Arunasree Cheparthi, Alys Woodward, 28 March 2023.

Worldwide Enterprise Infrastructure Software Spend

\$ Billions of Dollars

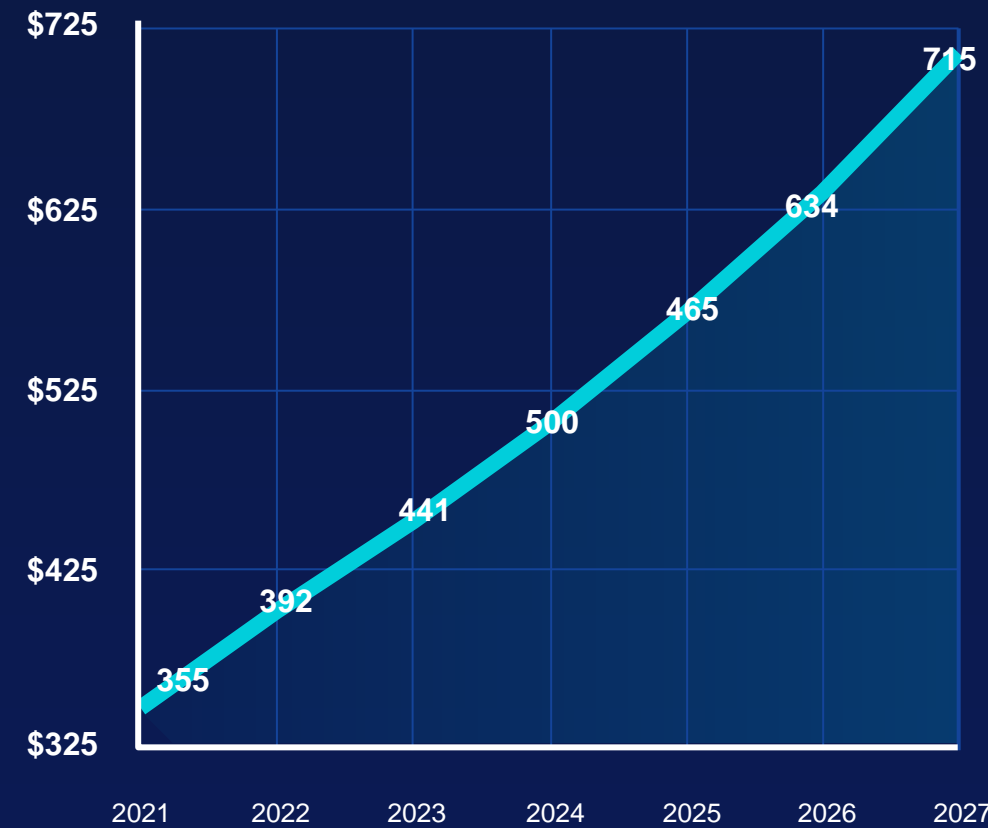


Chart created by Confluent based on Gartner® research.
 Source: Enterprise Infrastructure Software, Worldwide, 2021-2027, 1Q23 Update, ID G00787965, By Analyst(s): Arunasree Cheparthi, Laurie Wurster, Lisa Uden-Farboud, Daniel O'Connell, Robin Schumacher, Sharat Menon, Amarendra ., Fabrizio Biscotti, Christian Canales, Shailendra Upadhyay, 28 March 2023.

Worldwide Sizing Cloud Shift

\$ Billions of Dollars

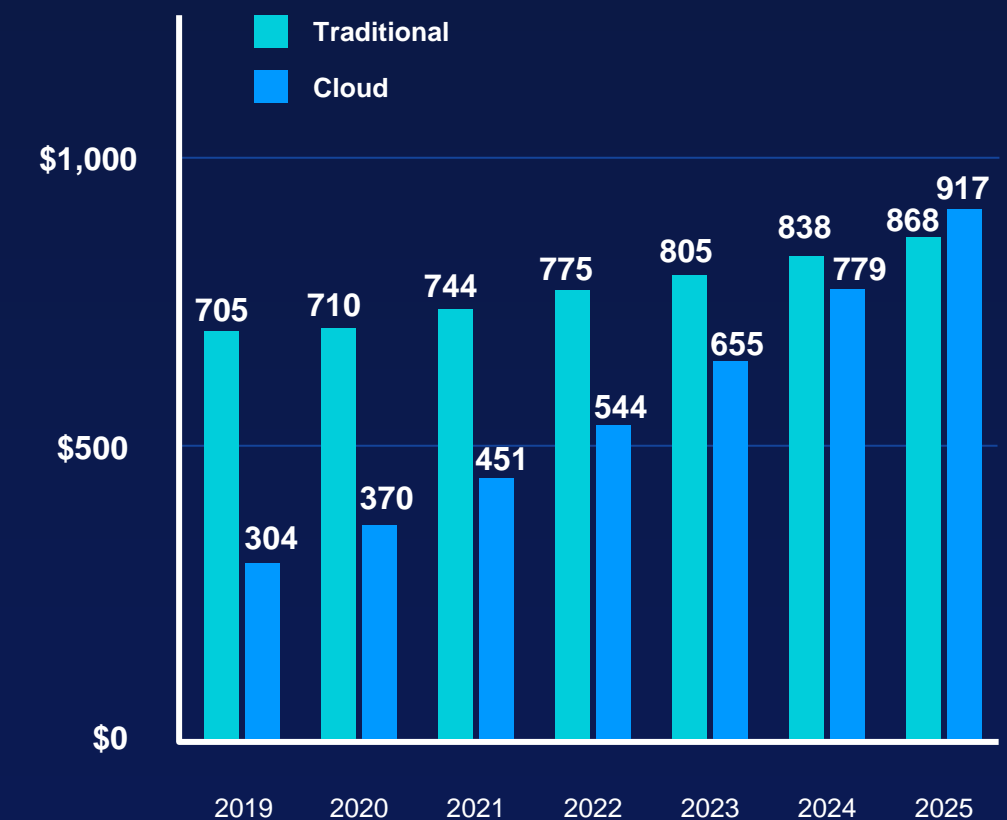


Chart created by Confluent based on Gartner® research.
 Source: Market Impact: Cloud Shift — 2022 Through 2025, ID G00758067, By Analyst(s): Michael Warrilow, Colleen Graham, Ed Anderson, 7 January 2022.

The background features a complex, repeating pattern of overlapping circles in a light blue color. Scattered throughout this pattern are various white icons, including database cylinders, document outlines, and bar charts. A central blue rectangular box contains the text.

This is what creates **the mess**



What Trends Are Driving the Adoption of Data Streaming?



EXPANSION OF
DATA, SOFTWARE,
& THE CLOUD



DIGITAL
CUSTOMER
EXPERIENCES



ARTIFICIAL
INTELLIGENCE



Customer Expectations Drive Infrastructure Requirements

CUSTOMER EXPECTATIONS

Integrated

Instantaneous

Personalized



INFRASTRUCTURE REQUIREMENTS

Universal

Real-time

Contextual



Harnessing Data Across Silos Is Key to Meeting Modern Customer Expectations

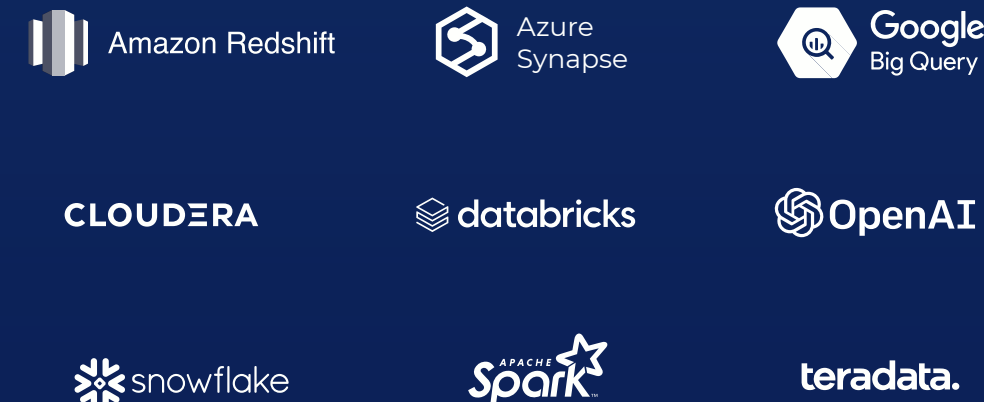
OPERATIONAL DATABASES



SAAS APPLICATIONS



ANALYTIC SYSTEMS



CONFLUENT | DATA STREAMING PLATFORM

CUSTOM APPLICATIONS

- Shipment Tracking / Alerting
- Geofencing
- APT Detection
- Customer Retention / Loyalty
- De-identification
- Dynamic Pricing
- Payment Verification
- IT Inventory Logistics
- Personal Recommendations
- Credit Card Fraud Detection
- Route Optimization
- Fleet Management

Companies Need to Span Multiple Cloud and On-Premises Environments

Unlike databases, which operate *in* each environment, your data streaming platform must operate **between** them as well.

This enables a data fabric across the entire business.





What Trends Are Driving the Adoption of Data Streaming?



EXPANSION OF
DATA, SOFTWARE,
& THE CLOUD



DIGITAL
CUSTOMER
EXPERIENCES



ARTIFICIAL
INTELLIGENCE



Artificial
Intelligence

Drives increased use of



Compute

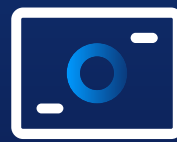


Data



Generative AI & LLMs

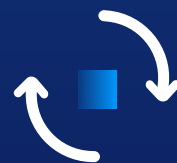
How are LLMs different?



Models are **prohibitively difficult and expensive (\$100M+)** to train.



Models are trained on **1+ year-old public data.**

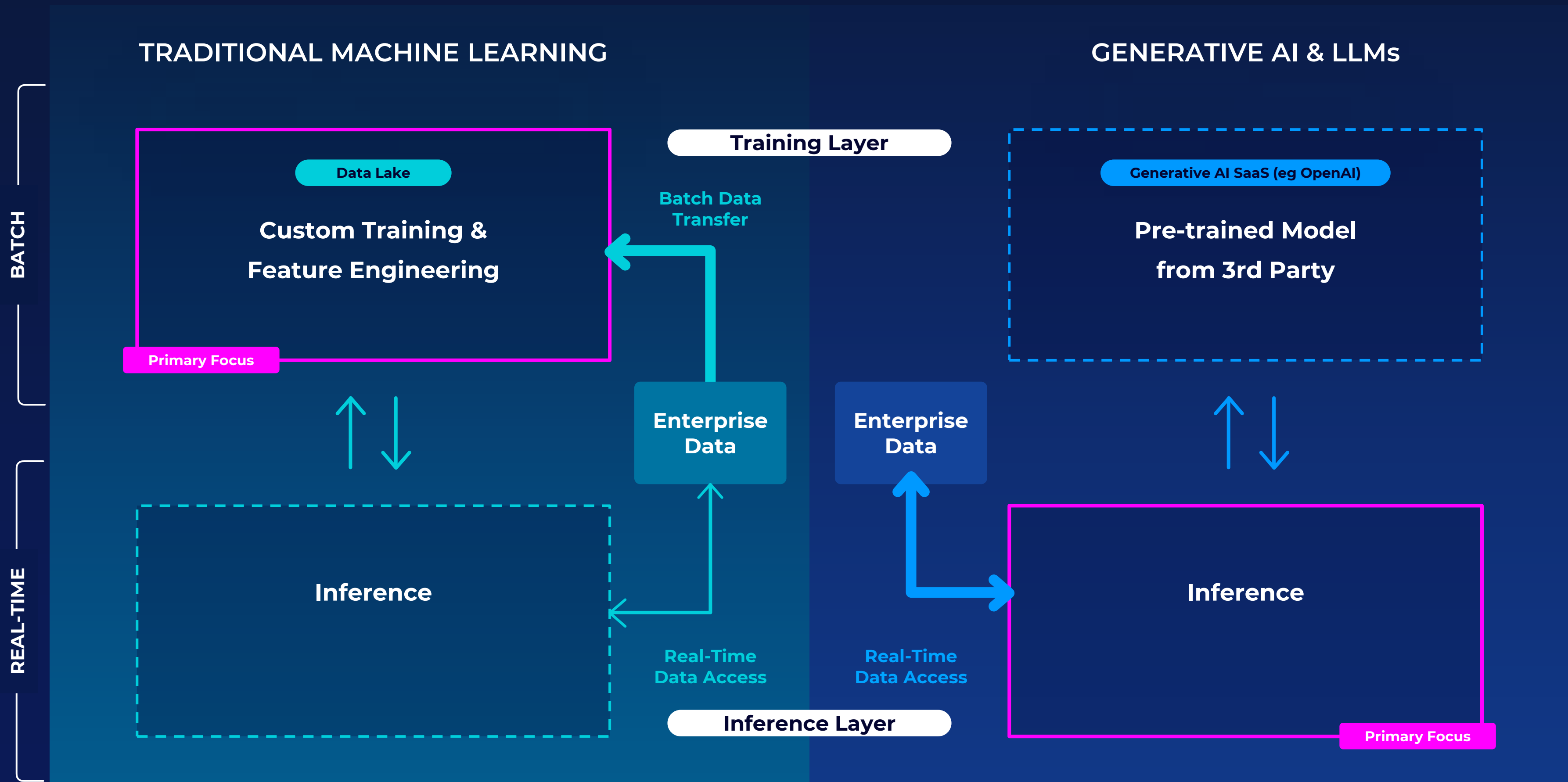


Models are **inherently reusable.**

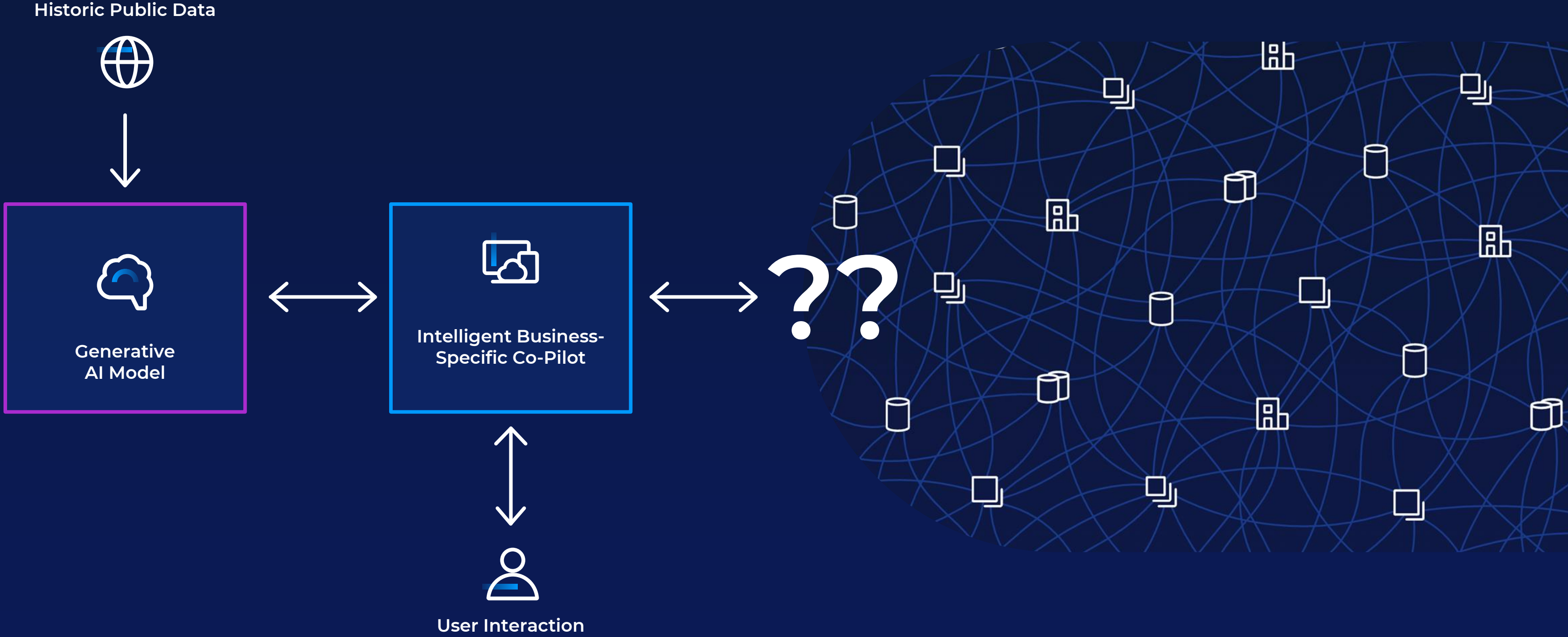
CONCLUSION:

Challenge moves from model building to combining reusable foundation model with the up-to-date proprietary business data.

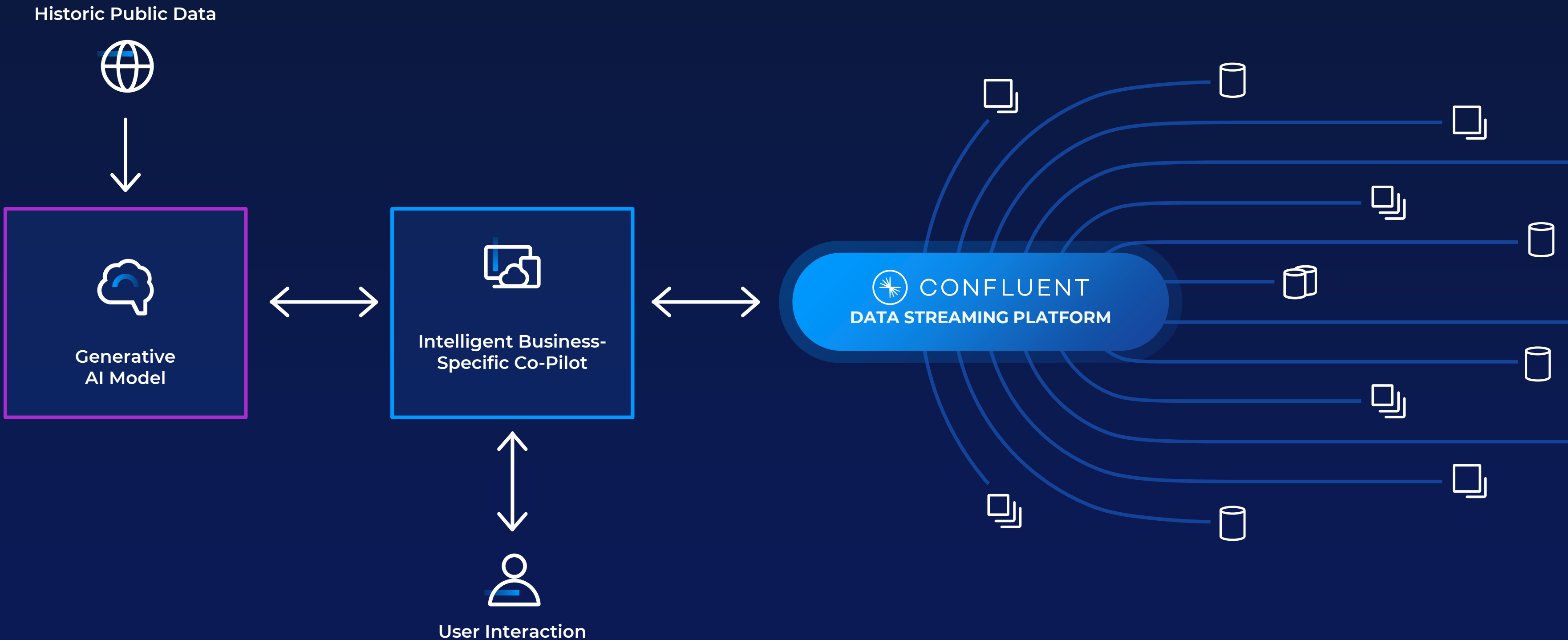
Generative AI Fundamentally Changes Model Construction



Generative AI What Does This Mean for Enterprise AI?

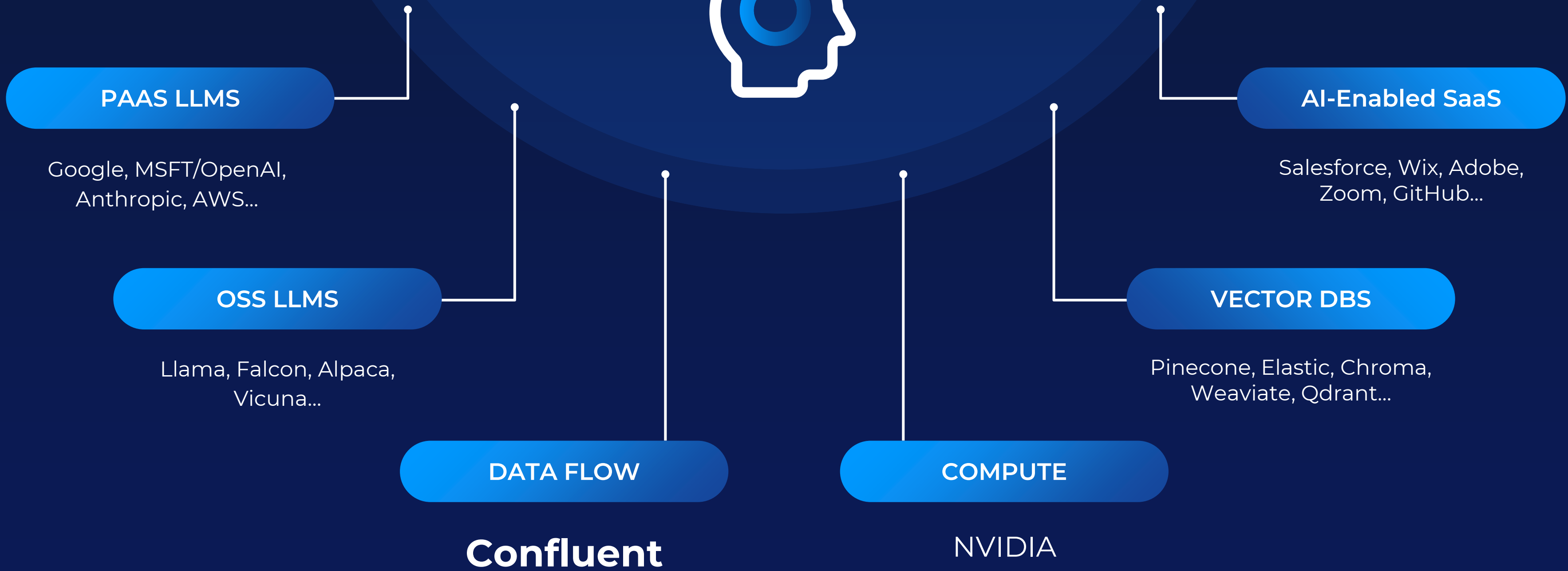


Generative AI What Does This Mean for Enterprise AI?





Artificial Intelligence: Many Subareas Are Highly Competitive and Hard to Call





Tech Trends Driving the Adoption of Data Streaming



EXPANSION OF
DATA, SOFTWARE,
& THE CLOUD



DIGITAL
CUSTOMER
EXPERIENCES



ARTIFICIAL
INTELLIGENCE



ECONOMIC UNCERTAINTY

Delivering Value During Economic Uncertainty



**BUDGETARY CONSTRAINTS
ELEVATE SAAS OVER DIY OPTIONS**

Redeploy Headcount

Better Infrastructure Utilization

Greater Flexibility & Lower Risk

**OPERATIONAL EFFICIENCIES
REQUIRE REAL-TIME DATA**

Automated, Better Decision Making

Logistics, Inventory, & Supply Chain

Proactive Issue Detection & Resolution



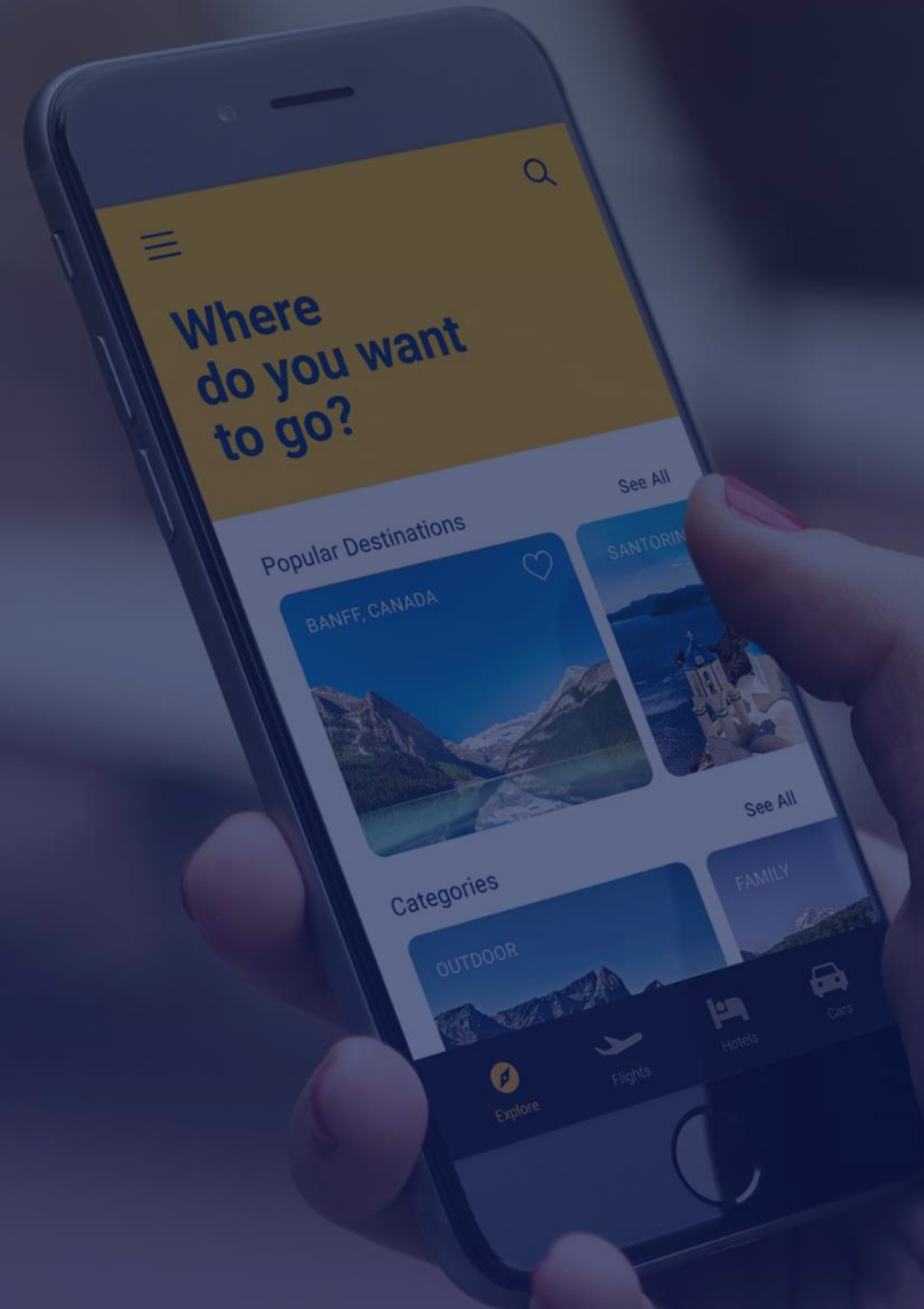
OUR MISSION

Set Data in Motion



“We chose event-driven architecture as the core of our platform, for which we needed a messaging service that gave us all the guarantees...not to mention that it had to be extremely scalable, highly available, and simple to use. Kafka hit all of these markers, and by using Confluent Cloud, our team was able to reduce the bottom line and operational burden.”

Ravi Vankamamidi
Senior Director, Technology, at Expedia Group





“Confluent plays an integral role in accelerating our journey to becoming a data-first and digital business...We use Confluent Cloud as an essential piece of our data infrastructure to unlock data and stream it in real time.”

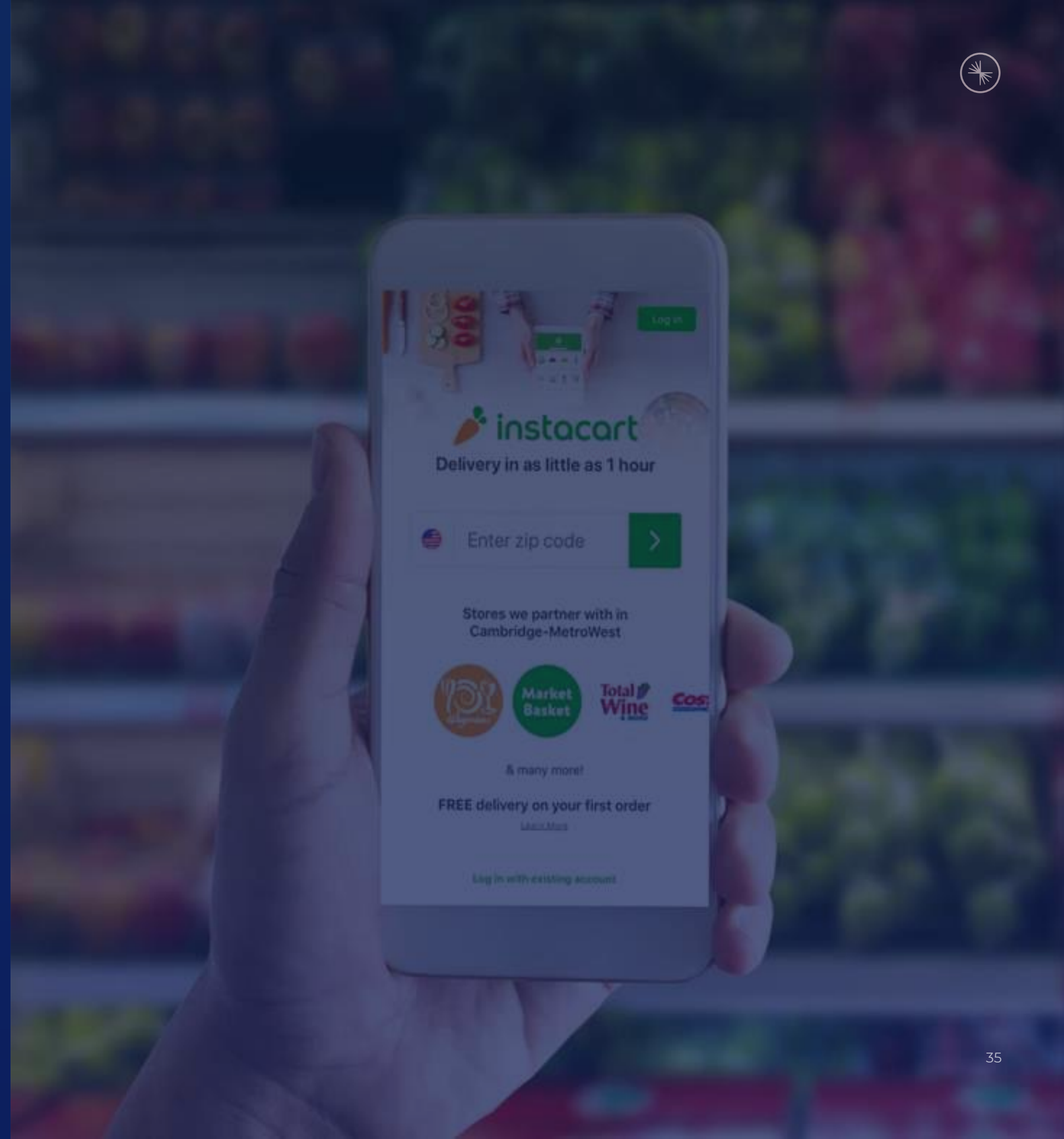
Yves Caseau
CIO at Michelin





“For me to go hire a bunch of engineers to babysit Kafka, I don't have the ability to go do that. Being able to offload those concerns [to Confluent] is such a relief for us and lets us focus on delivering value to the organization and not worrying about ops and the other overhead”

Nate Kupp
Director of Engineering, Instacart





HOW IT'S MADE

Lessons Learned: The Journey to Real-Time Machine Learning at Instacart

Transition 2: From batch features to real-time features

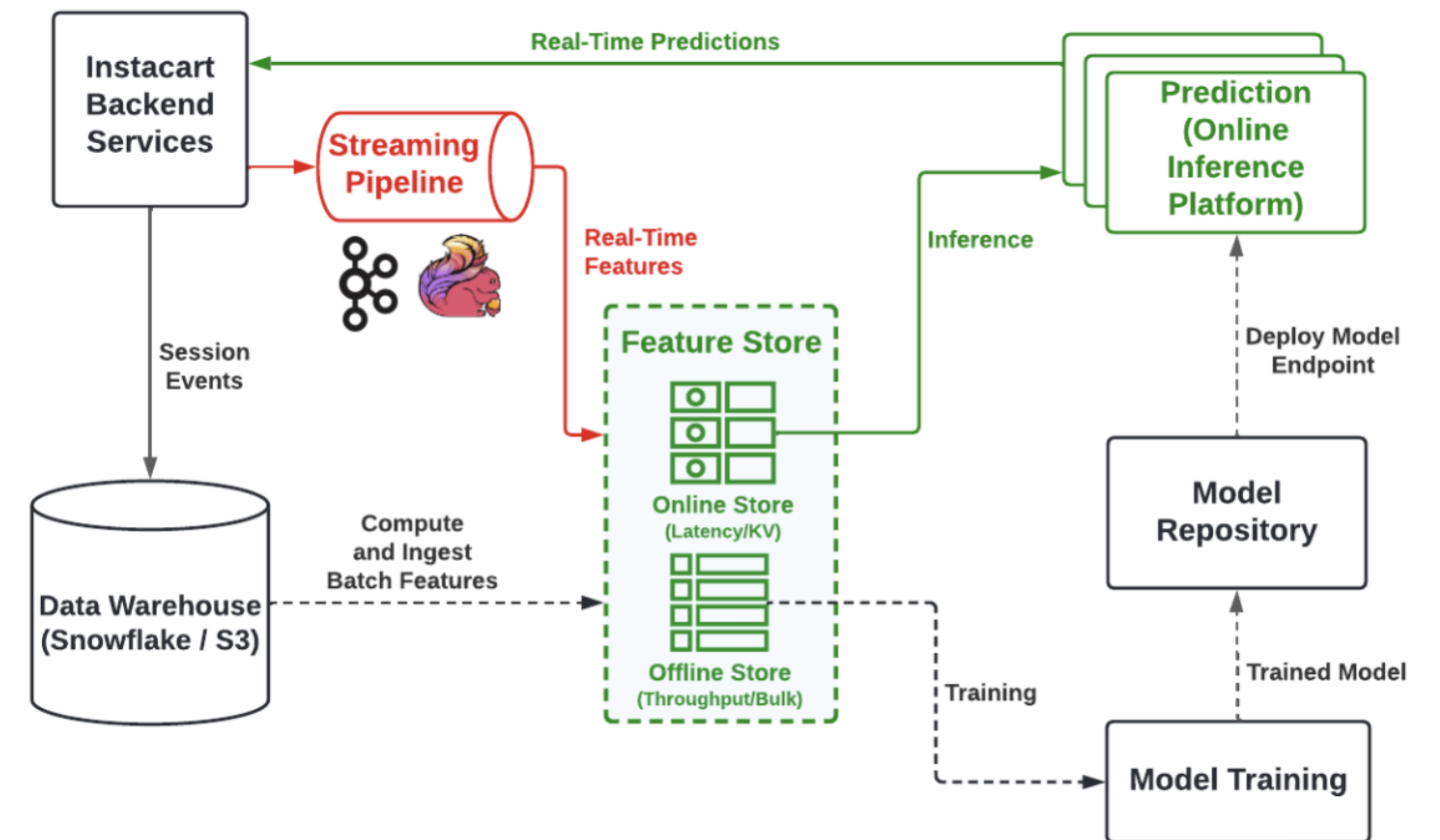


Figure 4: ML Platform with Real-Time Serving and Real-Time Features



Our Product & Differentiation

The Confluent Advantage



CLOUD NATIVE

Re-imagined Kafka
experience for the Cloud



COMPLETE

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

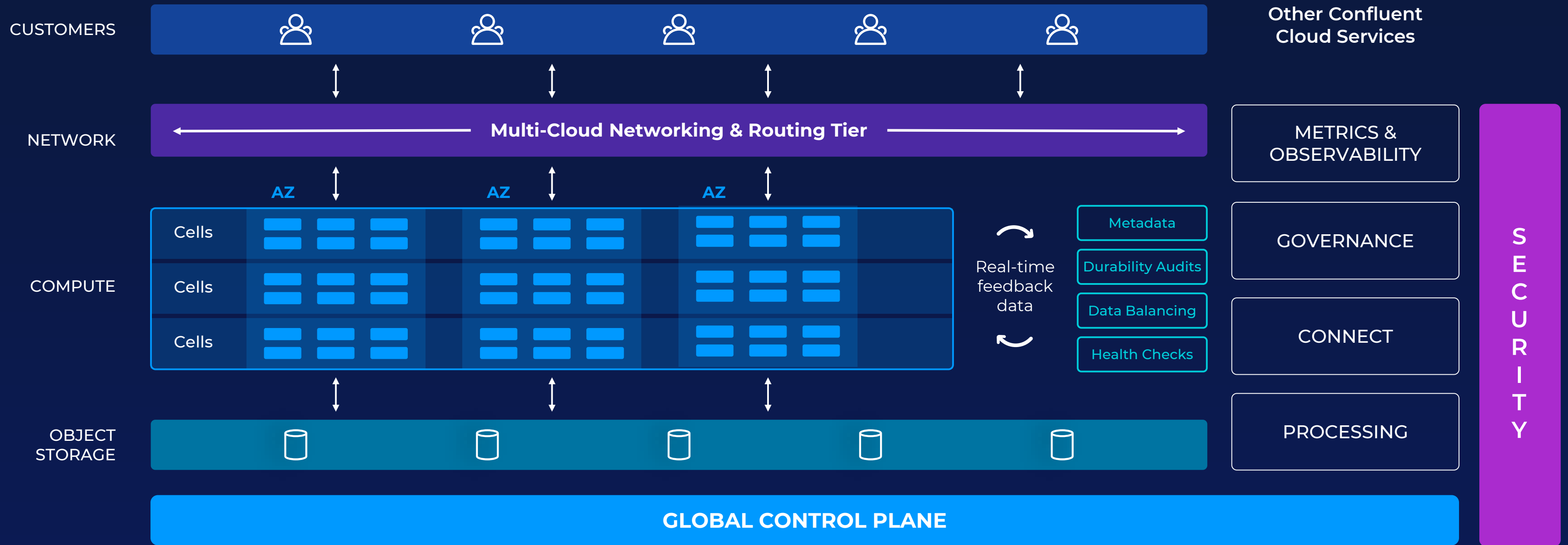


EVERYWHERE

Be everywhere our
customers want to be



Confluent's Cloud Advantage: Kora Architecture



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**



Confluent Cost Savings Challenge

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

The Confluent Advantage



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



- Data Pipelines
- Data Sharing
- Data Analytics
- Cyber-Security
- IoT & Telematics
- ML & AI
- Geofencing
- Streaming ETL
- Dynamic Pricing
- Shipment Tracking / Alerting
- Customer 360
- and more...

DATA STREAMING PIPELINES & APPLICATIONS



CONNECT



GOVERN



PROCESS



SHARE

DATA
STREAMING
PLATFORM

KORA: THE APACHE KAFKA ENGINE, BUILT FOR THE CLOUD



Data Streaming Requires a Complete Platform



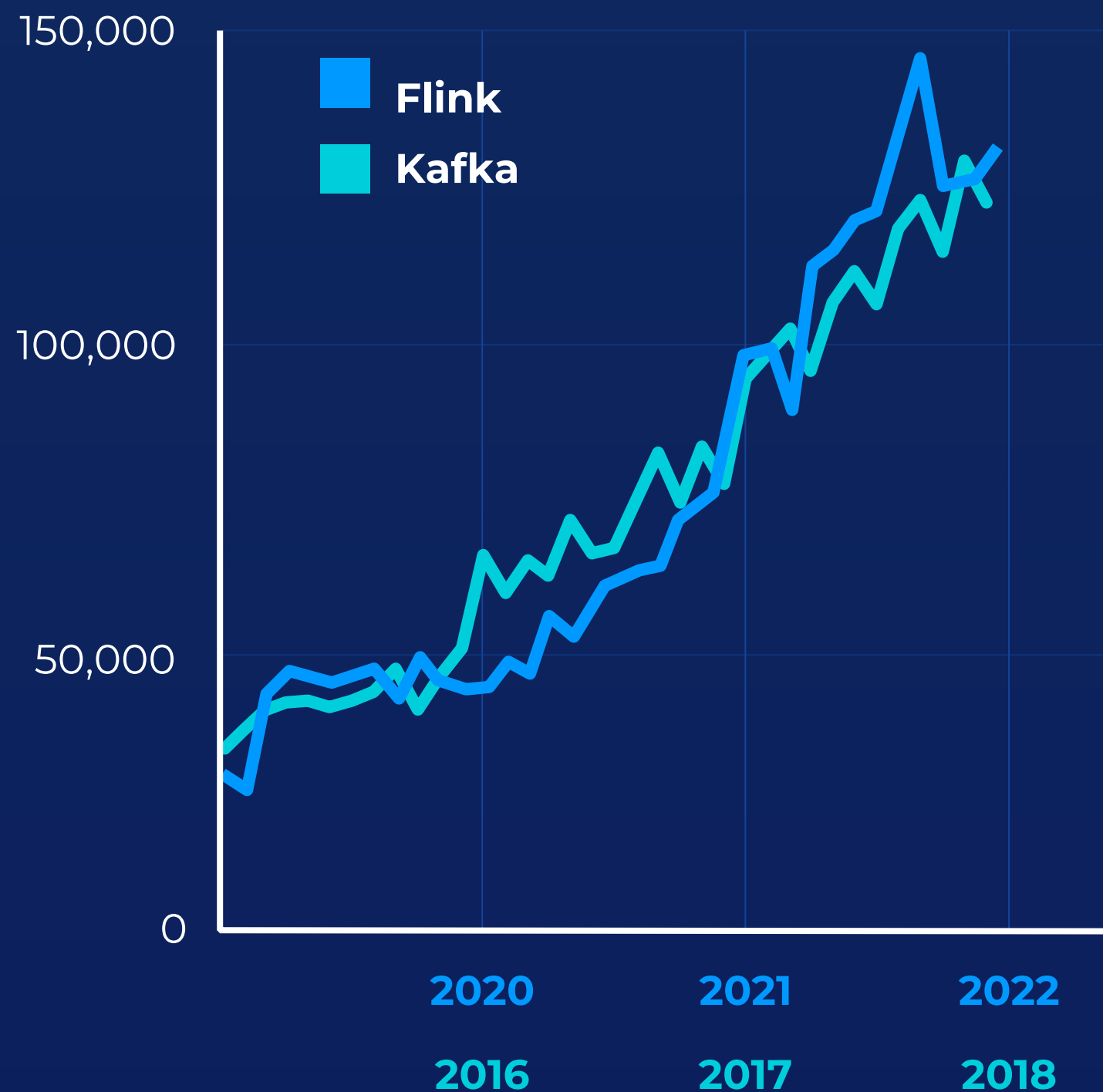
	DATA AT REST	DATA IN MOTION
Application	Web App	Streaming App
Integrated Processing Layer	Database	Flink
Raw Storage Layer	File Systems	Kafka



Data Streaming Requires a Complete Platform

Two Apache Projects, Born a
Few Years Apart

Active Monthly Unique Users



The Confluent Advantage



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



Your data, everywhere you need it, instantly

Span all environments.

Deliver hybrid and multi-cloud
consistency.

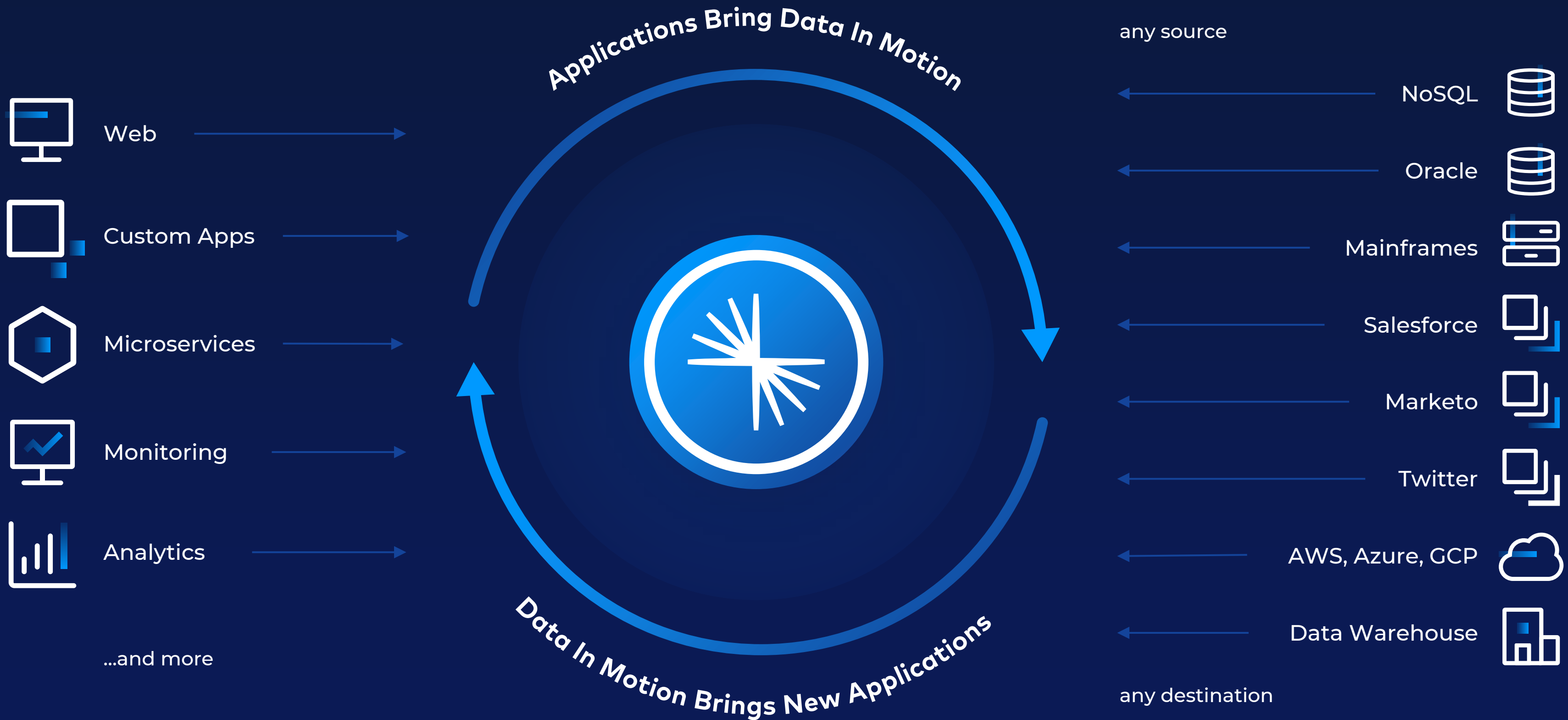
Make it easy.





Customer Journey & GTM

Network Effects Drive Further Expansion



Network Effects Drive Partner Engagement



CSPs



ISVs



GSIs



Partner of the Year Awards



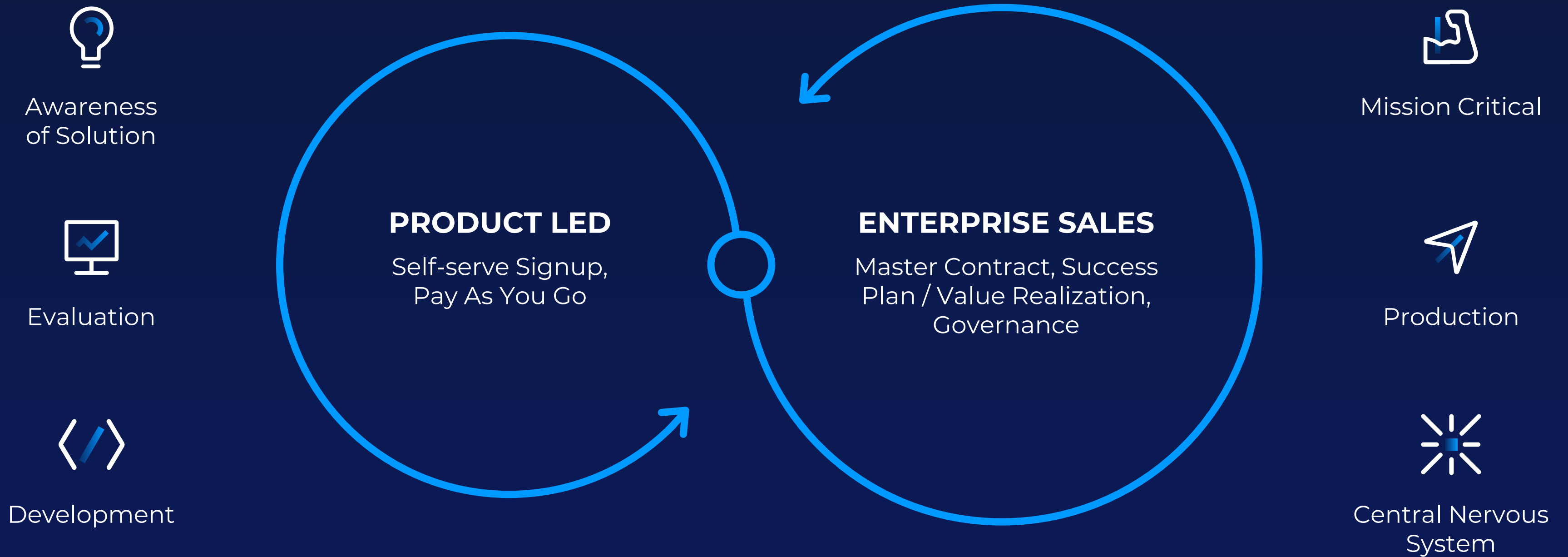


Our GTM Is Designed to Accelerate This Unique Customer Journey





Developer-led Motion and Enterprise Sales Motion are Complementary





Our Business

Our Business



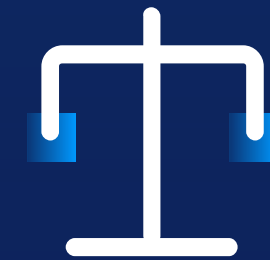
CONSISTENT STRONG EXECUTION

Strong performance at scale
Cloud leading the way



DURABILITY OF GROWTH

Large and growing TAM
Customer Growth GTM
Best-in-Class NRR



BALANCING GROWTH & PROFITABILITY

Scaling cost efficiently
Non-GAAP OM breakeven
exiting Q4'23

Note: Expectation of breakeven in non-GAAP operating margin upon Q4'23 exit is as of Confluent's Q1'23 earnings call dated May 3, 2023.



Appendix



Definitions

Current Remaining Performance Obligations (“cRPO”):

Represents the estimated amount of contracted future revenue expected to be recognized as revenue over the next 12 months.

Remaining Performance Obligations (“RPO”):

Represents the estimated amount of contracted future revenue expected to be recognized as revenue at the end of each period, including both deferred revenue that has been invoiced and non-cancelable committed amounts that will be invoiced and recognized as revenue in future periods. RPO excludes pay-as-you-go arrangements.

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 (“Total NRR”):

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.

Dollar-Based Gross Retention Rate (“GRR”):

We calculate our dollar-based gross retention rate 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, which includes contract contraction and attrition but excludes contract expansion, as of the current period end (“Current Period Value”). We divide the Current Period Value by the Prior Period Value to arrive at a dollar-based gross retention rate.

Cloud NRR:

We calculate our dollar-based NRR for Confluent Cloud using the same methodology as total dollar-based NRR, with the exception that only the ARR from Confluent Cloud consumption is included in the calculation.

Total Customers:

Represents 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:

Represents 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:

Represents the number of customers that contributed \$1,000,000 or more in ARR as of period end.

Net Dilution:

(Shares granted during period - Share forfeited) / Weighted average shares outstanding



GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY21	FY22
Total revenue	\$387,864	\$585,944
Total gross profit on a GAAP basis	\$250,572	\$383,529
Add: Stock-based compensation expense	17,989	32,389
Add: Employer taxes on employee stock transactions	1,013	1,173
Non-GAAP total gross profit	\$269,574	\$417,091
<i>Non-GAAP total gross margin</i>	69.5%	71.2%



GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY21	FY22
Total revenue	\$387,864	\$585,944
Operating expenses on a GAAP basis	\$590,192	\$846,203
Less: Stock-based compensation expense	137,635	245,267
Less: Employer taxes on employee stock transactions	9,076	5,837
Less: Common stock charitable donation expense	13,290	-
Less: Acquisition-related expenses	-	1,104
Non-GAAP Operating expenses	\$430,191	\$593,995
<i>Non-GAAP Operating expenses as a % of total revenue</i>	<i>110.9%</i>	<i>101.4%</i>

	FY21	FY22
Total revenue	\$387,864	\$585,944
Research and development (R&D) expense on a GAAP basis	\$161,925	\$264,041
Less: Stock-based compensation expense	49,051	101,499
Less: Employer taxes on employee stock transactions	2,278	2,632
Non-GAAP R&D expense	\$110,596	\$159,910
<i>Non-GAAP R&D expense as a % of total revenue</i>	<i>28.5%</i>	<i>27.3%</i>



GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY21	FY22
Total revenue	\$387,864	\$585,944
Sales and marketing (S&M) expense on a GAAP basis	\$319,331	\$456,452
Less: Stock-based compensation expense	55,506	99,366
Less: Employer taxes on employee stock transactions	4,266	2,485
Non-GAAP S&M expense	\$259,559	\$354,601
<i>Non-GAAP S&M expense as a % of total revenue</i>	66.9%	60.5%

	FY21	FY22
Total revenue	\$387,864	\$585,944
General and administrative (G&A) expense on a GAAP basis	\$108,936	\$125,710
Less: Stock-based compensation expense	33,078	44,402
Less: Employer taxes on employee stock transactions	2,532	720
Less: Common stock charitable donation expense	13,290	-
Less: Acquisition-related expenses	-	1,104
Non-GAAP G&A expense	\$60,036	\$79,484
<i>Non-GAAP G&A expense as a % of total revenue</i>	15.5%	13.6%



GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY21	FY22	Q1'21	Q1'23
Total revenue	\$387,864	\$585,944	\$77,028	\$174,302
Operating loss on a GAAP basis	\$(339,620)	\$(462,674)	\$(45,144)	\$(166,093)
Add: Stock-based compensation expense	155,624	277,656	13,353	79,289
Add: Employer taxes on employee stock transactions	10,089	7,010	263	3,663
Add: Common stock charitable donation expense	13,290	-	-	-
Add: Amortization of acquired intangibles	-	-	-	113
Add: Acquisition-related expenses	-	1,104	-	9,317
Add: Restructuring and other related charges	-	-	-	33,382
Non-GAAP operating loss	\$(160,617)	\$(176,904)	\$(31,528)	\$(40,329)
Non-GAAP operating margin	(41.4%)	(30.2%)	(40.9%)	(23.1%)



INVESTOR DAY