CONFLUENT

Introducing Confluent

November 1, 2023

Disclaimer

This presentation includes express and implied forward-looking statements. All statements contained in this presentation other than statements of historical facts, including expectations of Confluent, Inc. ("we," "us," "our," or "Confluent") regarding our revenue, revenue mix, expenses and other results of operations; operating margins and margin improvements, targeted or anticipated margin levels, including non-GAAP operating margin guidance exiting the fourth quarter of fiscal 2023; future financial performance, business strategy and plans; potential market and growth opportunities; competitive position; technological or market trends; addressable market opportunity; and our objectives for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors, including but not limited to: (i) our limited operating history, including in uncertain macroeconomic environments, (ii) our ability to sustain and manage our rapid growth, including following our 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, bank failures, supply chain challenges, geopolitical events, 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, including by addressing customer consumption preferences, 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) the estimated addressable market opportunity for our offering, 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. 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. 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Confluent Momentum-at-a-Glance

Founded in 2014 by the Original Creators of **Apache Kafka**	**~$60B** Total Addressable Market[1]

		Q3'23
💰	Total Revenue	**$200M / +32% YoY**
☁	Confluent Cloud Revenue	**$92M / +61% YoY**
💲	Non-GAAP Operating Margin (OM)	**(5.5%) / +22pts YoY**
📊	Dollar-Based Net Retention Rate	**Just Under 130%**
👥	Customers with ≥ $100K in ARR	**1,185 / +25% YoY**

Q4'23 OM Guidance: **0-1%**

[1] TAM calculations performed by Confluent; source: Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2020-2026, 2Q22 Update, June 2022; source: Gartner, Forecast: Enterprise Application Software, Worldwide, August 2022.
[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

NEW WAY
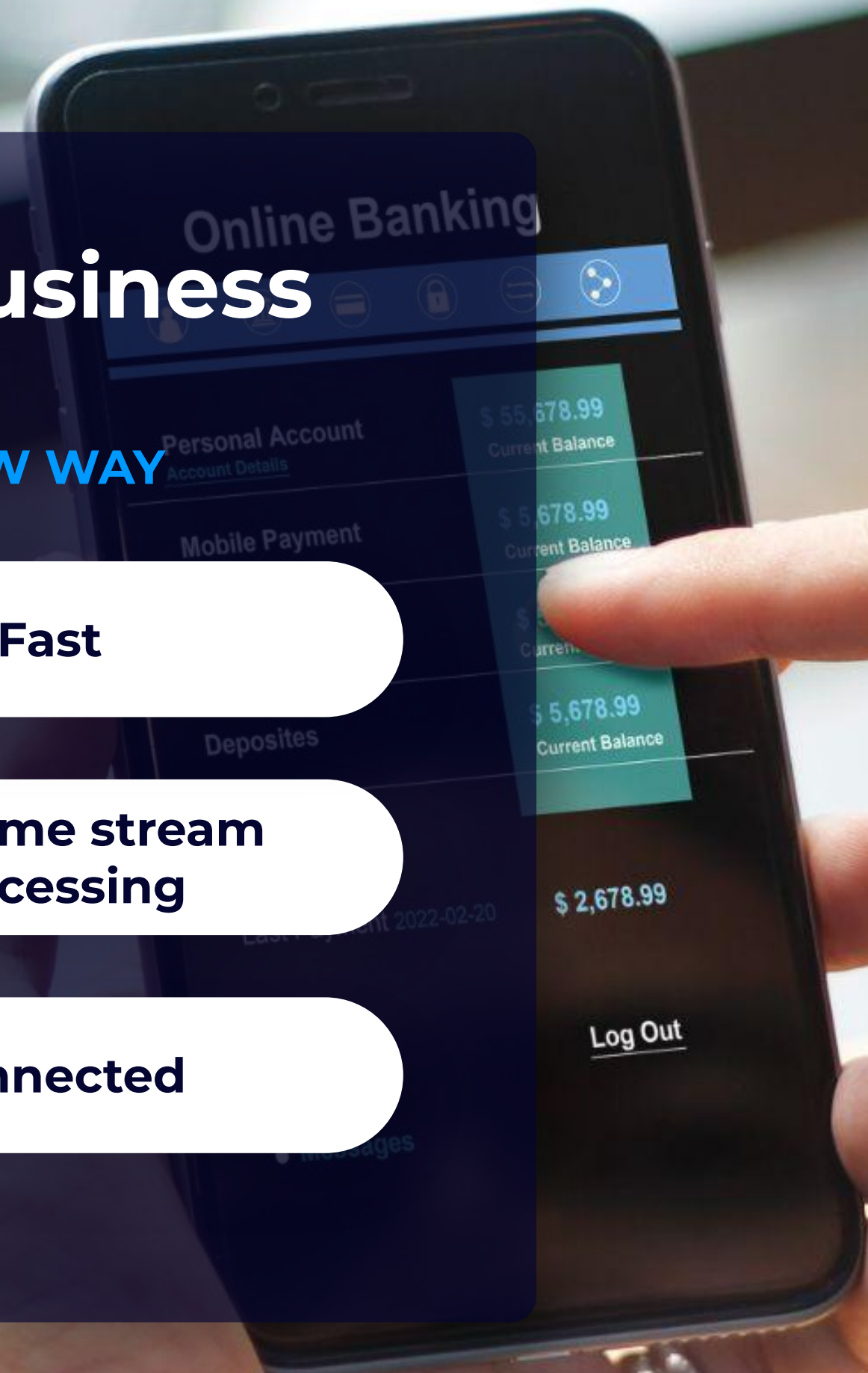
Slow	Fast
Batch processing	Real-time stream processing
Siloed	Connected

Real-time Use Cases Found Everywhere in Our Lives

Personalized recommendations

Sentiment Analysis

Real-time trades

Transportation optimization

Supply-chain optimization

Cybersecurity

Real-time promotion

Fleet management

Dynamic pricing

Payment verification

Loyalty rewards

Route optimization

Omnichannel

Customer 360

New use cases need new capabilities

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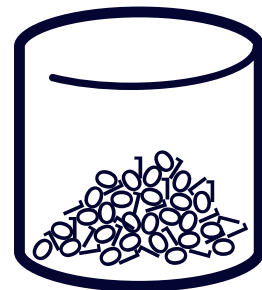
The Problems with Data at Rest and Legacy Movement Tools
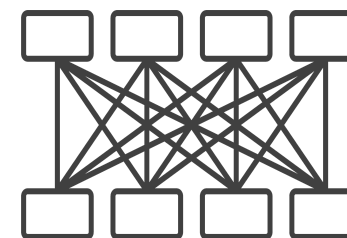
Data at Rest

Databases

- Slow, daily batch processing

- Simple, static real-time queries
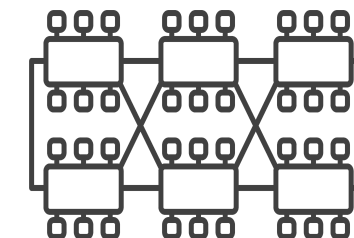
Legacy Data Movement Tools

ETL/Data Integration

- Batch
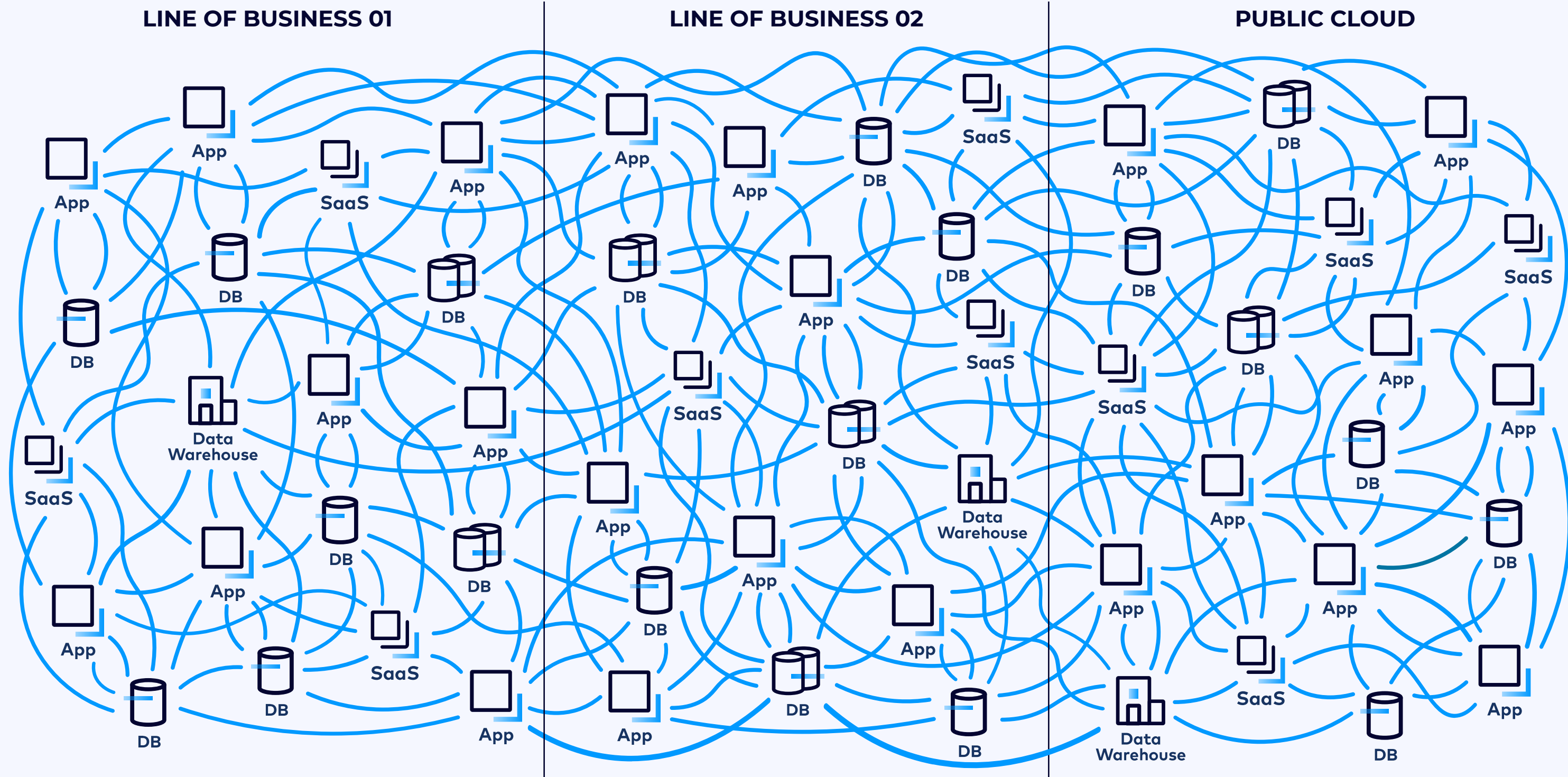
- Expensive

- Time Consuming

Messaging

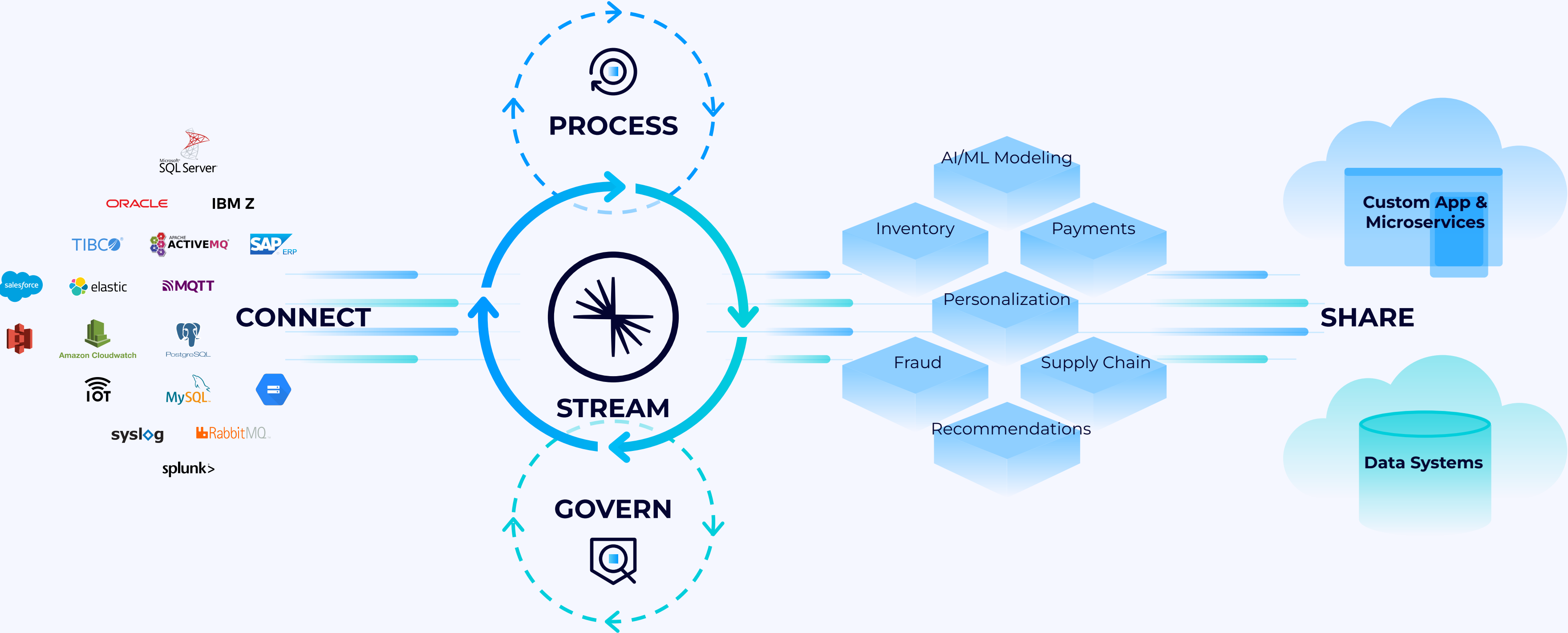- Difficult to Scale

- No Persistence

- Data Loss

- No Replay

Databases Bring Point-in-Time Queries to Stored Data; This Leads to a Giant Mess in Data Architecture

LINE OF BUSINESS 01

LINE OF BUSINESS 02

PUBLIC CLOUD

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.

PROCESS

CONNECT

STREAM

GOVERN

SHARE

Microsoft SQL Server
ORACLE
IBM Z
TIBCO
APACHE ACTIVEMQ
SAP ERP
salesforce
elastic
MQTT
Amazon Cloudwatch
PostgreSQL
IOT
MySQL
syslog
RabbitMQ
splunk>

AI/ML Modeling
Inventory
Payments
Personalization
Fraud
Supply Chain
Recommendations

Custom App & Microservices
Data Systems

From Data Chaos - - - -> To Data Products - - - -> To Instant Value Everywhere

From Giant Mess to Central Nervous System

CONFLUENT
DATA STREAMING PLATFORM
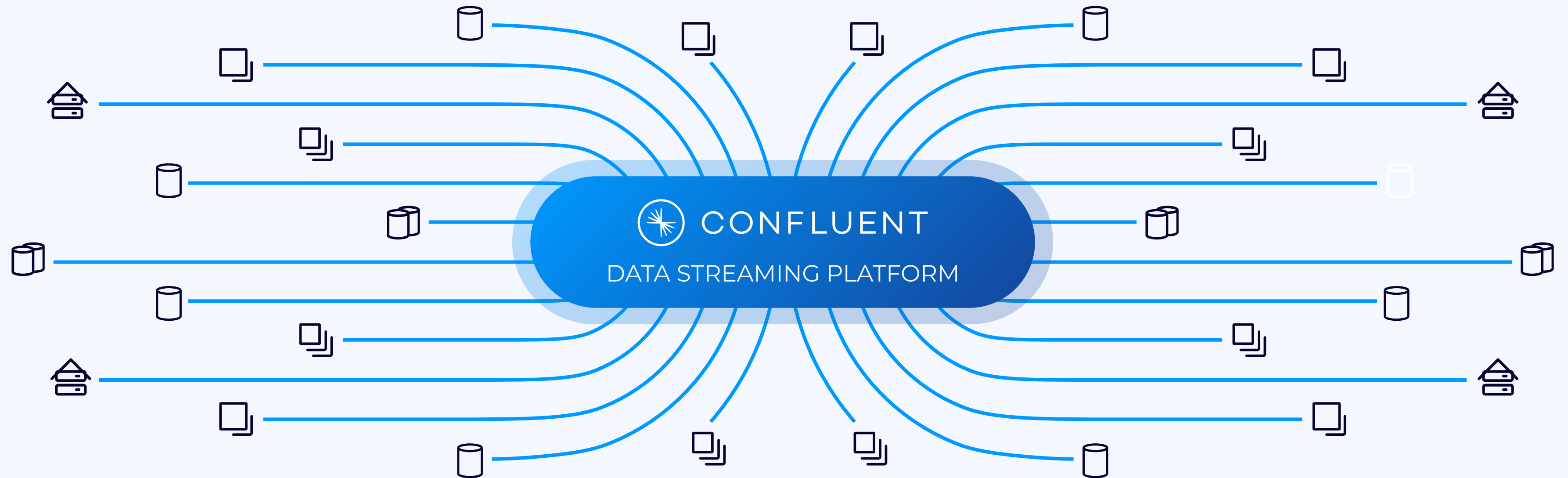
Confluent is Becoming the Central Nervous System of the Modern Technology Stack
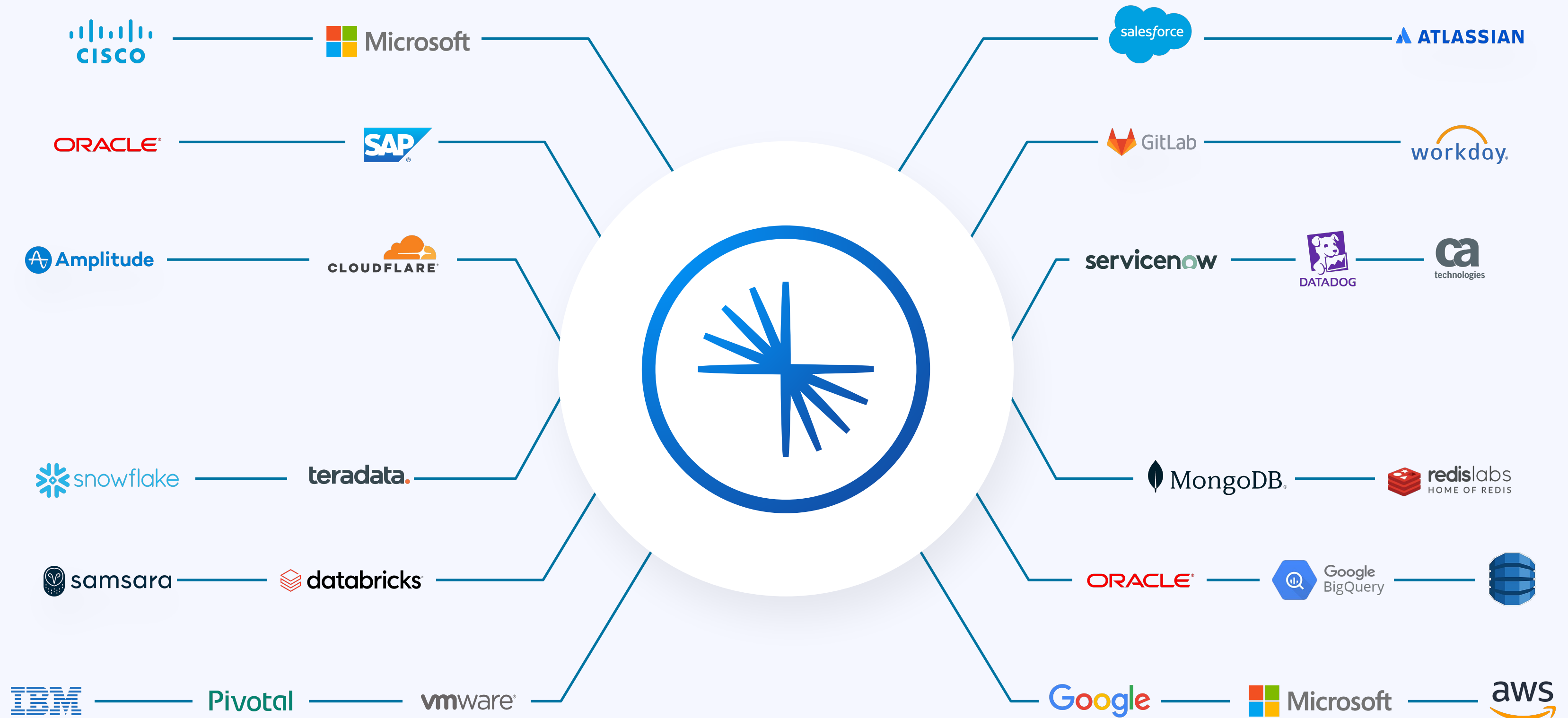
Proven Success Across Industries

Financial Services
Citi, ING, SGX, KeyBank, Nationwide Building Society, AFFIN HWANG CAPITAL Asset Management, EURONEXT, Morgan Stanley, Goldman Sachs, RBC, bank btpn, PNC, guaranteed Rate

Technology
Square, ebay, 10x, Q2, PayPal, new relic, SAS, ARMIS, Care.com, SAP, PLAID, WiX, instacart, Viewpoint, homepoint, snagajob, SecurityScorecard, Robinhood, BIGCOMMERCE

Communications & Media
Telefónica, SKY, ticketmaster, NETFLIX, 8x8, brightspeed, TiVo, Ziff Davis, ETC, MPL Mobile Premier League, GLOBE GROUP, dish wireless

Manufacturing
SUNPOWER, BOSCH, ENGEL, Amway, Whirlpool, RODAN+FIELDS

Consumer & Retail
Walmart, nuuly, TOOLSTATION, ao.com, MIGROS, apna, Boden, Sainsbury's, Shipt, s.Oliver, ifood, BESTSECRET, meesho, DICK'S SPORTING GOODS, PICNIC, Domino's

Automotive & Transportation
Advance Auto Parts, POLARIS, DKV, Lufthansa, arcese, BMW GROUP, BMW, DriveTime, DB, Fraport, DriveCentric, GTÜ

Healthcare
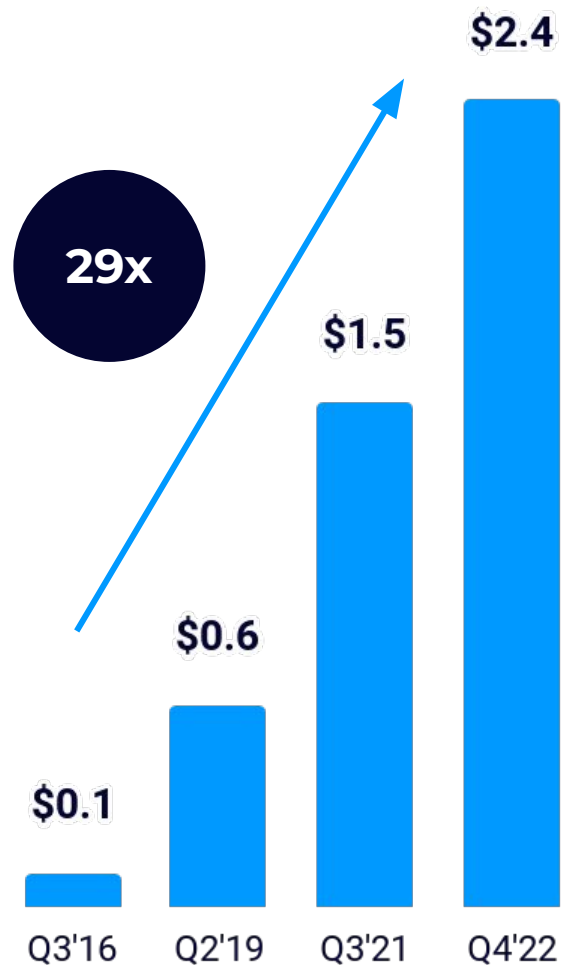alight, BHG, RECURSION, ROOSEVELT Rehabilitation & Healthcare Center, surescripts

Insurance
GENERALI, Ladder, beazley, Humana, Vitality, CENTENE Corporation

Use Cases Across All Industries

Industry						
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.

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Why Confluent Wins

Product Differentiation

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

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

Everywhere: Be everywhere our customers want to be
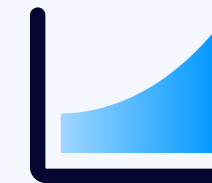
Customer Growth Go-To-Market Model

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

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

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

The Confluent Data Streaming Platform

Data Pipelines   Real-time Analytics   Data Analytics   Cyber-Security   IoT & Telematics   ML & AI

Geofencing   Streaming ETL   Dynamic Pricing   Shipment Tracking / Alerting   Customer 360   and more…

DATA STREAMING APPLICATIONS

CONNECT   **GOVERN**   **PROCESS**   **SHARE**

STREAM   **KORA: THE APACHE KAFKA ENGINE, BUILT FOR THE CLOUD**

Confluent's Cloud Advantage: Kora Architecture

CUSTOMERS — Other Confluent Cloud Services

NETWORK — Multi-Cloud Networking & Routing Tier — METRICS & OBSERVABILITY

COMPUTE — AZ / AZ / AZ — Cells — Real-time feedback data — Metadata, Durability Audits, Data Balancing, Health Checks — GOVERNANCE — CONNECT

OBJECT STORAGE — PROCESSING

GLOBAL CONTROL PLANE

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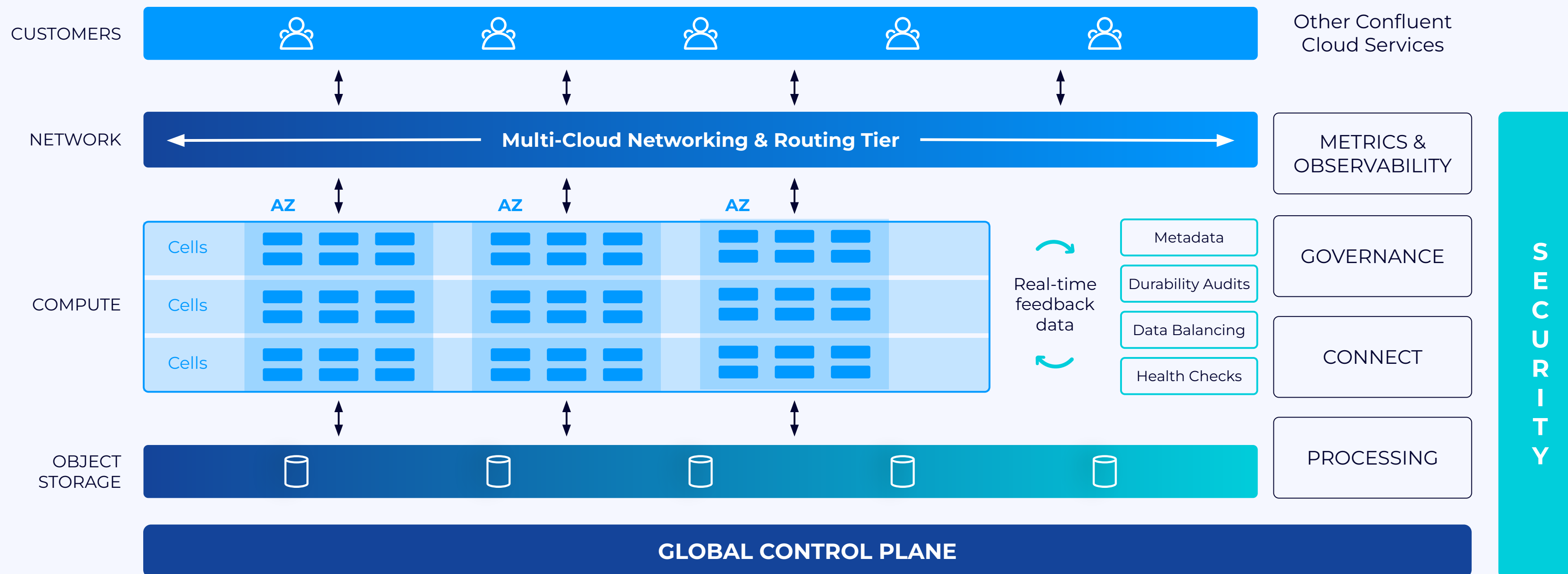
30X ELASTICITY
Scale to handle GBps+ workloads and peak customer demands 30x faster without operational burden

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

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

18

Stronger Capabilities, With Up to 60% Lower TCO

HEADCOUNT
SAVINGS WITH CONFLUENT

Development & Operations Personnel

INFRASTRUCTURE
SAVINGS WITH CONFLUENT
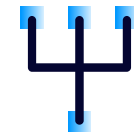
Multi-tenancy

Elastic

Data Balancing

Networking & Replication

DEVELOPMENT & OPERATIONS
SAVINGS WITH CONFLUENT

Higher Utilization of Infrastructure

Software-driven Operations

Real-time Monitoring & Validation

Product Led Complements Enterprise Sales GTM Motion

Awareness of Solution

Evaluation

Development

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

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

Mission Critical

Production

Central Nervous System

Developers, Architects, Operators

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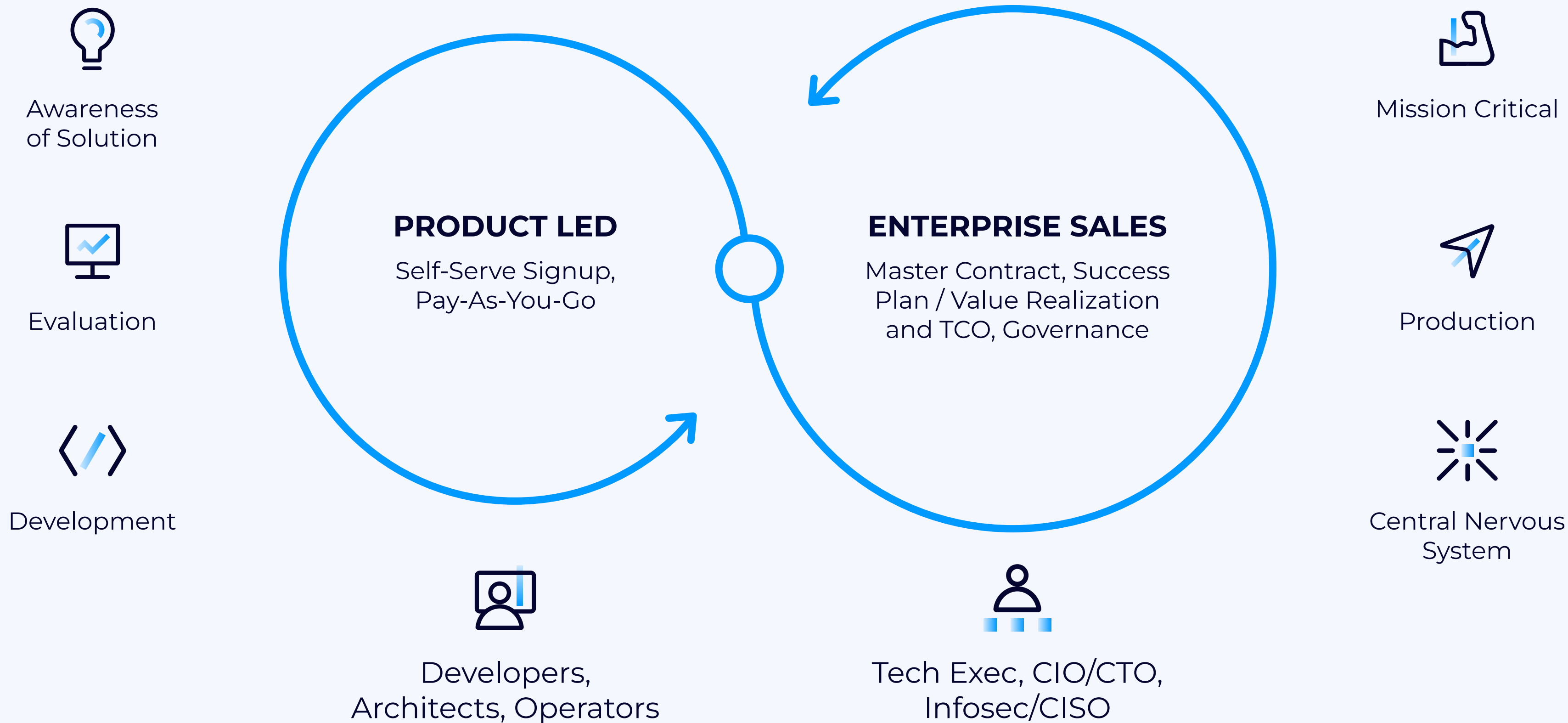
Our Powerful and Differentiated
Cloud Consumption Model

Serve mission-critical workloads in **data infrastructure**
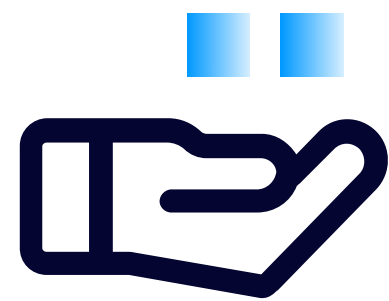
Power revenue *(frontend)* and **operational** *(backend)* use cases
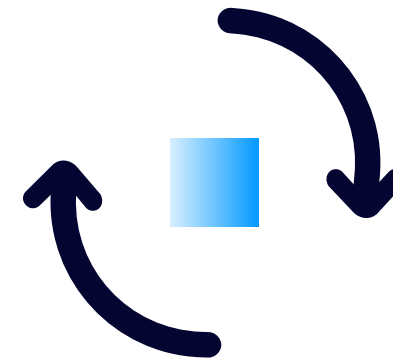
Expand seamlessly in the cloud with **strong network effects**
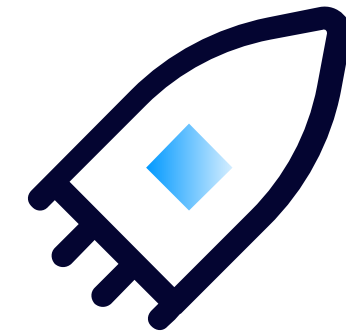
Moving up the stack with Flink and capitalizing on **Cloud and Gen AI opportunities**

Data in Motion Journey

VALUE

Central Nervous System

5

Mission Critical Cross-Company Platform

4

Mission Critical, But Disconnected Use Cases

3

Early Production Usage

2

Experimentation / Early Interest

1

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

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

- Low friction
- Developer love

INVESTMENT & TIME

22

Network Effects Drive Further Expansion

Web

Custom Apps

Microservices

Monitoring

Analytics

...and more

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
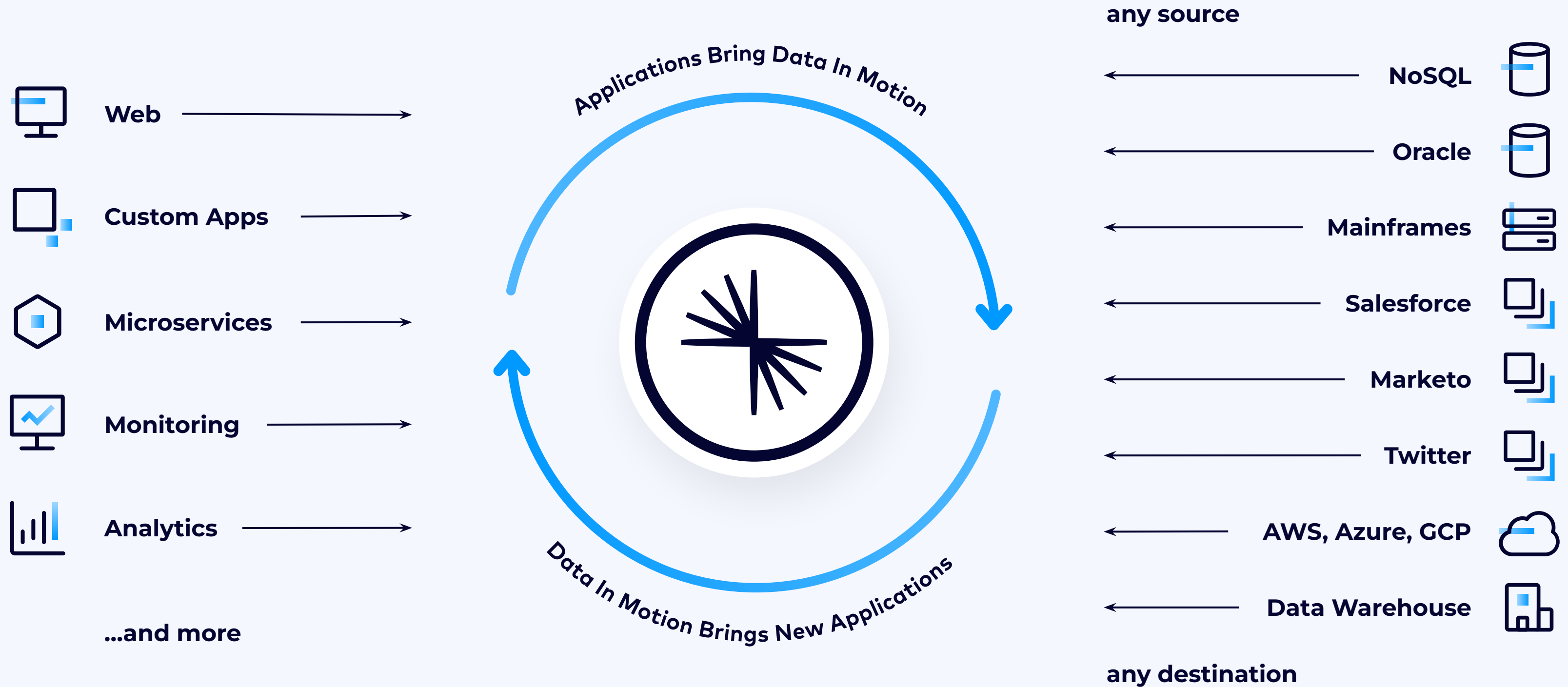
Competitive Landscape

Legacy Data Infrastructure

Relational DBs

ORACLE

ESB & Messaging

MuleSoft   IBM   TIBCO

ETL

Informatica   talend   ORACLE

On-Premises Streaming

Red Hat   CLOUDERA

Cloud Providers

Partners & Competitors

Microsoft

aws
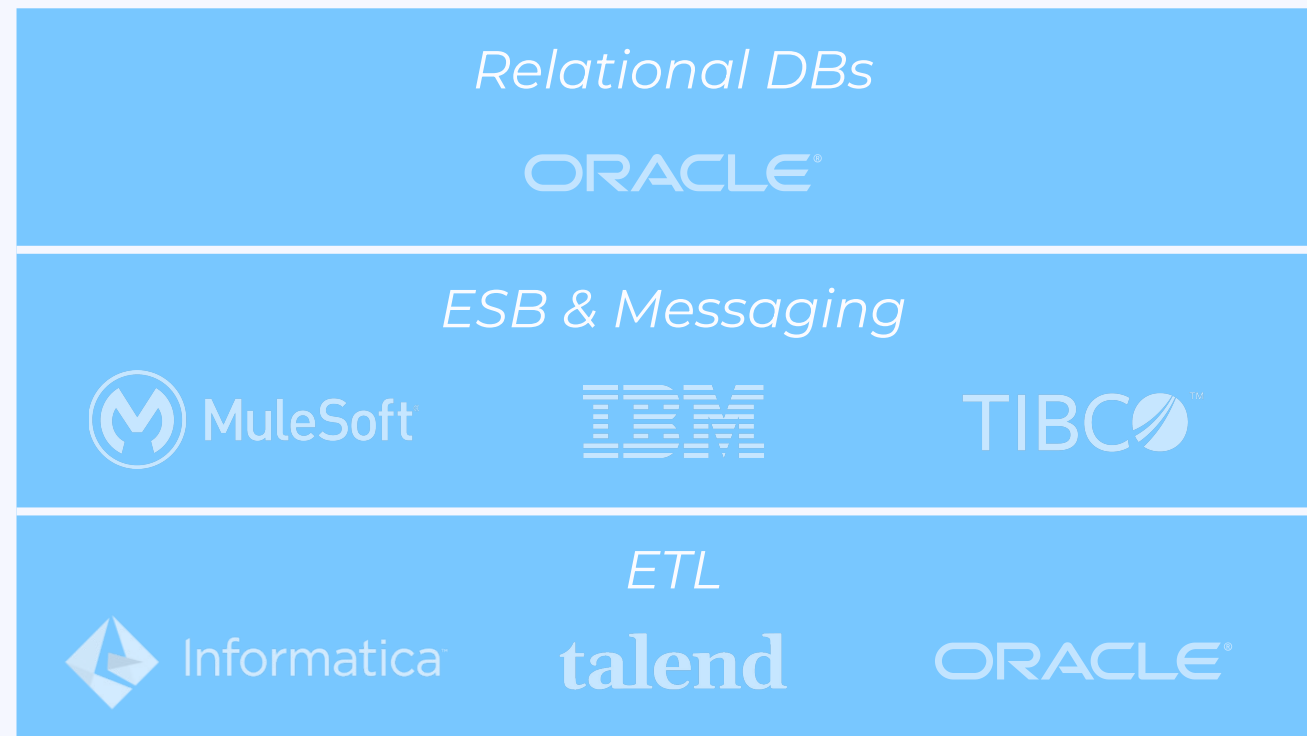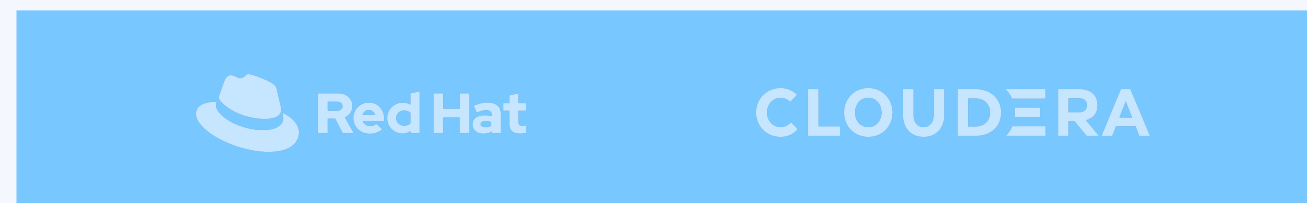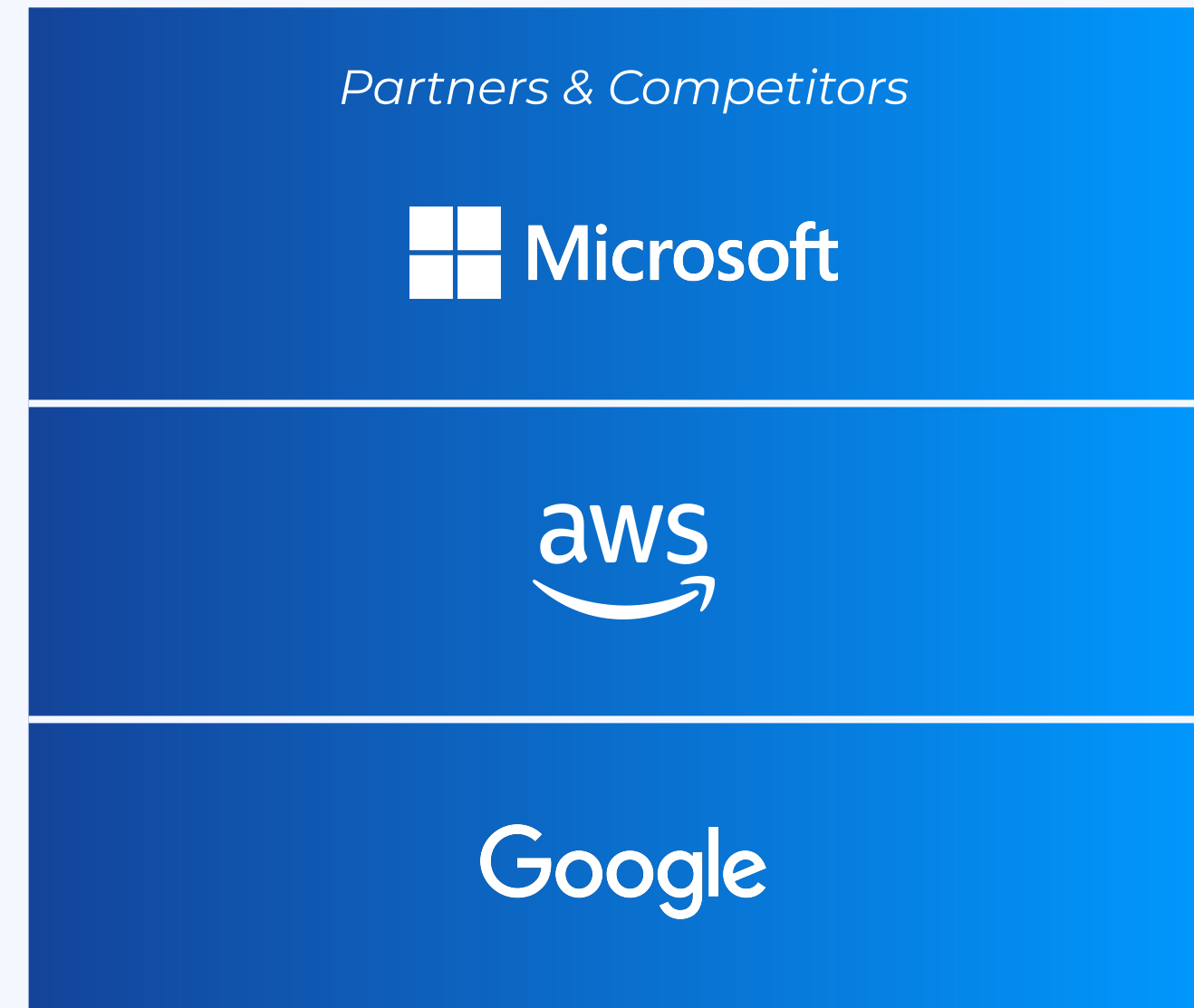
Google

Cloud Competitive Landscape

		Cloud-Native	Complete	Everywhere
Confluent		●	●	●
Microsoft	Event Hubs	●	◐	○
Google	Dataflow	●	○	○
	Pub/Sub	●	○	○
Amazon	Kinesis	●	◔	○
	MSK	◔	◔	○

Multiple Levers of Growth in a Large and Growing TAM
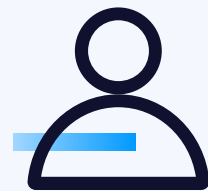
Easy and Frictionless **Land with Cloud Pay-As-You-Go**
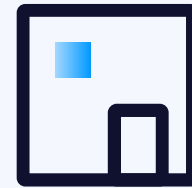
Expand in **Underpenetrated Segments** (e.g. Commercial, Tech)

Enterprise-Wide Expansion via **Solutions Selling**
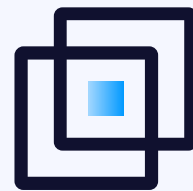
Grow and Harness our **Partner Ecosystem**

Continued **International Expansion**
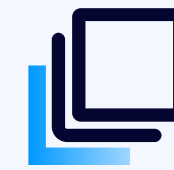
Productize Use Cases **Up-The-Stack**

One Team, One Mission: Set Data in Motion

Jay Kreps
Co-Founder & CEO
LinkedIn

Jun Rao
Co-Founder
LinkedIn

Erica Schultz
President, Field Operations
New Relic
ORACLE

Stephanie Buscemi
Chief Marketing Officer
salesforce SAP

Rohan Sivaram
Chief Financial Officer
paloalto NETWORKS
Morgan Stanley

Chad Verbowski
Chief Technology Officer
Google
Microsoft

Rey Perez
Chief Customer Officer
New Relic
ORACLE

Gunjan Aggarwal
Chief People Officer
RingCentral
ERICSSON

Melanie Vinson
Chief Legal Officer
workday hp

Christina Liu
Chief Accounting Officer
Zendesk
KPMG

Shaun Clowes
Chief Product Officer
MuleSoft
ATLASSIAN

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 [2]

Addressed by ksqlDB pull queries and Kafka Storage

Addressed by Kafka and Cluster Linking

$9B Database

$10B Analytics Platforms

Addressed by ksqlDB push queries, Connect SMTs, and Stream Designer

$37B Application Infrastructure & Middleware

$5B Data Mgmt

Addressed by Connectors and Stream Governance

[1]
- 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 [3]
19% CAGR

$100B

~$60B

2022   2025

Bottoms-up View of Our 2022 Addressable Market

	Fortune 500	Enterprise (LTM Revenue >$1B)	Commercial - Mid Market (LTM Revenue: <$1B)
Number of Companies[1]	500	~29,000	~300,000
Estimated Average ARR per Company[2]	$10M+	$1M+	$100K+

$60B+

The Power of Our Hybrid Model
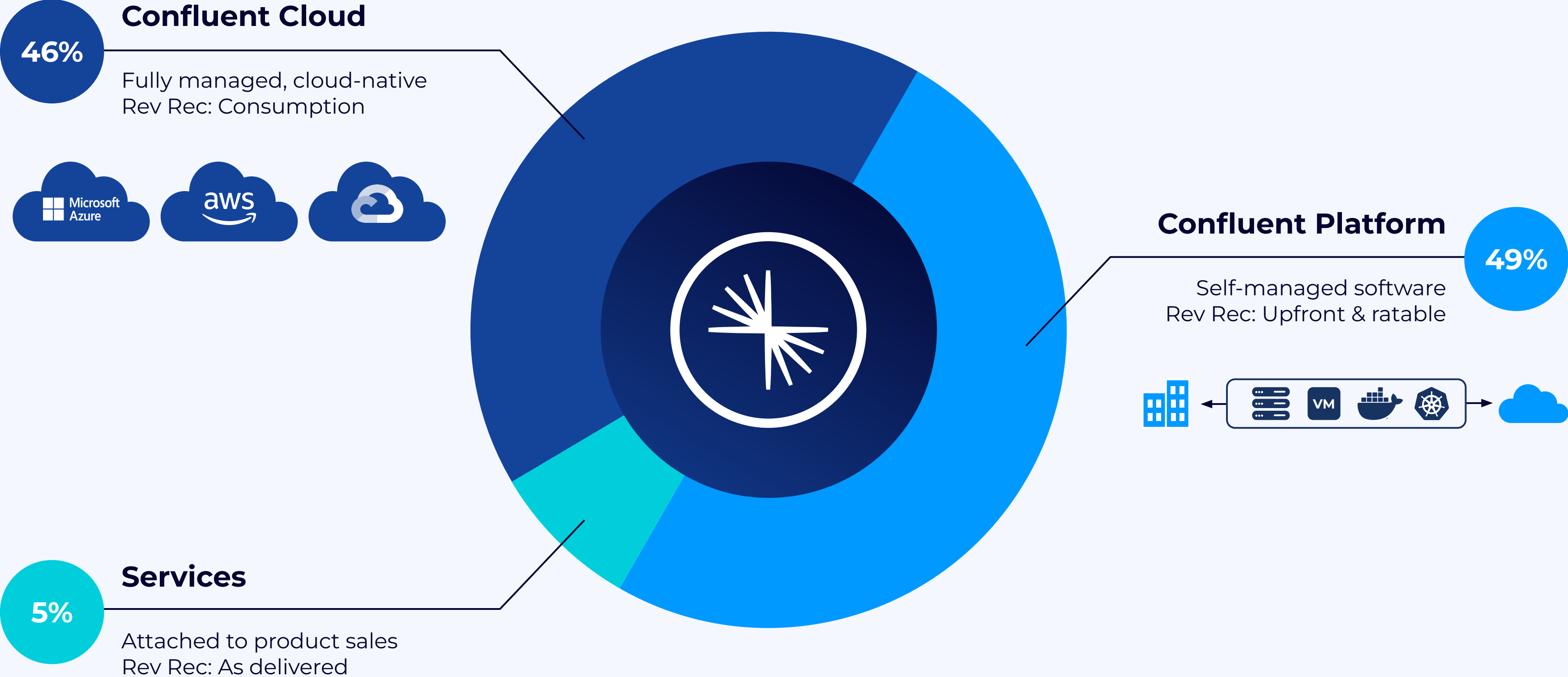
Confluent Cloud

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

31

Significant Revenue Growth at Scale

Annual Revenue
$ in millions

72%+
CAGR
FY18-FY22

$65.2	**$149.8**	**$236.6**	**$387.9**	**$585.9**
$56.4	$130.2	$208.6	$347.1	$535.0
FY18	FY19	FY20	FY21	FY22

Subscription Revenue

Quarterly Revenue
$ in millions

	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Total	$119.9	$126.1	$139.4	$151.7	$168.7	$174.3	$189.3	$200.2
Subscription	$108.2	$113.9	$127.0	$138.7	$155.3	$160.6	$176.5	$189.3
Total Rev Y/Y		64%	58%	48%	41%	38%	36%	32%

Subscription Revenue
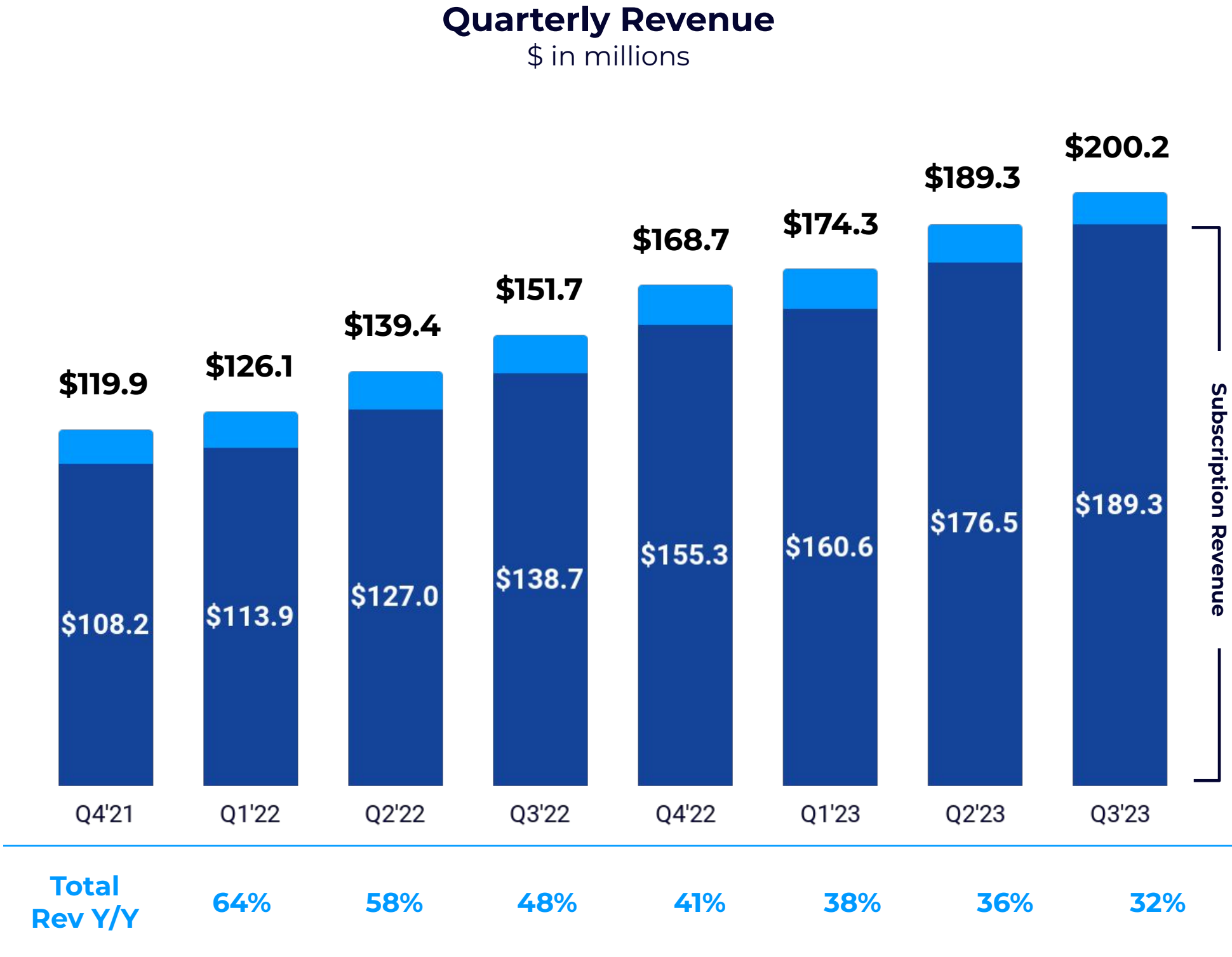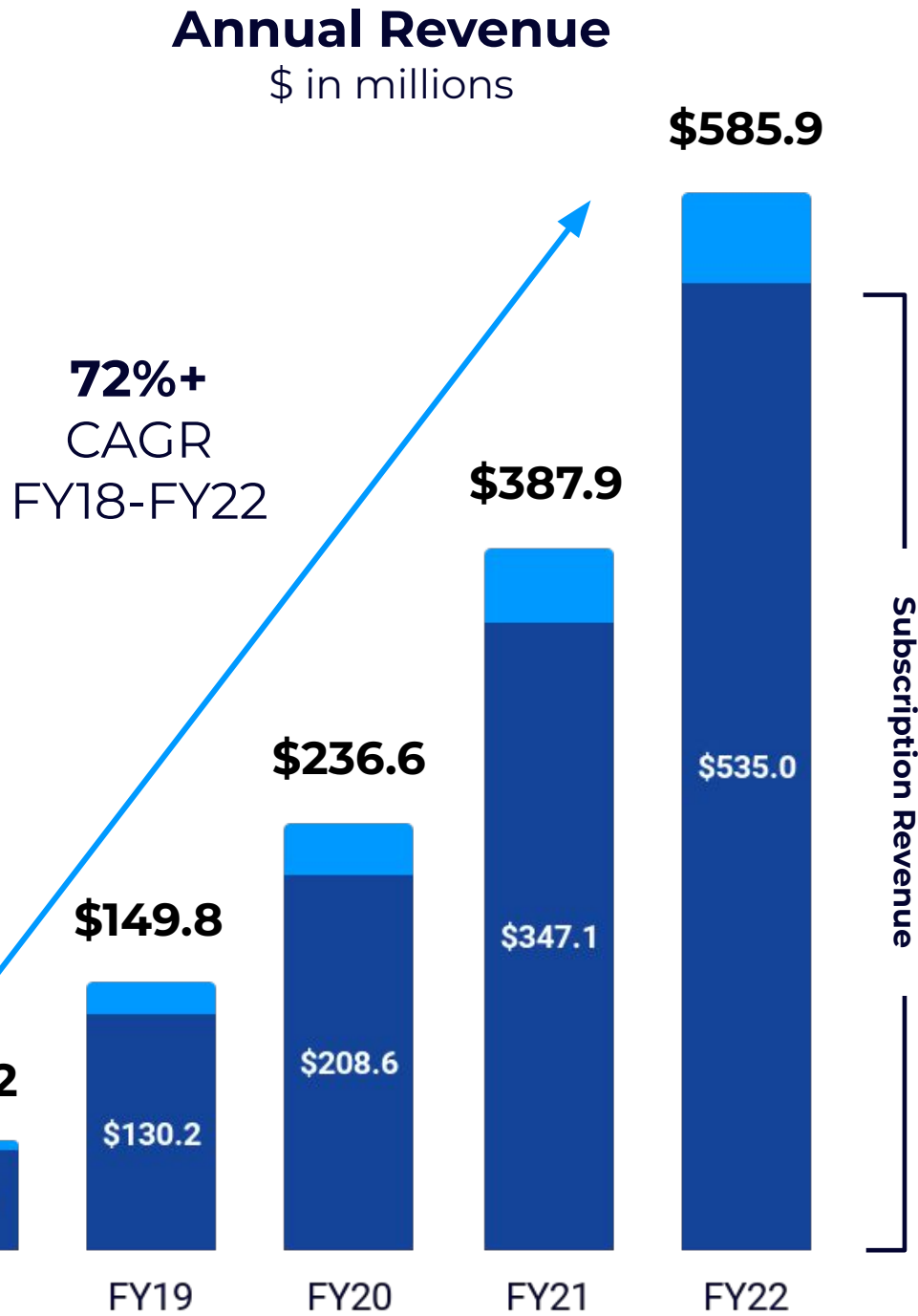
Fast-Growing Confluent Cloud Revenue

Annual Confluent Cloud Revenue
$ in millions

200%+
CAGR
FY18-FY22

FY18	FY19	FY20	FY21	FY22
$2.6	$14.4	$31.4	$94.2	$211.2

Quarterly Revenue
$ in millions

	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Revenue	$33.8	$38.9	$47.0	$56.9	$68.4	$73.6	$83.6	$91.6
Q/Q $ Add	$7.0	$5.1	$8.1	$9.9	$11.5	$5.3	$9.9	$8.0
Y/Y Growth		180%	139%	112%	102%	89%	78%	61%
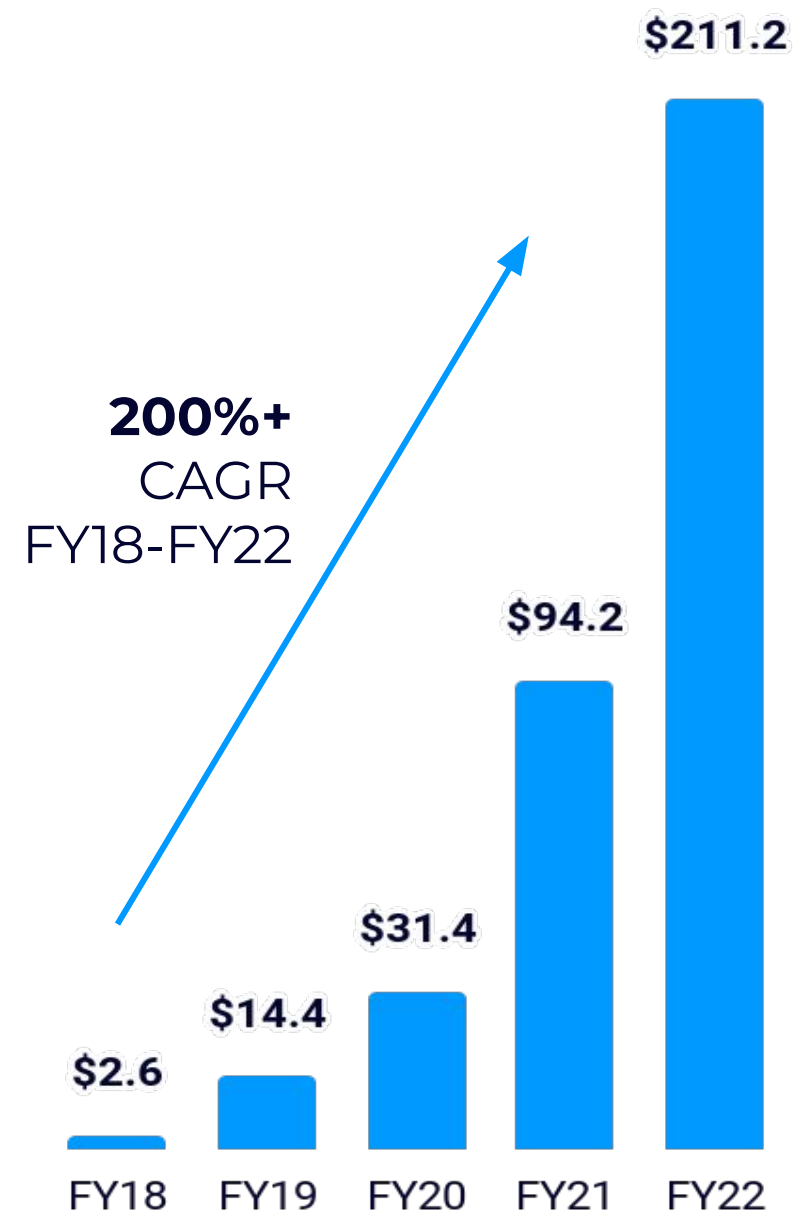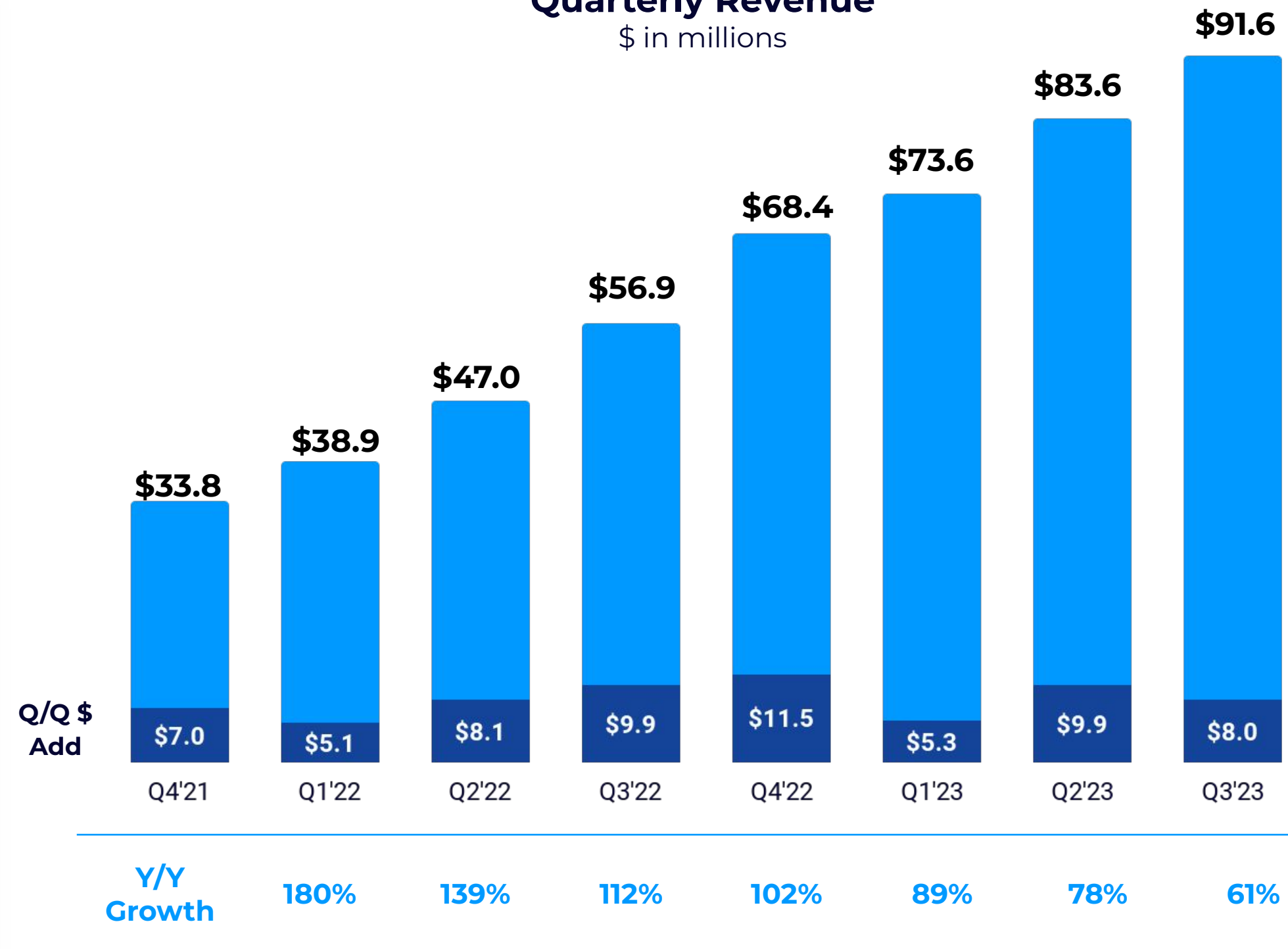
Early International Expansion and Accelerating Adoption of Confluent Cloud

Revenue Mix by Geography
$ in millions

	FY'21	FY'22	Q3'22	Q3'23
Total	$387.9	$585.9	$151.7	$200.2
International	36%	38%	37%	40%
US	64%	62%	63%	60%

US ▪ International
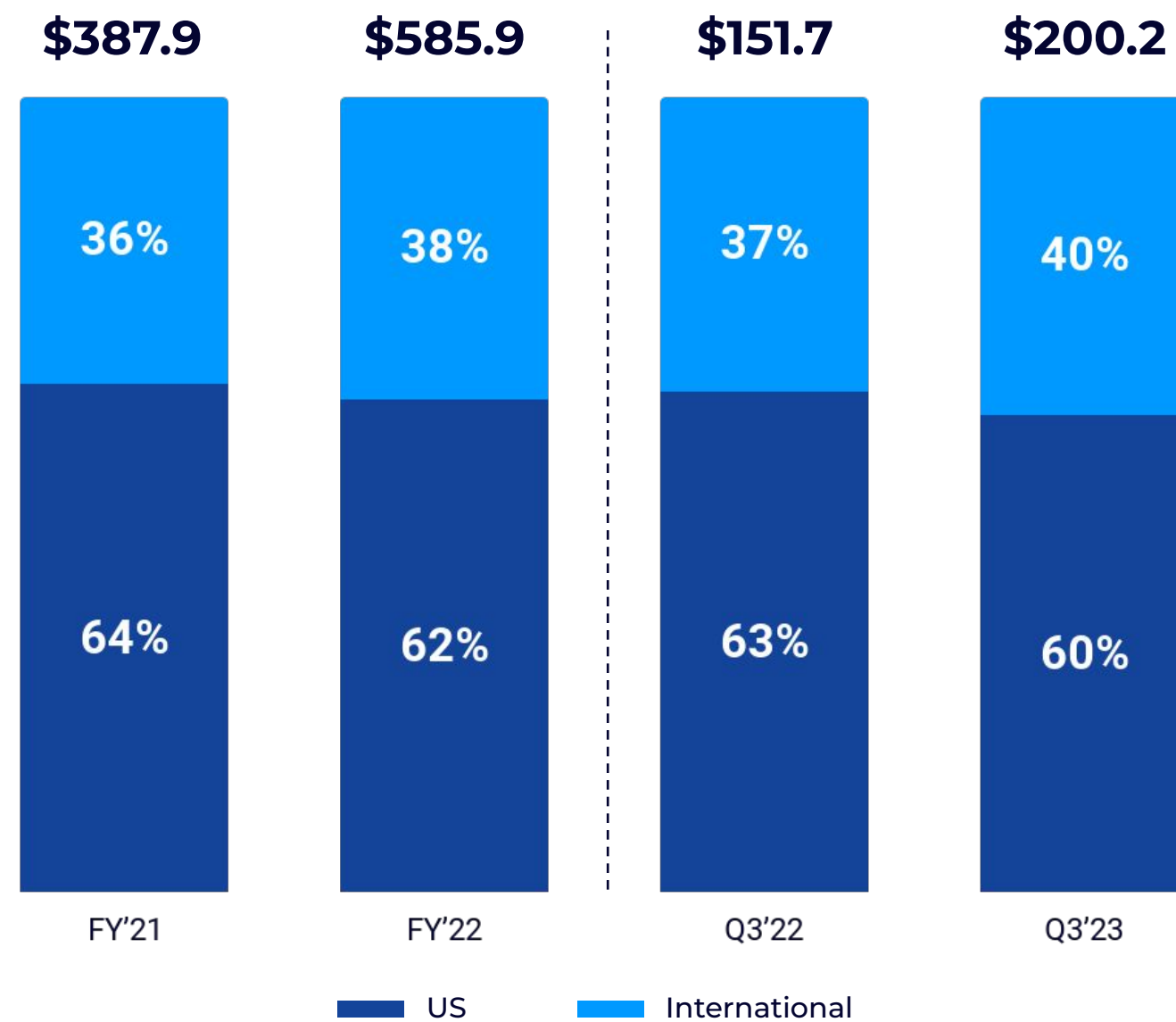
Revenue Mix by Product
$ in millions

	FY'21	FY'22	Q3'22	Q3'23
Total	$387.9	$585.9	$151.7	$200.2
Service	11%	9%	9%	5%
Confluent Cloud	24%	36%	38%	46%
Confluent Platform	65%	55%	54%	49%

Confluent Platform ▪ Confluent Cloud ▪ Service
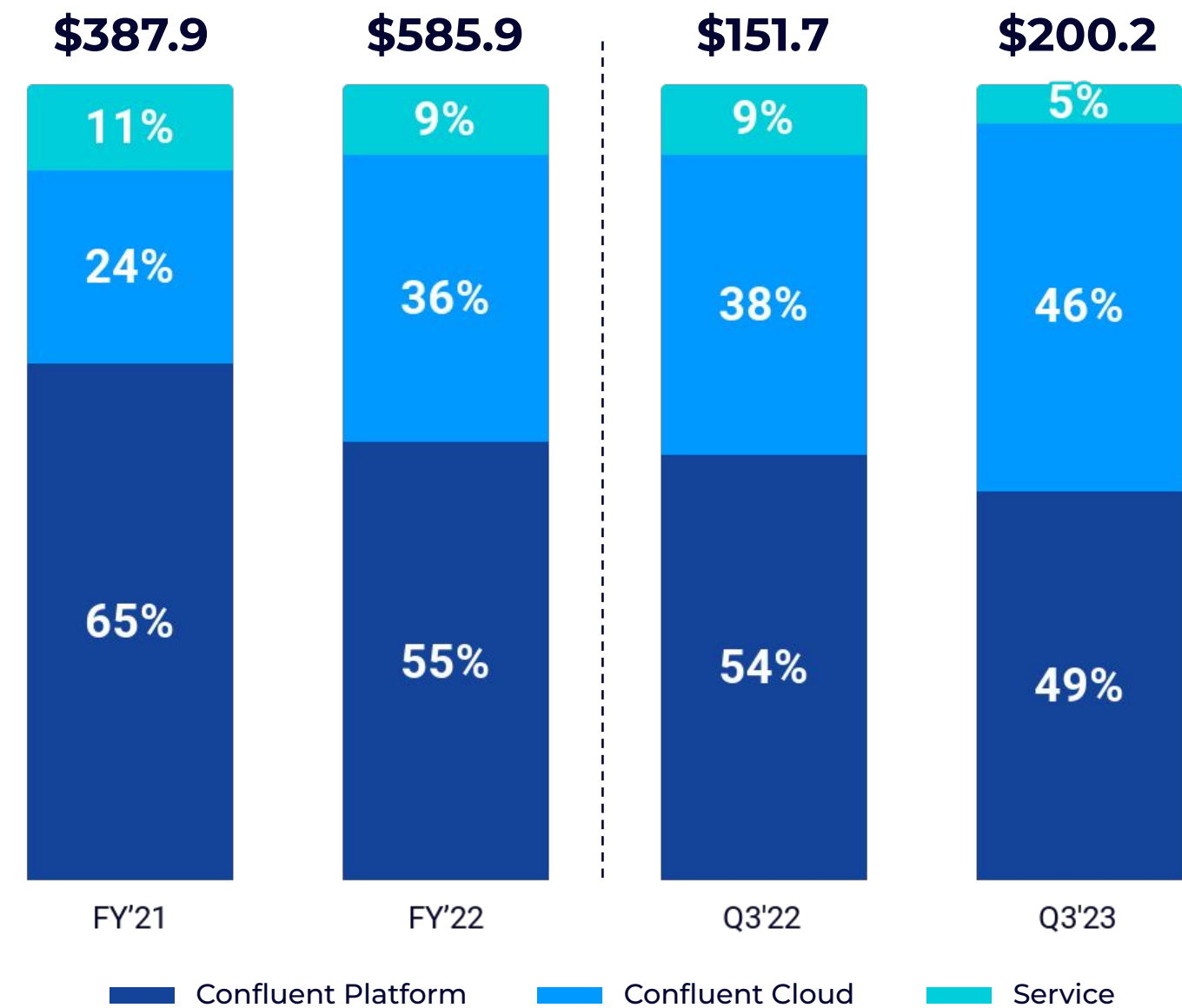
Note: Q3'22 revenue mix by product does not sum to 100% due to rounding.

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RPO and current RPO (cRPO)

Total RPO
$ in millions

$663.5

$740.7

$742.6

$791.4

$824.1

$408.2

$456.2

$477.0

$514.8

$535.1

% of RPO

~62%

~62%

~64%

~65%

~65%

Q3'22

Q4'22

Q1'23

Q2'23

Q3'23
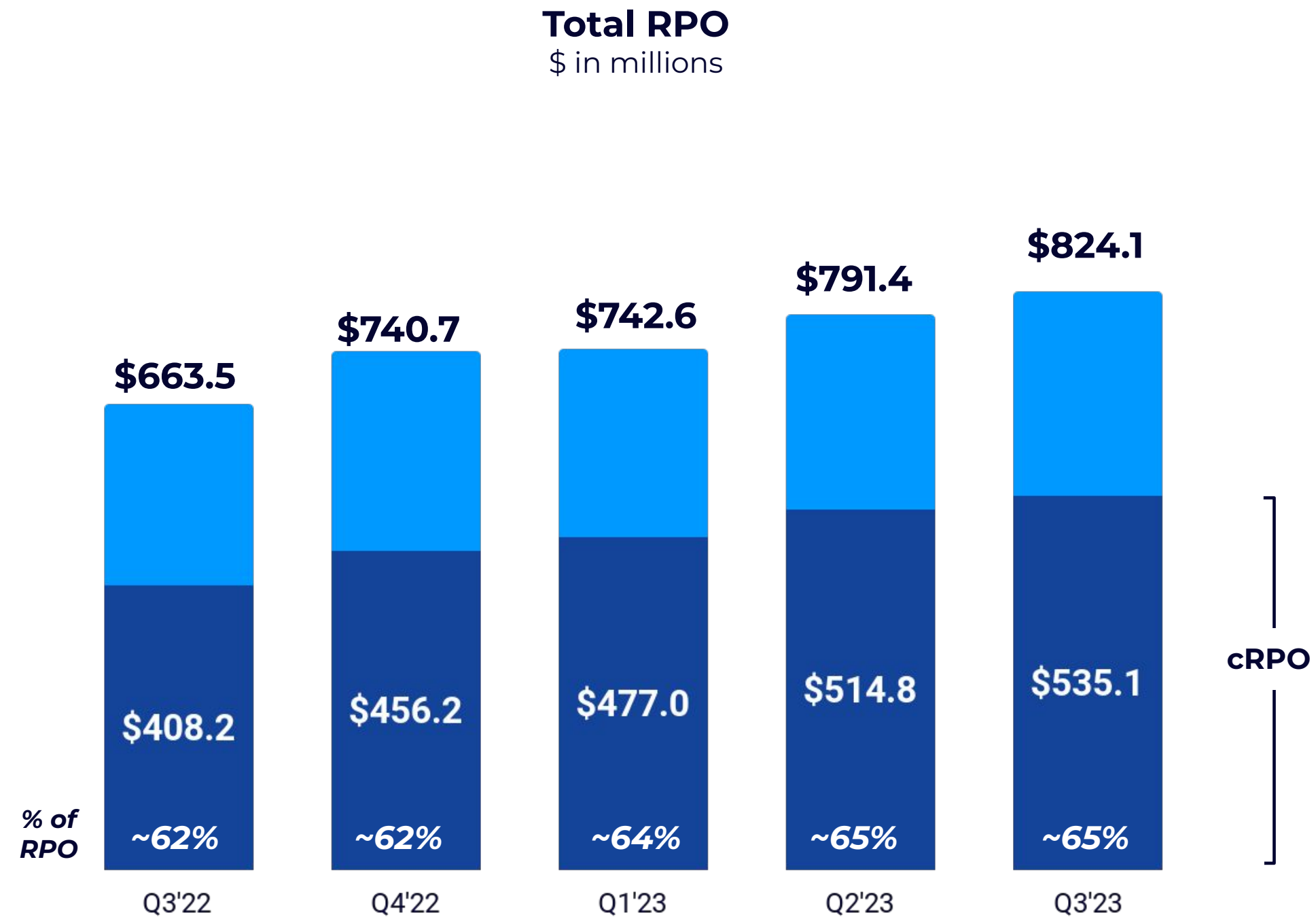
cRPO

- **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

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

16% y/y growth

- 4,240 (Q3'22)
- 4,530 (Q4'22)
- 4,690 (Q1'23)
- 4,830 (Q2'23)
- 4,910 (Q3'23)

■ Confluent Cloud   ■ Confluent Platform

Customers with ≥ $100K in ARR

25% y/y growth

- 945 (Q3'22)
- 1,015 (Q4'22)
- 1,075 (Q1'23)
- 1,144 (Q2'23)
- 1,185 (Q3'23)

Customers with ≥ $1M in ARR

38% y/y growth

- 112 (Q3'22)
- 127 (Q4'22)
- 135 (Q1'23)
- 147 (Q2'23)
- 155 (Q3'23)
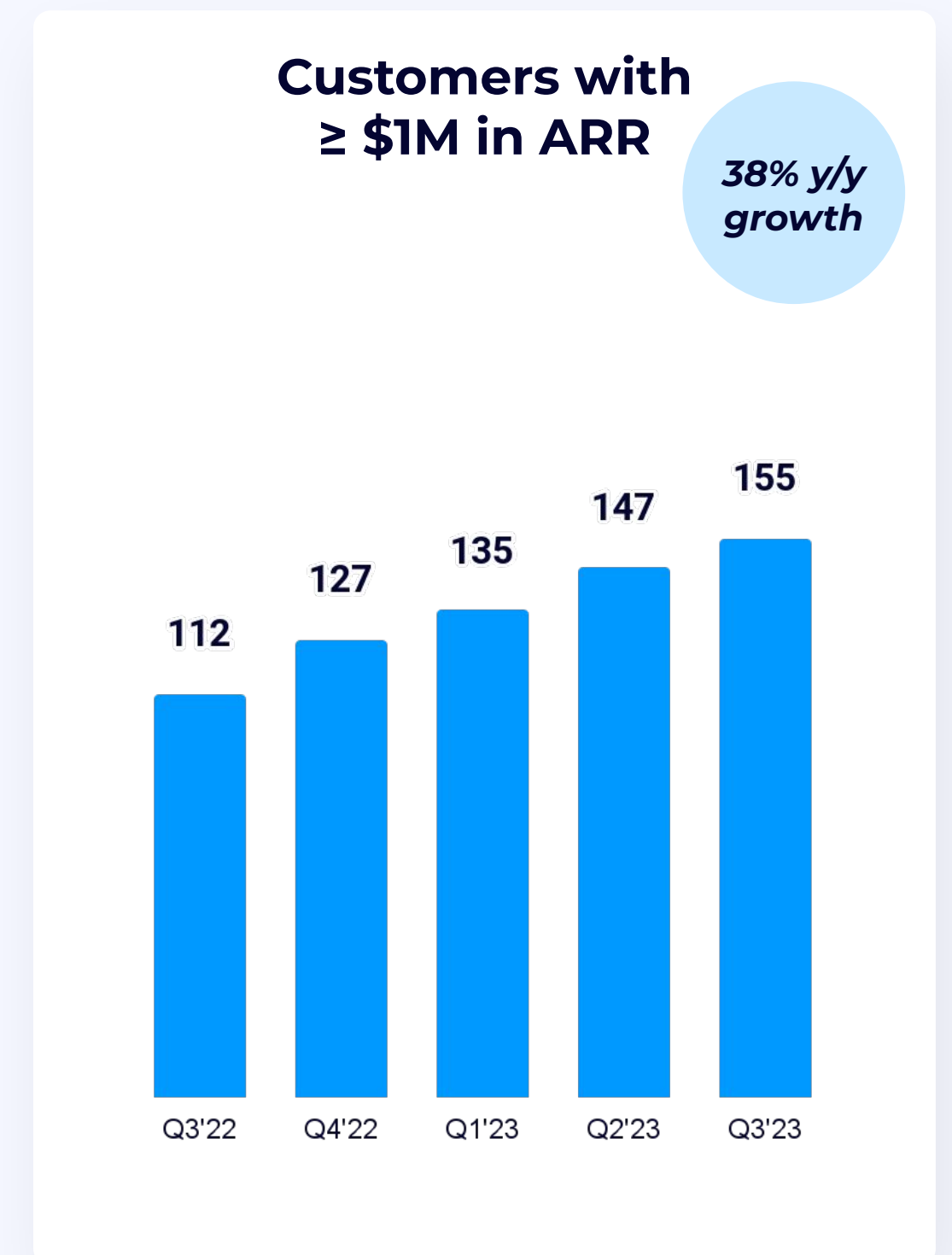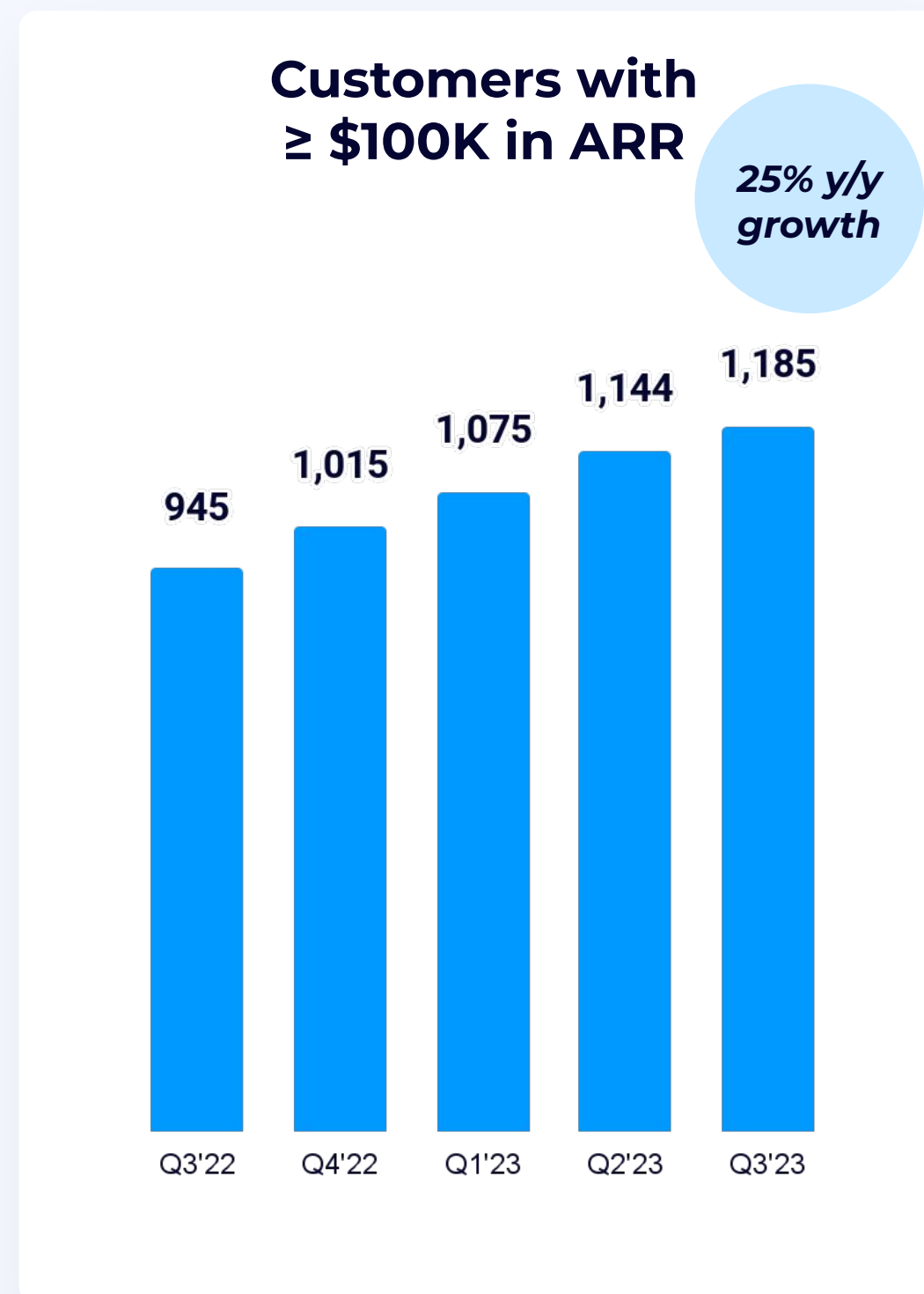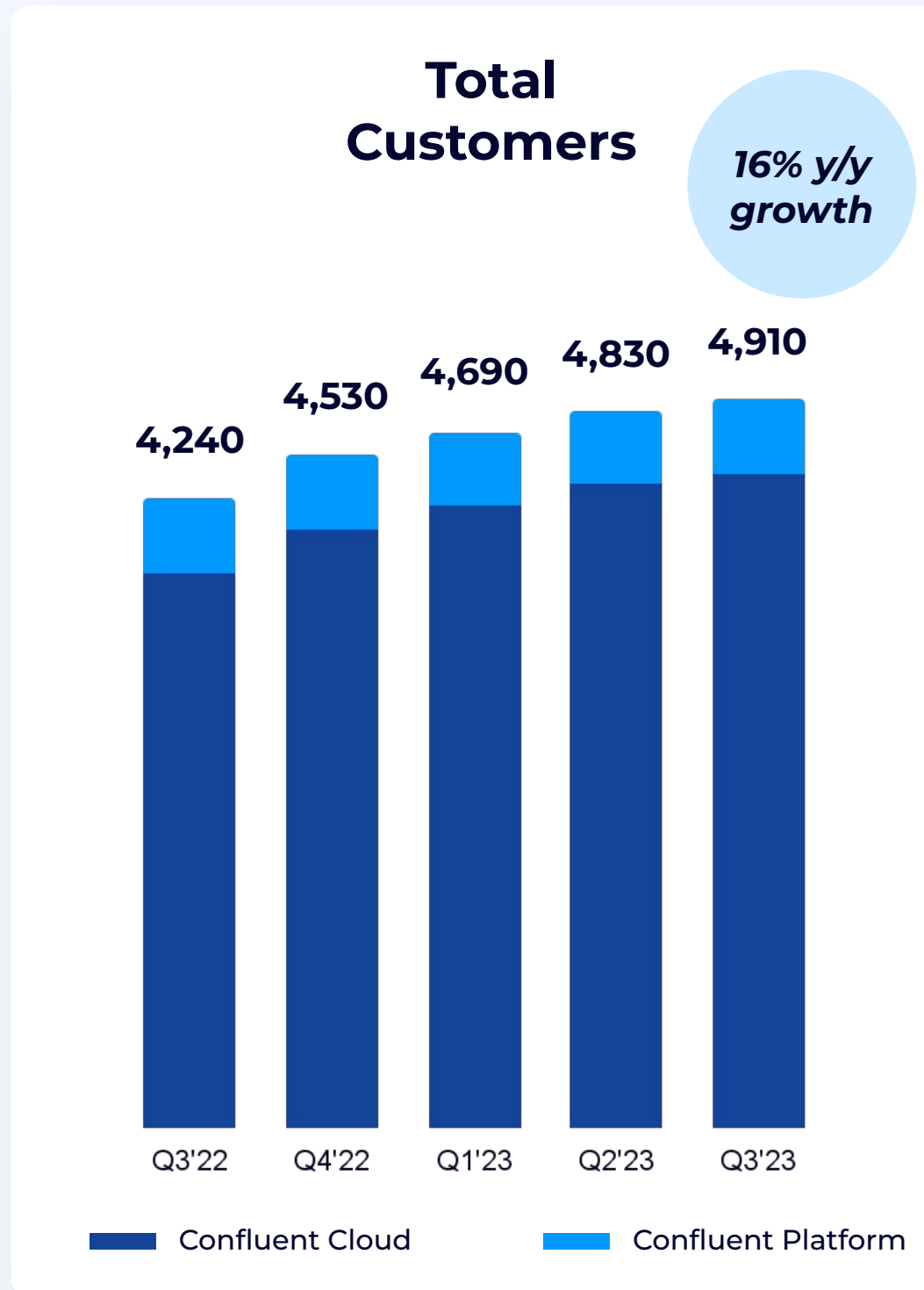
$5M+ ARR Customer Cohort Continuing to Grow

Gross Margin Healthy as Revenue Mix Shifts

Total Gross Margin
(Non-GAAP)

+540 bps y/y

FY'21	FY'22	Q3'22	Q3'23
69.5%	71.2%	71.0%	76.4%
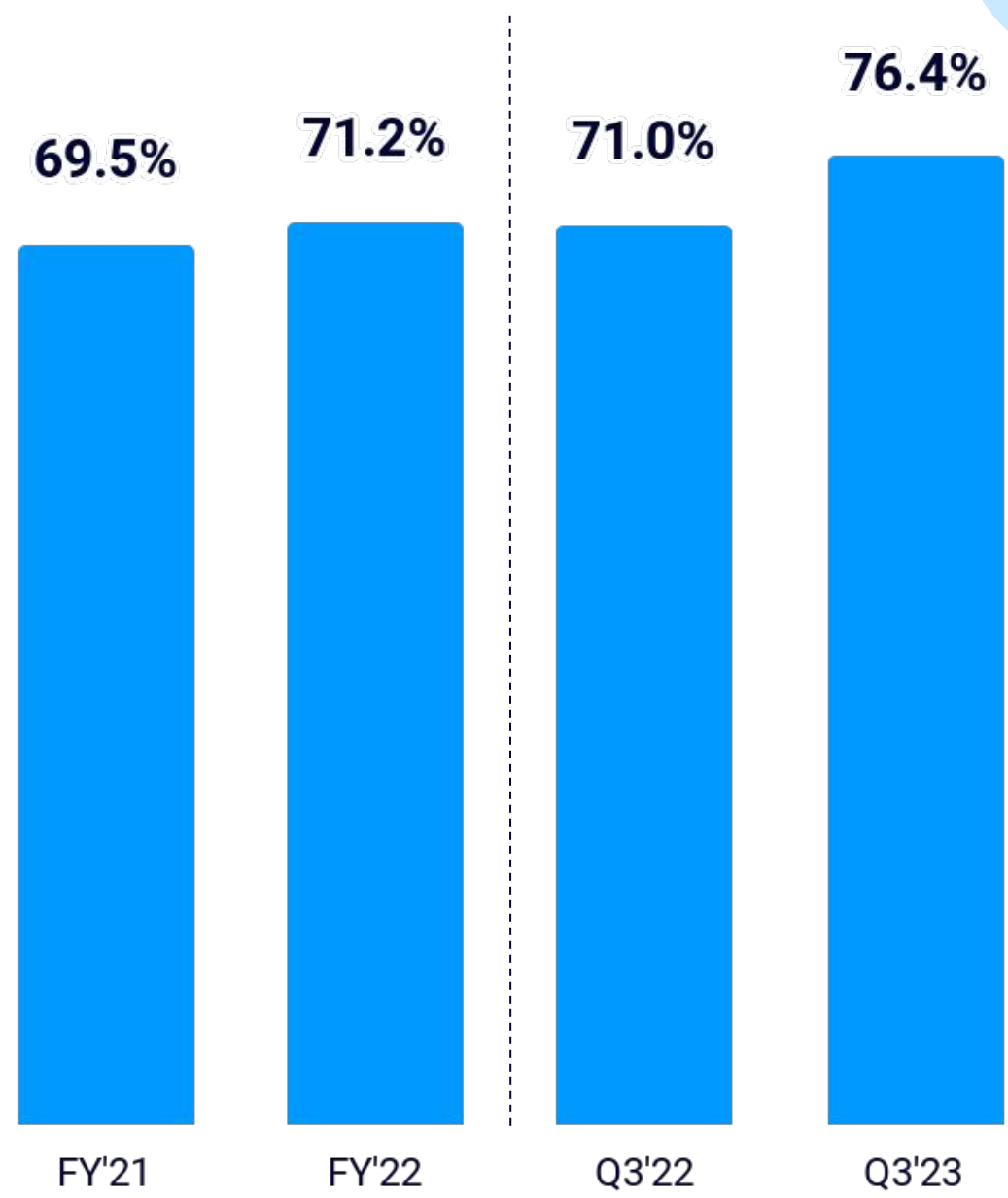
Margin Drivers:

+ Healthy margins for Confluent Platform Revenue

— Growing Confluent Cloud revenue mix

+ Improving Cloud hosting costs due to scale and optimization

Subscription Gross Margin
(Non-GAAP)

+320 bps y/y

FY'21	FY'22	Q3'22	Q3'23
76.5%	77.1%	76.9%	80.1%
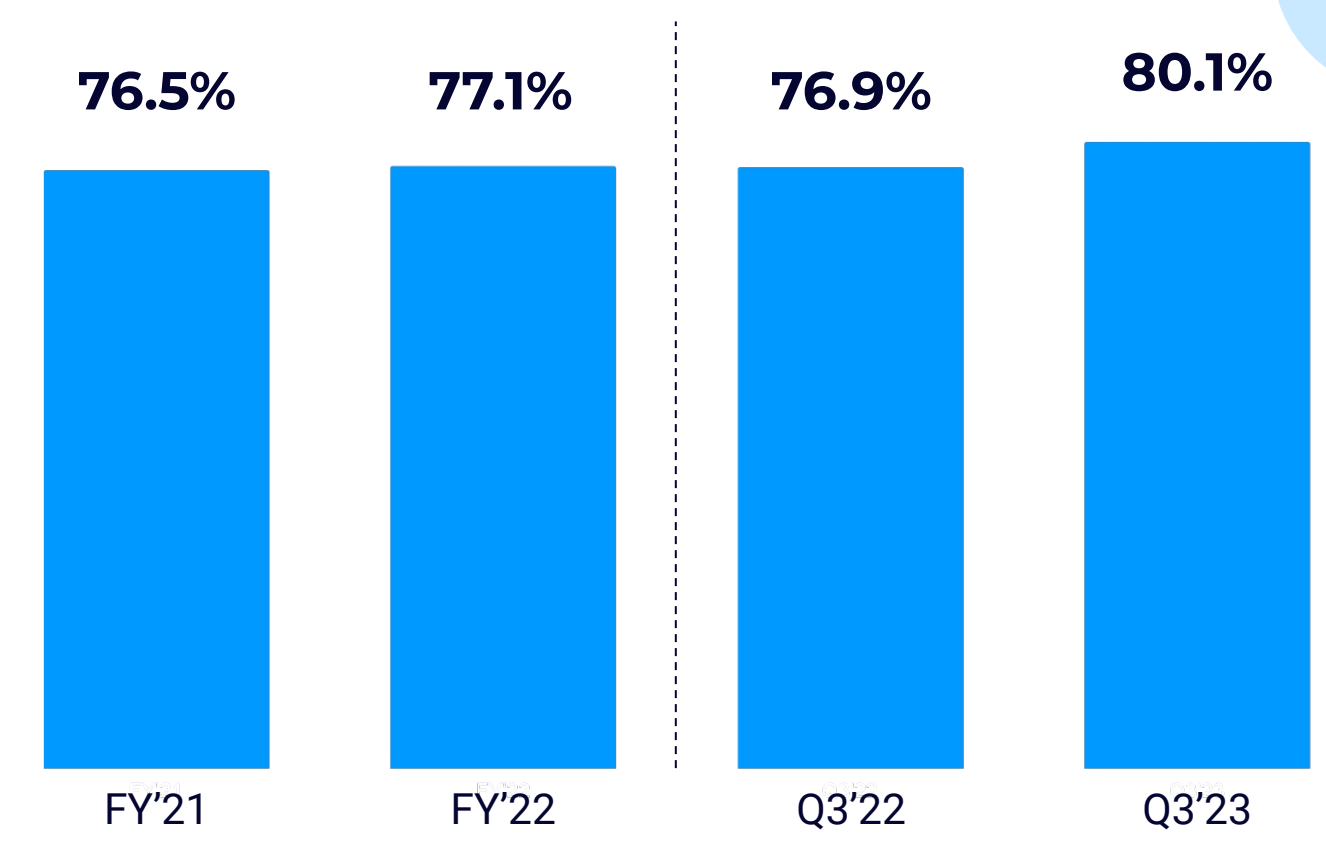
Note: We define non-GAAP gross margin and non-GAAP subscription gross margin as GAAP gross margin and GAAP subscription gross margin, respectively, excluding stock-based compensation expense, employer taxes on employee stock transactions, and amortization of acquired intangibles. Refer to the slides 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
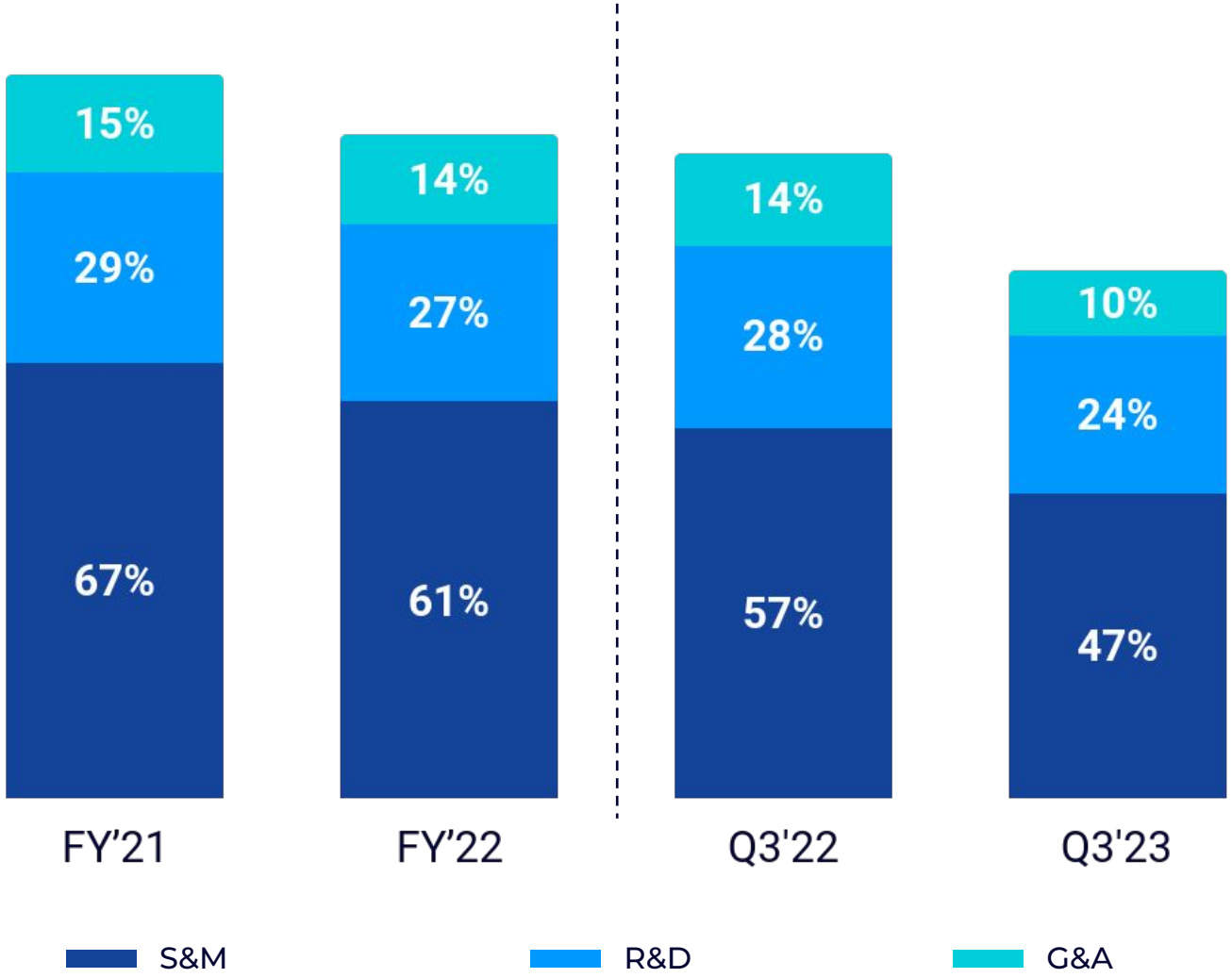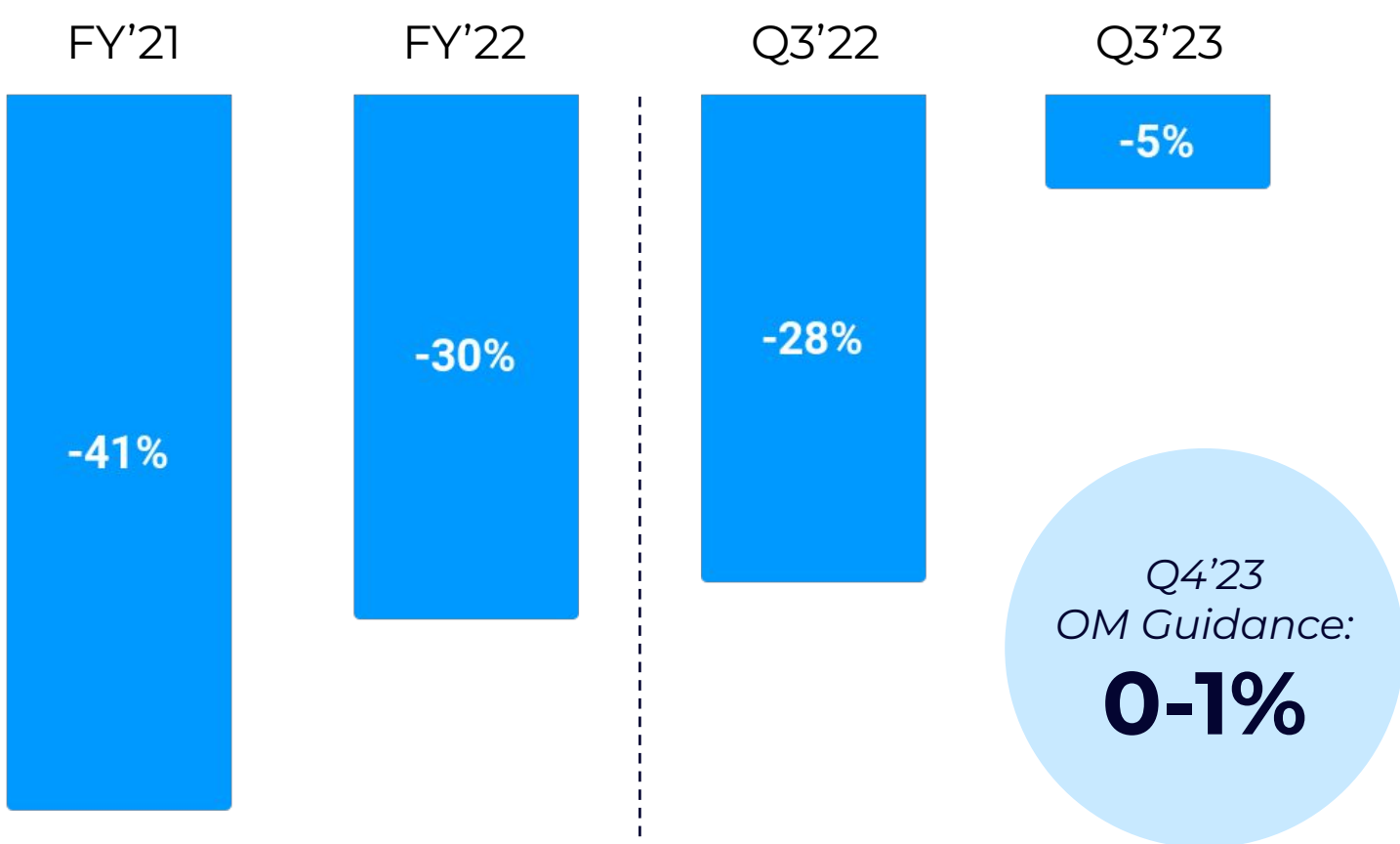
	FY'21	FY'22	Q3'22	Q3'23
G&A	15%	14%	14%	10%
R&D	29%	27%	28%	24%
S&M	67%	61%	57%	47%

- S&M
- R&D
- G&A

Non-GAAP Operating Margin %

FY'21	FY'22	Q3'22	Q3'23
-41%	-30%	-28%	-5%

Q4'23 OM Guidance: **0-1%**

Focus on Managing Net Dilution

SBC % of Revenue

- **47%** — FY22
- **~25%** — Mid-Term
- **Mid-Teens** — Long-Term

Net Dilution

- **5%** — FY22
- **~3%** — Mid-Term
- **<2%** — Long-Term

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

Key Takeaways
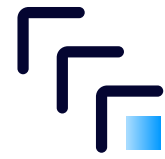
Category Creating Company Founded by the Creators of Kafka
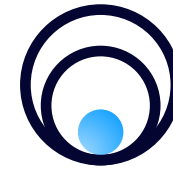
~$60 Billion Total Addressable Market[1]
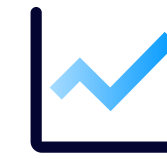
Strong Growth and Long-Term Margin Profile
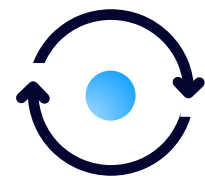
Expansion Driven by Network Effects

Positioned to Capitalize on the Large and Growing Shift to Cloud

Seasoned Management Team with Track Record of Execution

Appendix

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**

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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Financial Services Use Cases
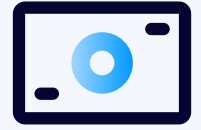
Financial Services
Reshape customer experience and streamline operations

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

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Retail 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
- Machine Learning Training
- Real-Time Associate feedback
- Responsive Model Correction

...

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)

	FY'21	FY'22	Q3'22	Q3'23
Total revenue	$387,864	$585,944	$151,732	$200,181
Total gross profit on a GAAP basis	$250,572	$383,529	$98,552	$143,632
Add: Stock-based compensation expense	17,989	32,389	8,997	8,790
Add: Employer taxes on employee stock transactions	1,013	1,173	144	305
Add: Amortization of acquired intangibles	-	-	-	129
Non-GAAP total gross profit	$269,574	$417,091	$107,693	$152,856
Non-GAAP total gross margin	*69.5%*	*71.2%*	*71.0%*	*76.4%*

	FY'21	FY'22	Q3'22	Q3'23
Subscription revenue	$347,099	$535,009	$ 138,730	$189,270
Subscription gross profit on a GAAP basis	$252,239	$388,685	$100,313	$145,166
Add: Stock-based compensation expense	12,571	23,136	6,313	6,171
Add: Employer taxes on employee stock transactions	636	569	82	179
Add: Amortization of acquired intangibles	-	-	-	129
Non-GAAP subscription gross profit	$265,446	$412,390	$106,708	$151,645
Non-GAAP subscription gross margin	*76.5%*	*77.1%*	*76.9%*	*80.1%*

	FY'21	FY'22	Q3'22	Q3'23
Total revenue	$387,864	$585,944	$151,732	$200,181
Research and development (R&D) expense on a GAAP basis	$161,925	$264,041	$70,099	$91,237
Less: Stock-based compensation expense	49,051	101,499	27,692	37,778
Less: Employer taxes on employee stock transactions	2,278	2,632	496	686
Less: Acquisition-related expenses	-	-	-	3,841
Non-GAAP R&D expense	$110,596	$159,910	$41,911	$48,932
Non-GAAP R&D expense as a % of total revenue	*28.5%*	*27.3%*	*27.6%*	*24.4%*

GAAP to Non-GAAP Reconciliations

(in thousands, except percentages)

	FY'21	FY'22	Q3'22	Q3'23
Total revenue	$387,864	$585,944	$151,732	$200,181
Sales and marketing (S&M) expense on a GAAP basis	$319,331	$456,452	$114,312	$128,624
Less: Stock-based compensation expense	55,506	99,366	26,712	32,297
Less: Employer taxes on employee stock transactions	4,266	2,485	580	798
Less: Acquisition-related expenses	-	-	-	1,076
Non-GAAP S&M expense	$259,559	$354,601	$87,020	$94,453
Non-GAAP S&M expense as a % of total revenue	*66.9%*	*60.5%*	*57.4%*	*47.2%*

	FY'21	FY'22	Q3'22	Q3'23
Total revenue	$387,864	$585,944	$151,732	$200,181
General and administrative (G&A) expense on a GAAP basis	$108,936	$125,710	33,041	31,874
Less: Stock-based compensation expense	33,078	44,402	11,992	10,649
Less: Employer taxes on employee stock transactions	2,532	720	149	684
Less: Common stock charitable donation expense	13,290	-	-	-
Less: Acquisition-related expenses	-	1,104	-	148
Non-GAAP G&A expense	$60,036	$79,484	$20,900	$20,393
Non-GAAP G&A expense as a % of total revenue	*15.5%*	*13.6%*	*13.8%*	*10.2%*

	FY'21	FY'22	Q3'22	Q3'23
Total revenue	$387,864	$585,944	$151,732	$200,181
Operating loss on a GAAP basis	$(339,620)	$(462,674)	$(118,900)	$(108,632)
Add: Stock-based compensation expense	155,624	277,656	75,393	89,514
Add: Employer taxes on employee stock transactions	10,089	7,010	1,369	2,473
Add: Common stock charitable donation expense	13,290	-	-	-
Add: Amortization of acquired intangibles	-	-	-	129
Add: Acquisition-related expenses	-	1,104	-	5,065
Add: Restructuring and other related charges	-	-	-	529
Non-GAAP operating loss	$(160,617)	$(176,904)	(42,138)	(10,922)
Non-GAAP operating margin	*(41.4%)*	*(30.2%)*	*(27.8%)*	*(5.5%)*