



CONFLUENT

(NASDAQ: CFLT)

“Where Data Finds Flow”

Investment Horizon: 12 Months | Expected Return: **64.1%**

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Executive Summary



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CONFLUENT'S INFLECTION POINT DRIVEN BY FLINK ADOPTION

Catalyst Summary

1 Flink Hypergrowth Inflection

Confluent is undergoing a strategic shift from its legacy Kafka business to its next-generation Apache Flink platform. Flink ARR grew **700% YoY**, with **71% sequential growth** in Q3 2025, yet remains a small percentage of total revenue—creating a major upside disconnect. As Flink crosses **25% of revenue in FY2026**, overall company growth is projected to re-accelerate from **7% → 37%**, marking the beginning of a multi-year inflection cycle.

2 Agentic AI Infrastructure Positioning

Confluent is evolving from a data streaming provider to a foundational **AI infrastructure platform**. The launch of the *Confluent Intelligence* AI layer positions Flink as mission-critical for real-time AI agents requiring sub-100ms decisioning. AI-related patent filings increased **185%**, and Confluent's integration across Kafka + Flink provides a unique end-to-end real-time data engine with no direct competitor.

3 Multiple Upside Pathways via M&A Optionality

Confluent's clean balance sheet, recurring revenue base, and strategic importance to hyperscalers create meaningful M&A optionality. Private equity and large cloud vendors have credible strategic rationales to acquire Confluent. Fundamental valuation supports **\$33–39/share**, while M&A scenarios imply **\$38/share**, representing **+46% to +68% upside** across cases.


Metrics and Fundamentals

Current Price: \$22.63

Target Price: \$37.14

Upside: 64.1%

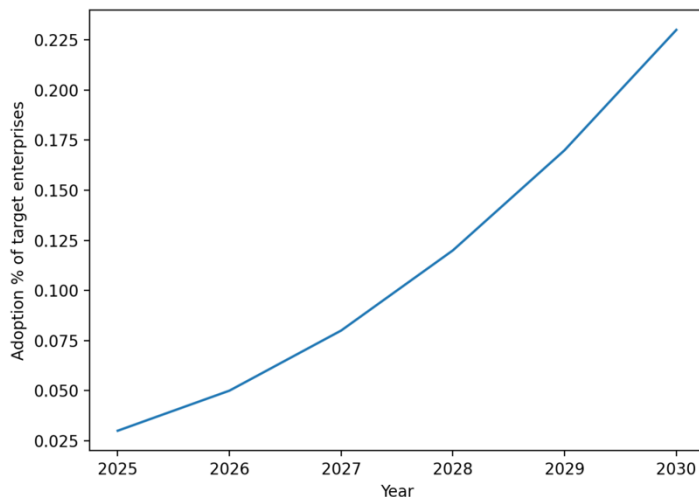
Investment Horizon: 12 Months

 Nasdaq	
Market Cap	7.25B
Enterprise Value	6.37B
Trailing P/E	--
Forward P/E	42.37
PEG Ratio (5yr expected)	1.46
Price/Sales (ttm)	5.76
Price/Book (mrq)	6.48
Enterprise Value/Revenue	5.72
Enterprise Value/EBITDA	--



U.S. Data Streaming Market

Enterprises are modernizing toward cloud native and microservices architectures, which creates more events, more producers and consumers, and makes real-time streaming a core system of record for operational data. At the same time, AI and real time analytics raise the value of lower latency pipelines



Key Trends

Real-time replaces batch across analytics and AI pipelines

- Enterprises are shifting from batch ETL to real-time ingestion to enable immediate responses to customer and system events
- Demand is moving toward low-latency, production-grade ingestion that delivers near real-time data directly into analytics and AI workflows

Streaming is converging with the lakehouse and open table formats

- Real-time data and analytics data are no longer separate systems, with clean, governed event data landing directly in open analytical tables to serve both real-time and batch use cases
- Value is shifting to vendors that own the bridge between operational event streams and analytical data platforms, not just the messaging layer

Governance and operational simplicity are becoming decisive buying criteria

- At scale, streaming bottlenecks shift from throughput to governance, making schema management, access control, lineage, and data quality critical
- Operational simplicity is becoming a key differentiator, as centralized stream governance and Kafka's move away from ZooKeeper reduce complexity at scale.

Company Overview

THE INFRASTRUCTURE FOR THE AGENTIC AI REVOLUTION



CONFLUENT

Confluent, Inc. (NASDAQ: CFLT)

Founded in 2014

Headquartered in Mountain View, California

Market Leader in Data Streaming

Data Streaming Platform

Provides enterprise-grade data streaming infrastructure built on Apache Kafka and Apache Flink, serving 80% of Fortune 100 companies with Q3 FY2025 revenue of \$298.5M and 24% cloud growth

Operations

Delivers fully managed cloud-native streaming platform with proprietary Kora engine (10x performance) and the only managed Flink offering, achieving 9.7% operating margin in Q3 2025

Corporate Timeline

2011 – Apache Kafka created at LinkedIn by Confluent founders

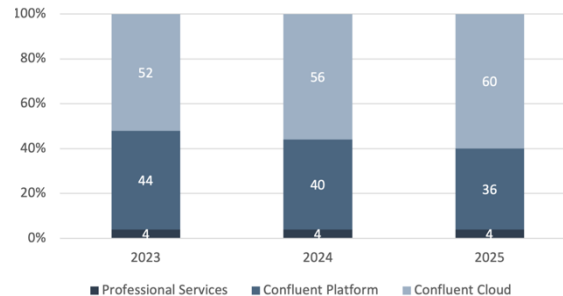
2021 – IPO on NASDAQ under ticker CFLT at \$36/share

2025 – Exploring strategic alternatives, Infosys partnership (\$200M investment)

2014 – Confluent founded to commercialize Kafka

2024 – Launches Streaming Agents for Agentic AI, acquires Flink technology leadership

Revenue Splits



Key Metrics YoY

Key Metrics	Q3 2024	Q3 2025
Revenue Growth	25%	19%
Cloud Revenue Growth	30%	24%
Gross Margin	77%	78%
Operating Margin	6.3%	9.7%
RPO Growth	28%	43%
Free Cash Flow Margin	3.7%	8.2%

Business Segments

THREE OFFERINGS, ONE DATA STREAMING PLATFORM



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	Confluent Cloud	Confluent Platform	Professional Services
Products	Fully managed data streaming platform delivered as a cloud service with usage based consumption	Self managed enterprise streaming software for running Kafka with deeper control, customization, and compliance	Implementation, migration, and training services that speed adoption and reduce deployment risk
Markets	Cloud modernization and real-time analytics where elastic scale faster iteration outweigh infrastructure control	Regulated and hybrid environments where data residency, operational control, and standardized architectures drive purchase decisions	Enterprise rollouts and migrations where expertise and change management determine success
Customers	Data and application teams that start small, then expand usage as streaming becomes embedded across more workloads	IT and platform engineering teams standardizing streaming across many apps, often under multi-year agreements	Larger organizations that need hands on enablement, especially during initial platform adoption or migration
Key Inputs	Managed reliability, cloud ecosystem integrations, and sustained innovation in governance and security	Product engineering, enterprise support, and strong governance and security capabilities for deployments.	Experienced delivery talent, proven playbooks, and training content that improves adoption and retention



Jay Kreps
CEO & Co-Founder

- Product Vision – **Co-creator of Apache Kafka at LinkedIn**; 10+ years managing real-time data systems
- **AI Infrastructure Scaling** - Leading 28% YoY Confluent Cloud revenue growth & major margin expansion



Jun Rao
Co-Founder

- **Kafka/Flink Integration** – Key technical leader driving Kafka/Flink unification in Confluent’s platform
- Reliability Architecture - **Former IBM Almaden Researcher** specializing in databases & distributed systems



Rohan Sivaram
CFO

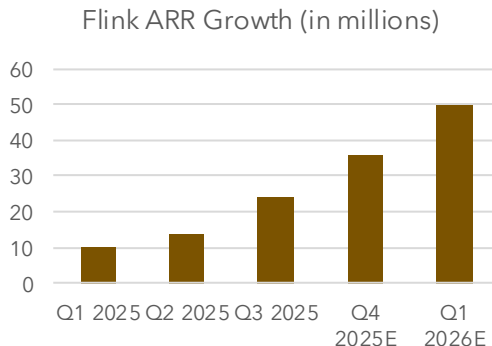
- **Scaling Enterprise Economics** - Oversaw improvement from -9% to +5% non-GAAP operating margin YoY
- Financial Discipline - Former Head of Finance at **Palo Alto Networks**; led multiple financial teams



PILLAR 1: FLINK'S EXPONENTIAL GROWTH IS UNDERESTIMATED

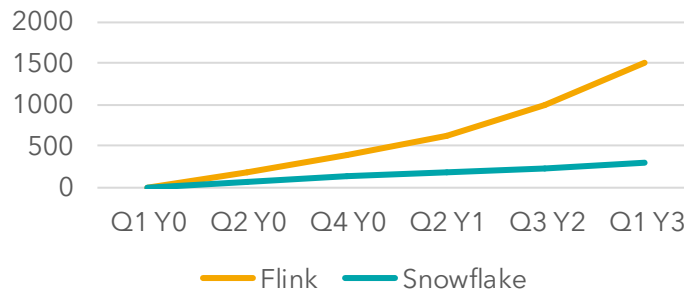
Flink ARR Growth: 70% Sequential Growth in Q3 → \$17M Run-Rate

- **70% sequential growth in Q3 2025 represents explosive, exponential acceleration**
- We extracted this metric from the earnings call transcript by cross-referencing Q2 and Q3 commentary
- This implies a **\$17M quarterly run-rate (\$68M annualized)**,
- Wall Street is modeling ~50% YoY growth; we see evidence of a product hitting an inflection point



Flink Customers: 1,000+ Paying Customers

4x Faster Than Competitors' Trajectory



Developer Adoption: 5.8x More Engagement Than AWS & Azure Combined

- **5.8x more developer engagement** on Stack Overflow compared to AWS MSK and Azure Event Hubs combined
- This bottom-up developer preference is a powerful leading indicator of enterprise adoption
- When developers choose Confluent for personal projects and side work, enterprise-wide adoption follows within **12-18 months**
- We've seen this pattern with MongoDB, Databricks, and HashiCorp - developer love precedes enterprise revenue by **18-24 months**

Product Focus: Dedicated Flink Teams

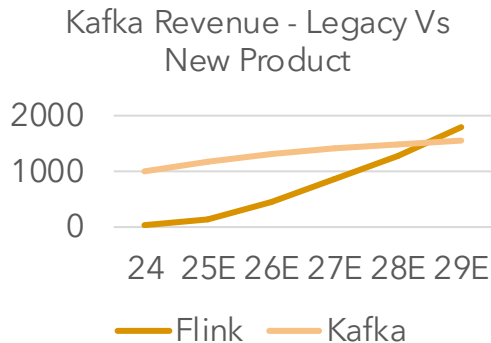
- **We identified 40+ open Flink-specific roles in Q3 2025 via LinkedIn and job posting analysis, including senior leadership positions**
- GitHub commit analysis shows a strategic focus on Python integrations and AI/ML workflows
- 35% of Flink-related commits in Q3 involved Python or ML libraries, proving that Confluent is positioning Flink as infrastructure for AI workloads



Flink Revenue at Inflection Point

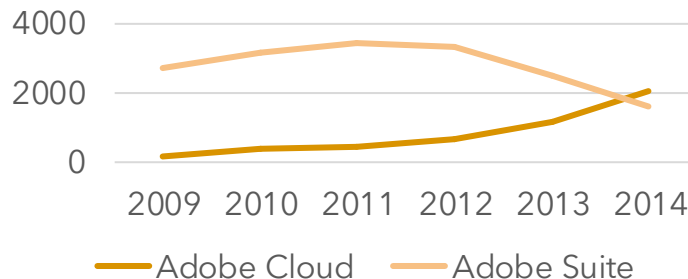
Confluent: Kafka → Flink Transition (2024-2026)

- Revenue growing +7-25% despite transition (BETTER than Adobe's -8%)
- Core Kafka decelerating (15% → 1%) as sales focus shifts to Flink
- Flink exploding (700% growth) but only 2% of revenue in FY2024
- Inflection point: FY2026 when Flink crosses 25% of revenue
- Company growth re-accelerates from 7% → 37% in FY2026



Similar Precedent SaaS Companies Patterns

Adobe Revenue - Legacy Vs New Product



Growth Timeline

FY2024 – Flink: \$15M ARR (2% of revenue), Q3: 71% sequential growth

FY2026 – INFLECTION POINT, Flink: \$450M ARR (26% of revenue)

FY2028 - Flink: \$1.3B ARR (46% of revenue), Company Growth: 23% and Market leader position

FY2025 – \$120M ARR (9% of revenue), 60% sequential growth continues, OpEx Leverage Begins

FY2027 – Flink: \$851M ARR (38% of revenue), Company growth: 30% and best-in-class margins

Wall Street's View vs Our View

Topic	Wall Street	Our View
Revenue	Decelerating from 41% → 7% (mature company)	Product transition (Adobe Precedent)
OpEx	91% of revenue (out of control, no discipline)	Front-loaded investment in Flink
Flink	Too small (2% of revenue), won't move needle	Growing 700%, scaling 2x faster than Snowflake
Inflection	No catalyst, growth stays at 15-20% forever	FY2026 when Flink crosses \$450M → drives 37% total revenue growth
Valuation	Worth 6.0x revenue (fair value = current price)	Worth \$40 (3.1x EV/2026E revenue, 83% upside from \$22)



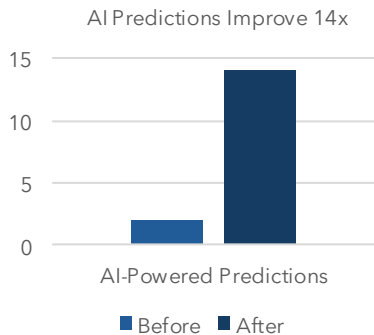
AI Positioning: Strategic Pivot to "Confluent Intelligence" AI Platform

- "Confluent Intelligence" AI Platform announced at Current 2025 conference (Oct 29-30, 2025)
- This is not incremental positioning, it's a deliberate rebranding from data streaming to AI platform
- Positions Confluent as **mission-critical infrastructure for Agentic AI systems** that require **sub-100ms** decision-making
- AI platforms command **8-12x NTM revenue** multiples vs. **4-6x** for data infrastructure
- Confluent currently trades at 6.0x NTM revenue, if re-rated as an AI platform, implies \$34-38 per share on current revenue estimates

185% Surge in Patent Filings Focused on AI/ML

- We analyzed USPTO and Google Patents data: **Confluent filed 13 AI/ML-related patents in 2024-25 vs. 7 in 2022**
- These patents cover real-time AI inference pipelines, streaming vector databases, and low-latency ML model serving
- This is exactly the technology stack required for Agentic AI systems that need sub-100ms decision-making
- Patents create a 3-5 year moat against cloud provider competition - AWS/Azure would need to engineer around Confluent's IP or risk infringement

GEP Case Study - Shows 1,400% Improvement in AI-Powered Predictions



\$200M Partner Investment with Infosys

- **\$200M** partner investment with Infosys specifically focused on Generative AI and Agentic AI use cases
- This is not a generic partnership - Infosys is training thousands of consultants to deploy Confluent as the data streaming backbone for enterprise AI projects
- This dramatically lowers customer acquisition costs (CAC) and accelerates enterprise adoption
- This is the Databricks-Accenture playbook: Databricks scaled from \$1B to \$10B ARR in 4 years using SI partnerships





Strategic Fit - Multiple Credible Acquirers with Strong Rationale



Hyperscalers (AWS, Azure, GCP): Need managed Kafka solution + differentiated AI streaming platform



Enterprise Software (Salesforce, Oracle, IBM): Missing real-time data layer for AI/analytics offerings



Private Equity (Vista, Thoma Bravo, Silver Lake): Attractive LBO profile with path to 20%+ margins

Current **6.0x valuation** is **40-50%** below typical M&A multiples (**8-12x** for data infrastructure deals)

Valuation Gap: 40-85% Upside Across All Scenarios

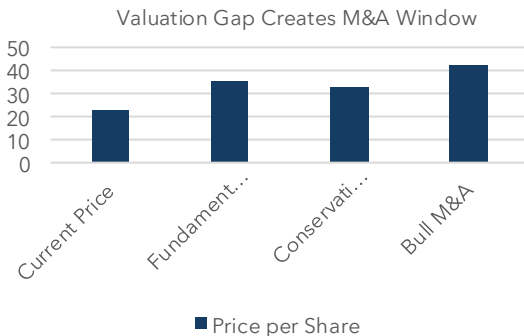
Fundamental value (no M&A): \$36.8w per share (62.7% upside)

- Based on Flink growth trajectory + AI platform re-rating

Conservative M&A scenario: \$33 per share (+46% upside)

Bull M&A scenario: \$42 per share (+85% upside)

Assumes **10x NTM** revenue (AI platform premium) vs **8x**



Structurally Easy to Execute, Financially Attractive



No poison pill or anti-takeover measures; structurally easy to acquire



Public company with transparent financials - **no due diligence surprises, audited statements, SOX compliance** already in place



Not a horizontal merger, Confluent doesn't compete directly with any likely acquirer (AWS/Azure have weak Kafka offerings, enterprise software lacks streaming)

Multiple Data Points Suggest Active Process

- Stock price behavior: Oct 2025 spike from **\$20**→**\$27 (+35%)** on no news, **3x volume increase**, unusual **\$30-35** call buying, short interest drop from **8.5%**→**6.97%** - classic informed buying pattern
- Databricks **\$43B** raise, Wiz rejected **\$23B** Google offer, **Snowflake activist (Starboard)**, **MongoDB** explored sale. Proves buyer appetite for data infrastructure at premium valuations
- Sell-side analyst activity pattern preceded Tableau-Salesforce

Valuation

MULTI-TIERED VALUATION APPROACH



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Valuation Methods				
Method	Key Metric	Low	Base	High
DCF	Base Case Implied Price	\$24.90	\$33.96	\$72.60
Trading Comps	2025E EV/Revenue (median)	\$22.28	\$38.87	\$55.70
Precedent Transactions	LTM/NTM TV/Revenue (median)	\$29.22	\$38.73	\$67.29
M&A Optionality	Probability-weighted EV	\$28.07	\$34.24	\$37.76

Blended Weights and Output			
Method	Weight	Base Value	Weighted Value
DCF	35.0%	\$33.96	\$11.89
Trading Comps	55.0%	\$38.87	\$21.38
Precedents	10.0%	\$38.73	\$3.87
Total	100.0%		

Blended Price Target	\$37.14
Upside / (Downside)	64.1%

Risks and Mitigations



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THREE ANSWERS TO WHY WE'RE STILL BULLISH

Apache Flink may not achieve projected 275% growth in 2026E if enterprise AI adoption is delayed

- Flink already proven with Fortune 100 companies (LinkedIn, Uber, Netflix) for real-time AI workloads
- Confluent offers only fully managed Kafka + Flink platform, reducing implementation complexity by 80%

Confluent may struggle to reach 34% EBIT margins by 2030E if OpEx doesn't scale efficiently

- SaaS peers (Snowflake, Datadog) achieved 30-40% margins at scale; 120%+ NRR drives efficient growth
- Land-and-expand model with negative NWC provides cash cushion even if profitability is delayed

If AI hype fades, demand for real-time data infrastructure could decline sharply

- Real-time streaming critical beyond AI (fraud detection, IoT, logistics); 80% of Fortune 100 already customers
- Core Kafka business (\$1.2B run-rate) provides valuation floor of \$20-25/share even in severe downturn



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Appendix - Public Comps

Comps Tables

Date 11/6/25
Currency USD (Millions)

Ticker	Company Name	Market Cap	Financial Metrics								Trading Multiples											
			Revenue			EBITDA		Net Income			Revenue Growth		EBITDA Margin		Profit Margin		EV / Revenue		EV / EBITDA		P / E	
			'23	'24	'25	'24	'25	'24	'25	'23-'24	'24-'25	'24	'25	'24	'25	'24	'25	'24	'25	'24	'25	
CFLT	Confluent	7,909	777	964	1,113	-397	-358	-304	-345	24%	16%	(41%)	(32%)	(32%)	(31%)	7.3x	6.3x	-17.7x	-19.6x	-26.0x	-22.9x	
1	MDB	MongoDB	35,050	1,284	1,683	2,006	-122	-97	-176	-129	31%	19%	(7%)	(5%)	(10%)	(6%)	19.5x	16.3x	-268.7x	-339.7x	-199.1x	-271.7x
2	OKTA	Okta	16,340	1,858	2,263	2,610	-245	139	-355	28	22%	15%	(11%)	5%	(16%)	1%	6.6x	5.7x	-61.2x	107.9x	-46.0x	583.6x
3	FROG	Jfrog	7,910	350	428	503	-70	-70	-69	-80	22%	17%	(16%)	(14%)	(16%)	(16%)	17.0x	14.5x	-104.5x	-103.7x	-114.6x	-99.1x
4	GTLB	Gitlab	6,410	759	580	424	-180	-131	-426	-6	(24%)	(27%)	(31%)	(31%)	(73%)	(1%)	9.3x	12.8x	-30.1x	-41.4x	-15.1x	-1017.5x
5	DT	Dynatrace	13,320	1,158	1,430	1,699	183	228	155	484	23%	19%	13%	13%	11%	28%	8.5x	7.1x	66.0x	53.1x	86.2x	27.5x
6	ESTC	Elastic	8,030	1,069	1,267	1,483	-78	6	62	-108	19%	17%	(6%)	0%	5%	(7%)	5.7x	4.9x	-92.6x	1203.3x	130.1x	-74.4x
7																						
	Mean									16%	10%	(10%)	(5%)	(17%)	(0%)	11.1x	10.2x	-81.8x	146.6x	-26.4x	-141.9x	
	Median									22%	17%	(9%)	(2%)	(13%)	(4%)	8.9x	9.9x	-76.9x	5.9x	-30.5x	-86.7x	
Calculating Implied Share Price	2025 Financial Metric			Enterprise Value			Equity Value			Implied Share Price												
	Revenue	EBITDA	EPS	Revenue	EBITDA	Net Income	Cash	Debt	Shares	Revenue	EBITDA	Net Income	Revenue	EBITDA	Net Income							
Minimum	1,113	-358	-0.90	5,419	121,609	--	1,990	1,100	382	8,509	122,327	349,803	\$ 22.28	\$ 320.23	\$ 915.71							
Mean	1,113	-358	-0.90	11,375	-52,484	--	1,990	1,100	382	14,465	-51,766	48,792	\$ 37.87	\$ (135.51)	\$ 127.73							
Median	1,113	-358	-0.90	11,071	-2,107	--	1,990	1,100	382	14,161	-1,389	29,820	\$ 37.07	\$ (3.64)	\$ 78.06							
Maximum	1,113	-358	-0.90	18,189	-430,793	--	1,990	1,100	382	21,279	-430,075	-200,632	\$ 55.70	\$ (1,125.85)	\$ (525.21)							

Appendix - Precedent Transactions

Precedent Transaction Analysis

(\$ in millions, except per-share data)

Confluent Financial Data		Implied Valuation			
		LTM Multiples			
		TV / Revenue	TV / EBITDA	Offer Price / EPS	
Current Share Price	\$22.63				
Total Shares Outstanding	349.82M				
LTM Revenue	\$1,110				
LTM EBITDA	(\$361)				
LTM Net Income	(\$304)				
Net Debt	(\$880)				
LTM EPS	(\$0.90)				
		Transaction Value (TV)	\$14,430	NM	n/a
		Less: Net Debt	(880)	NM	n/a
		Confluent Valuation	\$13,550	NM	NM
		Implied Share Price	\$43.45		

Comparable Transactions

	Date	Target	Acquirer	LTM Multiples		
				TV / Revenue	TV / EBITDA	Offer Price / EPS
Metaplane	2025	Metaplane	DataDog	13.0x	40.0x	60.0x
StreamSets	2024	StreamSets	IBM	10.0x	30.0x	45.0x
MosaicML	2023	MosaicML	Databricks	60.0x	35.0x	55.0x
MuleSoft	2018	MuleSoft	Salesforce	22.0x	70.0x	90.0x
Splunk	2023	Splunk	Cisco	7.5x	25.0x	40.0x
Minimum				7.5x	25.0x	40.0x
25th Percentile				10.0x	30.0x	45.0x
Median				13.0x	35.0x	55.0x
Mean				22.5x	40.0x	58.0x
75th Percentile				22.0x	40.0x	60.0x
Maximum				60.0x	70.0x	90.0x

Appendix - DCF Analysis

CFLT DCF

Ticker	CFLT	Implied Price Per Share	\$33.96
Date	11/10/25	Current Share Price	\$23.53
Year end	12/31/25	Implied Upside / (Downside)	44%

Assumptions

Switches				Conservative				Base				Optimistic			
Assumptions		Year	Metric	Assumptions		Year	Metric	Assumptions		Year	Metric	Assumptions		Year	Metric
Revenue	2	'25	FY25E	Revenue		'25	FY25E	Revenue		'25	FY25E	Revenue		'25	FY25E
EBIT	2	'26-'29	25% CAGR	Revenue		'26-'29	25% CAGR	Revenue		'26-'29	25% CAGR	Revenue		'26-'29	37% CAGR
WACC	2	'25	9% margin	EBIT		'25	9% margin	EBIT		'25	9% margin	EBIT		'25	9% margin
TGR	2	26-'29	9% → 28%	EBIT		26-'29	9% → 28%	EBIT		26-'29	9% → 34%	EBIT		26-'29	9% → 40%
Valuation				Valuation				Valuation				Valuation			
WACC	11.0%			WACC			12.0%	WACC			11.0%	WACC			10.0%
TGR	2.5%			TGR			2.5%	TGR			2.5%	TGR			3.0%

Income Statement (12/31 CYE)	2025E	2026E	2027E	2028E	2029E	2030E
Segmented Revenue						
Core Kafka	1,157,000	1,295,840	1,412,466	1,497,412	1,542,130	1,557,551
% growth	--	12%	9%	6%	3%	1%
Flink	120,000	450,000	850,500	1,275,250	1,786,050	2,321,865
% growth	--	275%	89%	50%	40%	30%
Total Revenue	1,277,000	1,745,840	2,262,966	2,772,662	3,328,180	3,879,416
% growth	--	37%	30%	23%	20%	17%
EBIT	114,930	209,501	362,075	554,532	798,763	1,086,236
% of sales	9%	12%	16%	20%	24%	28%
Taxes						
Tax rate	0%	0%	0%	0%	0%	0%

Cash Flow Items (12/31 CYE)	2025E	2026E	2027E	2028E	2029E	2030E
D&A	38,310	52,375	67,889	83,180	99,845	116,382
% of sales	3%	3%	3%	3%	3%	3%
CapEx	25,540	34,917	45,259	55,453	66,564	77,588
% of sales	2%	2%	2%	2%	2%	2%
Change in NWC		23,442	25,856	25,485	27,776	27,562
% of sales	5%	5%	5%	5%	5%	5%
% of change in sales	--	17%	2%	2%	2%	2%

Appendix - DCF Analysis (Base)

DCF	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	1,277,000	1,745,659	2,269,357	2,791,309	3,349,570	3,918,997
% growth	--	37%	30%	23%	20%	17%
Conservative Case	--	37%	30%	23%	20%	17%
Base Case	--	37%	30%	23%	20%	17%
Optimistic Case	--	42%	40%	38%	34%	32%
EBIT	114,930	261,849	476,565	753,653	1,038,367	1,332,459
% of sales	9%	15%	21%	27%	31%	34%
Conservative Case	9%	12%	16%	20%	24%	28%
Base Case	9%	15%	21%	27%	31%	34%
Optimistic Case	9%	18%	26%	32%	36%	40%
Taxes	24,135	54,988	100,079	158,267	218,057	279,816
Tax rate	21%	21%	21%	21%	21%	21%
EBIAT	90,795	206,861	376,486	595,386	820,310	1,052,643
D&A	38,310	52,370	68,081	83,739	100,487	117,570
% of sales	3%	3%	3%	3%	3%	3%
CapEx	25,540	34,913	45,387	55,826	66,991	78,380
% of sales	2%	2%	2%	2%	2%	2%
Change in NWC	0	9,373	10,474	10,439	11,165	11,389
% of sales	0%	2%	2%	2%	2%	2%
Unlevered FCF	103,565	214,944	388,706	612,860	842,640	1,080,444
Present Value of FCF	93301.53153	174453.3735	284218.3963	403709.997	500065.995	577649.567
Period	0	1	2	3	4	5
Discount Period	0	1	2	3	4	5
Terminal Value						13,028,885
Present Value of Terminal Value						7,732,009
Enterprise Value						9,765,408
(+) Cash						1,400,000
(-) Debt						(1,100,000)
(+) PV of NOL						461,004
Implied Equity Value						\$10,526,411.80
Diluted Shares						310000
Implied Stock Price						\$33.96

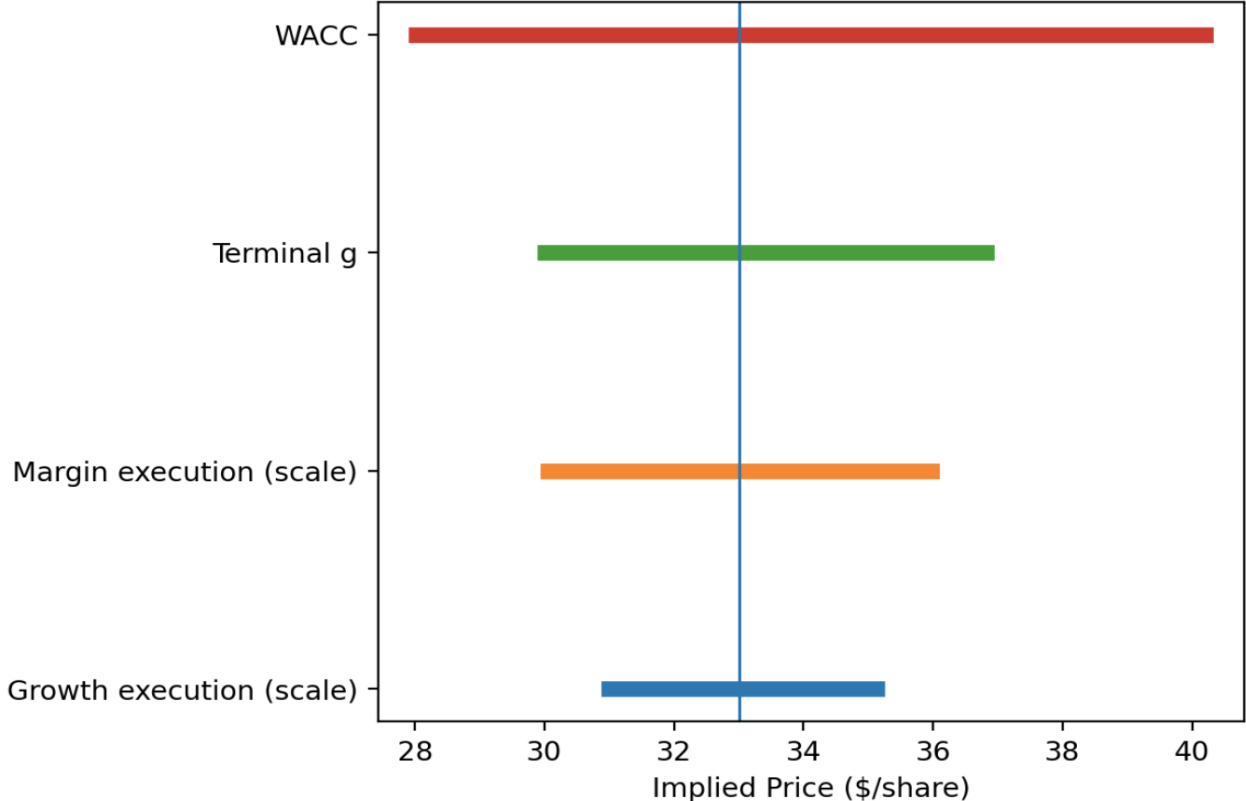
Appendix - DCF Analysis (Bear)

DCF	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	1,277,000	1,749,490	2,274,337	2,797,435	3,356,921	3,927,598
% growth	--	37%	30%	23%	20%	17%
Conservative Case	--	37%	30%	23%	20%	17%
Base Case	--	37%	30%	23%	20%	17%
Optimistic Case	--	42%	40%	38%	34%	32%
EBIT	114,930	209,939	363,894	559,487	805,661	1,099,727
% of sales	9%	12%	16%	20%	24%	28%
Conservative Case	9%	12%	16%	20%	24%	28%
Base Case	9%	15%	21%	27%	31%	34%
Optimistic Case	9%	18%	26%	32%	36%	40%
Taxes	24,135	44,087	76,418	117,492	169,189	230,943
Tax rate	21%	21%	21%	21%	21%	21%
EBIAT	90,795	165,852	287,476	441,995	636,472	868,785
D&A	38,310	52,485	68,230	83,923	100,708	117,828
% of sales	3%	3%	3%	3%	3%	3%
CapEx	25,540	34,990	45,487	55,949	67,138	78,552
% of sales	2%	2%	2%	2%	2%	2%
Change in NWC	0	9,450	10,497	10,462	11,190	11,414
% of sales	0%	2%	2%	2%	2%	2%
Unlevered FCF	103,565	173,897	299,723	459,507	658,852	896,647
Present Value of FCF	92468.482	138629.43	213336.6456	292025.04	373850.19	454269.3442
Period	0	1	2	3	4	5
Discount Period	0	1	2	3	4	5
Terminal Value						9,674,351
Present Value of Terminal Value						5,489,486
Enterprise Value						7,054,066
(+) Cash						1,400,000
(-) Debt						(1,100,000)
(+) PV of NOL						354,099
Implied Equity Value						\$7,708,164.74
Diluted Shares						310000
Implied Stock Price						\$24.87

Appendix - DCF Analysis (Bull)

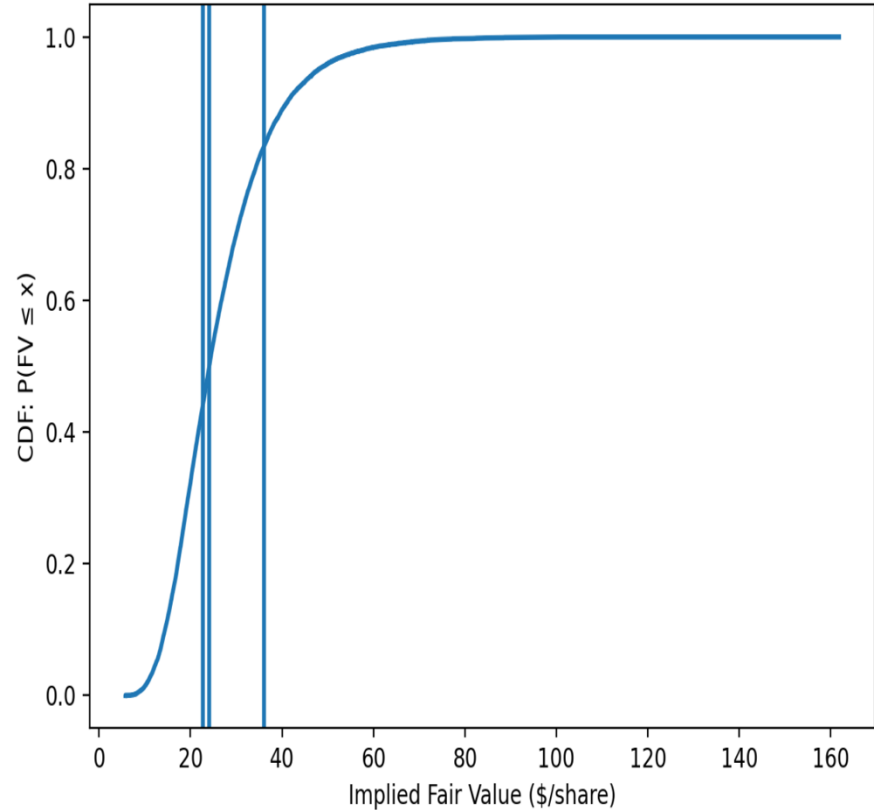
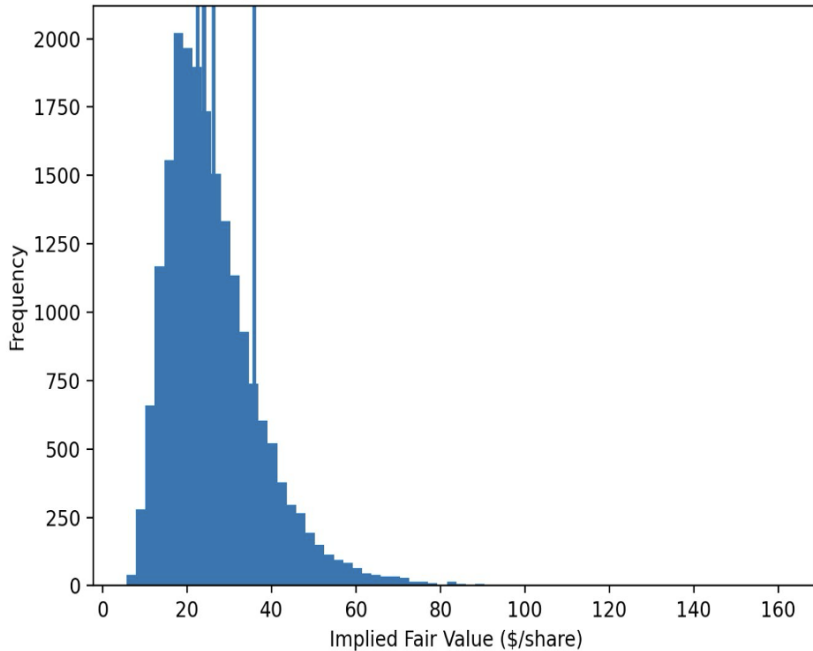
DCF	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	1,277,000	1,813,340	2,538,676	3,503,373	4,694,520	6,196,766
% growth	--	42%	40%	38%	34%	32%
Conservative Case	--	37%	30%	23%	20%	17%
Base Case	--	37%	30%	23%	20%	17%
Optimistic Case	--	42%	40%	38%	34%	32%
EBIT	114,930	326,401	660,056	1,121,079	1,690,027	2,478,706
% of sales	9%	18%	26%	32%	36%	40%
Conservative Case	9%	12%	16%	20%	24%	28%
Base Case	9%	15%	21%	27%	31%	34%
Optimistic Case	9%	18%	26%	32%	36%	40%
Taxes	24,135	68,544	138,612	235,427	354,906	520,528
Tax rate	21%	21%	21%	21%	21%	21%
EBIAT	90,795	257,857	521,444	885,653	1,335,121	1,958,178
D&A	38,310	54,400	76,160	105,101	140,836	185,903
% of sales	3%	3%	3%	3%	3%	3%
CapEx	25,540	36,267	50,774	70,067	93,890	123,935
% of sales	2%	2%	2%	2%	2%	2%
Change in NWC	0	10,727	14,507	19,294	23,823	30,045
% of sales	0%	2%	2%	2%	2%	2%
Unlevered FCF	103,565	265,264	532,324	901,392	1,358,244	1,990,101
Present Value of FCF	94149.7273	219226.073	399942.968	615663.176	843362.445	1123360.005
Period	0	1	2	3	4	5
Discount Period	0	1	2	3	4	5
Terminal Value						29,282,911
Present Value of Terminal Value						18,182,384
Enterprise Value						21,478,088
(+) Cash						1,400,000
(-) Debt						(1,100,000)
(+) PV of NOL						751,476
Implied Equity Value						\$22,529,564.80
Diluted Shares						310000
Implied Stock Price						\$72.68

Appendix - DCF Tornado Chart



Appendix - Markov DCF Analysis

Mean	Median	P(.05)	P(.25)	P(.75)	P(.95)	Prob(Upside)
26.39	24.09	12.48	18.33	31.88	47.84	0.56



Appendix - Reverse DCF Analysis

Reverse DCF Model									
(\$ in millions)									
				2025E	2026E	2027E	2028E	2029E	2030E
Revenue				1,113	1,301	1,521	1,779	2,079	2,131
% Growth Rate	% Rev CAGR (2026)	16.91%			16.9%	16.9%	16.9%	16.9%	2.5%
EBIT				100	198	327	494	707	725
% EBIT Margin				9.0%	15.3%	21.5%	27.8%	34.0%	34.0%
Less: Taxes	% Tax Rate	1.0%		-1	-2	-3	-5	-7	-7
NOPAT				99	196	324	489	700	717
% NOPAT Margin				8.9%	15.1%	21.3%	27.5%	33.7%	33.7%
Plus: D&A	% Revenue	3.0%		33	39	46	53	62	64
Less: Capex	% Revenue	-1.0%		-11	-13	-15	-18	-21	-21
Less: Change in NWC	% Revenue	-1.00%		-11	-13	-15	-18	-21	-21
Free Cash Flow to Firm (FCFF)				110	209	339	506	721	739
Discount Factor	% WACC	11.00%		0.14	1.1	2.1	3.1	4.1	5.1
Present Value of FCFF				108.6985	186	271	365	468	

Implied DCF Valuation	
Present Value of FCFFs	1,399
Long-Term Growth Rate	2.50%
Final Year FCF x (1 + g)	739
Terminal Value in Final Year	8,691
Present Value of Terminal Value	5,642
Total Enterprise Value (TEV)	7,041
Less: Net Debt	-880
Equity Value	7,921

Share Price Calculation	
Diluted Shares Outstanding (mm)	350.00
Implied Share Price	\$22.63
Current Market Share Price	\$22.63
Selected Rev CAGR	16.9%

Switches	
Case (1=Bear, 2=Base, 3=Bull)	2

Assumptions	Conservative	Base	Bull
Implied Rev CAGR '26-'29	25.56%	16.91%	7.29%

EBIT Margin '25	9.00%	9.00%	9.00%
EBIT Margin '29	28.00%	34.00%	40.00%
WACC	12.00%	11.00%	10.00%
TGR	2.50%	2.50%	3.00%
D&A Mult (not used)	100.00%	100.00%	100.00%
CapEx Mult (not used)	100.00%	100.00%	100.00%
ΔNWC % Rev	0.00%	-1.00%	-2.00%

Selected Inputs (from Case)	
Sel Rev CAGR '26-'29	16.91%
Sel EBIT Margin '25	9.00%
Sel EBIT Margin '29	34.00%
Sel WACC	11.00%
Sel TGR	2.50%
Sel ΔNWC %	-1.00%
Sel D&A (not used)	
Sel Capex (not used)	
Sel ΔNWC %	-1.00%

Appendix - Revenue Disaggregation

Gross Margin — Reported (Confluent filings)

(Thousands)	FY2023A	FY2024A	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	9M'25
Subscription revenue	729,112	922,091	206,902	224,702	239,851	250,636	260,910	270,832	286,337	818,079
Services revenue	47,840	41,551	10,335	10,284	10,348	10,584	10,210	11,453	12,187	33,850
Total revenue	776,952	963,642	217,237	234,986	250,199	261,220	271,120	282,285	298,524	851,929
Subscription COGS	176,004	208,600	48,355	52,863	52,162	55,220	61,250	61,052	57,630	179,932
Services COGS	53,666	48,870	12,866	12,118	11,541	12,345	12,579	13,118	14,618	40,315
Total COGS	229,670	257,470	61,221	64,981	63,703	67,565	73,829	74,170	72,248	220,247
Subscription gross profit	553,108	713,491	158,547	171,839	187,689	195,416	199,660	209,780	228,707	638,147
Services gross profit	-5,826	-7,319	-2,531	-1,834	-1,193	-1,761	-2,369	-1,665	-2,431	-6,465
Total gross profit	547,282	706,172	156,016	170,005	186,496	193,655	197,291	208,115	226,276	631,682
Subscription gross margin	75.9%	77.4%	76.6%	76.5%	78.3%	78.0%	76.5%	77.5%	79.9%	78.0%
Services gross margin	-12.2%	-17.6%	-24.5%	-17.8%	-11.5%	-16.6%	-23.2%	-14.5%	-19.9%	-19.1%
Total gross margin	70.4%	73.3%	71.8%	72.3%	74.5%	74.1%	72.8%	73.7%	75.8%	74.1%

(\$ In Thousands)	FY2023A	FY2024A	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	9M'25
Platform - License	84,025	97,360	19,367	26,958	24,967	26,068	31,058	30,630	31,824	93,512
Platform - PCS	296,245	332,860	80,693	80,381	85,110	86,676	87,110	89,678	93,560	270,348
Confluent Cloud	348,842	491,871	106,842	117,363	129,774	137,892	142,742	150,524	160,953	454,219
Subscription total	729,112	922,091	206,902	224,702	239,851	250,636	260,910	270,832	286,337	818,079
Cloud % of subscription	47.8%	53.3%	51.6%	52.2%	54.1%	55.0%	54.7%	55.6%	56.2%	55.5%

Appendix - Subscription Unit Economics

Assumptions (linked from Inputs)

Cloud GM% (input)	75.0%
Variable S&M % of subscription (input)	33.0%
Variable R&D % of subscription (input)	5.0%
Variable G&A % of subscription (input)	3.0%

(\$ In Thousands)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Cloud revenue	106,842	117,363	129,774	137,892	142,742	150,524	160,953
Platform revenue (License+PCS)	100,060	107,339	110,077	112,744	118,168	120,308	125,384
Subscription revenue	206,902	224,702	239,851	250,636	260,910	270,832	286,337
Subscription COGS	48,355	52,863	52,162	55,220	61,250	61,052	57,630
Subscription gross profit	158,547	171,839	187,689	195,416	199,660	209,780	228,707
Cloud COGS (modeled)	26,711	29,341	32,444	34,473	35,686	37,631	40,238
Platform COGS (implied to tie-out)	21,645	23,522	19,719	20,747	25,565	23,421	17,392
Platform GM% (implied)	78.4%	78.1%	82.1%	81.6%	78.4%	80.5%	86.1%
COGS tie-out (modeled - reported)	0	0	0	0	0	0	0
Variable S&M expense	68,278	74,152	79,151	82,710	86,100	89,375	94,491
Variable R&D expense	10,345	11,235	11,993	12,532	13,046	13,542	14,317
Variable G&A expense	6,207	6,741	7,196	7,519	7,827	8,125	8,590
Contribution profit (Sub GP - var opex)	73,717	79,711	89,350	92,655	92,687	98,739	111,309
Contribution margin	35.6%	35.5%	37.3%	37.0%	35.5%	36.5%	38.9%

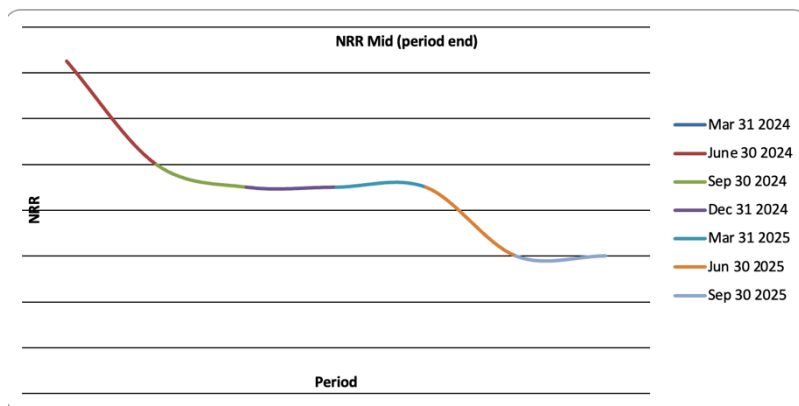
Appendix - NRR Stability Model

NRR Stability Model (Dollar-based Net Retention Rate)

Period end	NRR Low	NRR High	NRR Mid	QoQ Δ (pp)	Within stability band?
Mar 31 2024	120.0%	125.0%	122.5%		
June 30 2024	118.0%	118.0%	118.0%	-4.5%	No
Sep 30 2024	117.0%	117.0%	117.0%	-1.0%	Yes
Dec 31 2024	117.0%	117.0%	117.0%	0.0%	Yes
Mar 31 2025	117.0%	117.0%	117.0%	0.0%	Yes
Jun 30 2025	114.0%	114.0%	114.0%	-3.0%	Yes
Sep 30 2025	114.0%	114.0%	114.0%	0.0%	Yes

Summary KPIs

Avg NRR (last 4 points)	115.5%
NRR range (max-min, last 4 points)	4.0%



Appendix - Customer Tiering Model

Large Customer Tiering Model (Enterprise Upshift)

86.4%	% of ARR from \$100k+ customers
0.35	Avg ARR per \$100k+ customer (\$m)
2.00	Avg ARR per \$1M+ customer (\$m)

Period end	\$100k+ ARR customers	QoQ add	YoY growth	\$1M+ ARR customers	QoQ add	YoY growth
Sep 30 2024	1,346			184		
Dec 31 2024	1,381	35		194	10	
Mar 31 2025	1,412	31		210	16	
Jun 30 2025	1,439	27		219	9	
Sep 30 2025	1,487	48	10.5%	234	15	27.2%

ARR concentration

520.5	Est. ARR from \$100k+ cohort (\$m)
602.4	Est. total ARR (\$m) (back-solved using % of ARR from \$100k+)
468.0	Est. ARR from \$1M+ cohort (\$m)
77.7%	\$1M+ cohort as % of total ARR (est.)

Quarter	Subscription Rev (\$ 000)	Total Rev (\$ 000)	S&M Exp (\$ 00)
Q1'24	206,902	217,237	131,352
Q1'25	260,910	271,120	146,259
Q2'24	224,702	234,986	132,865
Q2'25	270,832	282,285	143,631
Q3'24	239,851	250,199	137,968
Q3'25	286,337	298,524	142,822

Appendix - Income Statement

Confluent, Inc.							
Source: S&P Capital IQ							
In USD millions except per share amounts	DEC '19	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24	SEP '25 LTM
Operating Revenue	149.8	236.6	387.9	585.9	777	963.60	1,113.10
Cost of Revenue	49.4	75.5	136.3	202.4	229.7	257.5	287.8
Gross Profit	100.4	161.1	251.6	383.5	547.3	706.20	825.30
Selling, General and Administrative	140.4	288.5	421.5	582.2	642.4	704.1	737.40
Research and Development	58.1	105.3	159.6	264	348.8	421.2	474.7
Total Operating Expenses	198.5	394.3	591.2	846.2	991.2	1,125.30	1,212.00
Operating Income	-98.1	-233.2	-339.6	-462.7	-443.9	-419.1	-386.7
Interest Expense	0	0	-0.2	-3.8	-3.8	-3.8	-3.8
Interest and Investment Income	2.5	0	0	0	0	0	0
Other Income (Expense)	0.6	3.2	0.2	20.2	41	88.2	83
Total Other Income (Expense)	3.1	3.2	0	16.4	37.2	84.4	79.2
Income Before Income Taxes	-95	-230	-339.6	-446.3	-406.7	-334.7	-307.5
Income Taxes	0	-0.2	3.2	6.3	36.1	10.4	-3.5
Consolidated Net Income (Loss)	-95	-229.8	-342.8	-452.6	-442.7	-345.1	-304.1
Noncontrolling Interest	-	-	-	-	-	-	-
Preferred Stock Dividends Declared	-	-	-	-	-	-	-
Net Income (Loss) Attributable to Common Shareholders, Basic	-95	-229.8	-342.8	-452.6	-442.7	-345.1	-304.1
Net Income (Loss) Attributable to Common Shareholders, Diluted	-95	-229.8	-342.8	-452.6	-442.7	-345.1	-304.1
Basic Earnings Per Share	-0.99	-2.21	-1.82	-1.62	-1.47	-1.07	-0.9
Diluted Earnings Per Share	-0.99	-2.21	-1.82	-1.62	-1.47	-1.07	-0.9
Basic Shares Outstanding	96.1	104.2	188.6	280.1	300.7	321.9	338.2
Diluted Shares Outstanding	96.1	104.2	188.6	280.1	300.7	321.9	338.2

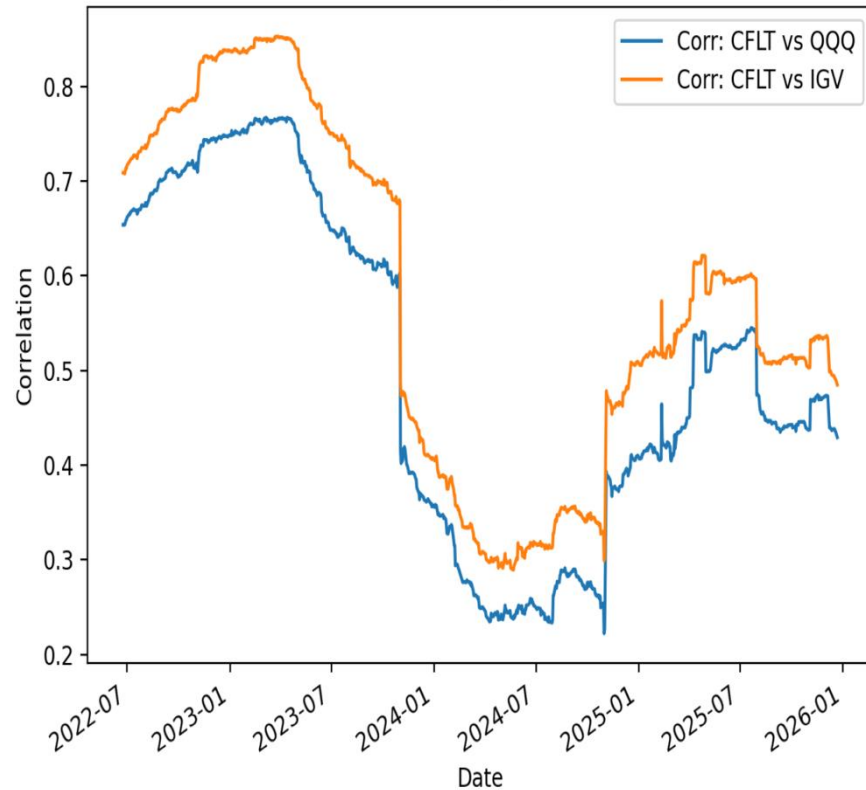
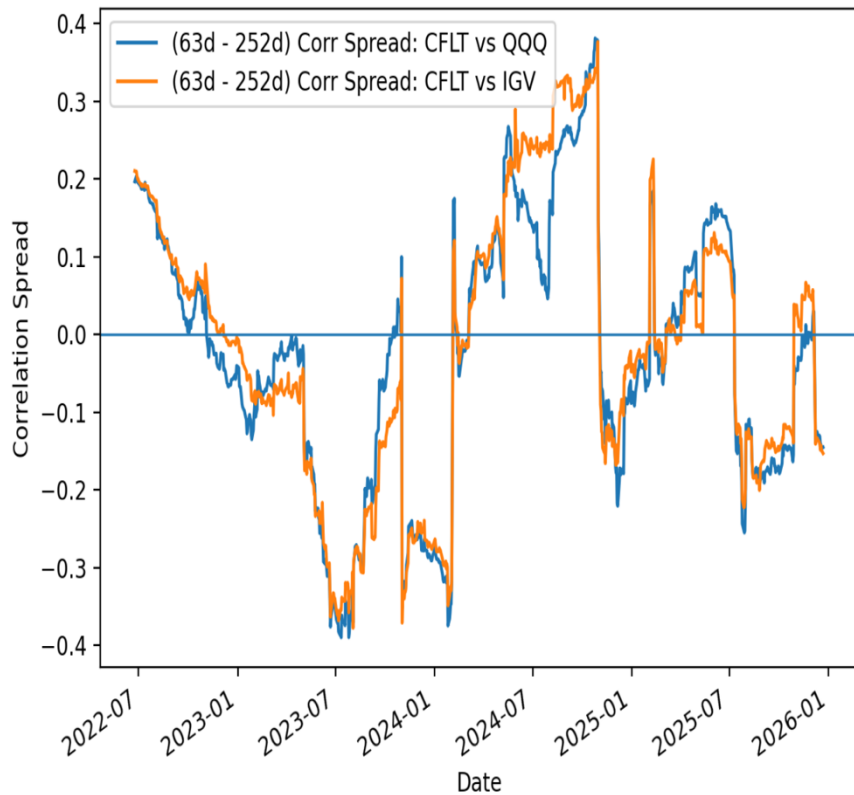
Appendix - Cash Flow Statement

Confluent, Inc.							
Source: S&P Capital IQ							
In USD millions except per share amounts							
	DEC '19	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24	SEP '25 LTM
Net Income	-95	-229.8	-342.8	-452.6	-442.7	-345.10	-304.10
Depreciation, Depletion and Amortization	1.2	1.6	3.6	7.6	13.9	19.7	25.6
Amortization of Financing Costs and Discounts	-	-	-	-	-	-	-
Share-Based Compensation	18.6	143.3	155.6	277.7	349.8	395.7	398.60
Deferred Income Taxes and Tax Credits	-	-	-	-	-	-	-
Gain (Loss) On Sale	-0.8	1.3	2.3	-8.9	-42.5	-37.80	-26.10
Unrealized Gain (Loss)	-	-	-	-	-	-	-
Provision for Doubtful Accounts	-	-	-	-	-	-	-
Other Operating Activities	8.8	27.3	54.3	50.9	73.6	68.1	57.7
Change In Trade Receivables	-27.1	-41.6	-32.5	-42.1	-53.6	-86.6	-80.9
Change In Accounts Payable	1.5	-0.3	6.1	13.6	-14.5	0.1	-3.6
Change In Deferred Revenue	41	64.1	87.3	76.4	30.2	56.2	100.9
Change In Employee Related Liabilities	-	-	-	-	-	-	-
Change In Other Operating Assets and Liabilities, Net	-17	-47.9	-39	-79.9	-17.9	-36.9	-110.8
Change In Net Working Capital (NWC)	-	-12.5	-84.7	-16.8	17.4	-11.6	13.4
Cash From Operating Activities - Continuing Operations	-68.8	-82.1	-105.1	-157.3	-103.7	33.5	57.4
Net Cash From Operating Activities	-68.8	-82.1	-105.1	-157.3	-103.7	33.5	57.4
Purchase of Property, Plant and Equipment	-2	-1	-3.6	-4.1	-2.8	-2.6	-3.8
Acquisitions	0	0	0	0	-55.8	-115.5	0
Intangibles	-1	-3.6	-5.3	-10.3	-17.8	-21.4	-21.8
Purchase of Investments	38.6	-172.2	-391.7	-851.4	-8.4	64.5	-131.3
Sale and Maturity of Investments	-	-	-	-	-	-	-
Net Cash From Investing Activities - Continuing Operations	35.6	-176.9	-400.6	-865.8	-84.9	-75.00	-157.00
Net Cash From Investing Activities	35.6	-176.9	-400.6	-865.8	-84.9	-75.00	-157.00
Short-Term Debt Issuances (Repayments)	-	-	-	-	-	-	-
Long-Term Debt Issuances	0	0	1081.3	0	0	0	0.00
Long-Term Debt Repayments	0	0	0	0	0	0	0
Debt Issuance Costs	-	-	-	-	-	-	-
Equity Issuances	13.4	17.1	857.8	83.8	102.6	79.8	76.1
Equity Repurchases	0	0	-0.5	-0.8	-0.3	0	0
Equity Issuance Costs	-	-	-	-	-	-	-
Proceeds From Incentive Plans	-	-	-	-	-	-	-
Noncontrolling Interests	-	-	-	-	-	-	-
Other Financing Activities	0	-0.2	-94.1	-0.8	0	0	0
Net Cash From Financing Activities - Continuing Operation	13.4	276.8	1844.5	82.2	102.4	79.8	76.1
Net Cash From Financing Activities	13.4	276.8	1844.5	82.2	102.4	79.8	76.1
Effect of Currency Exchange Rate	-0.1	0	0	0	0.1	-2.1	-0.6
Change In Cash and Equivalents	-19.8	17.8	1338.9	-940.9	-86	36.2	-24.1
Cash Paid for Income Taxes	0.4	1	2.2	5.5	8.1	11.7	11.9
Cash Paid for Interest	-	-	-	-	-	-	-

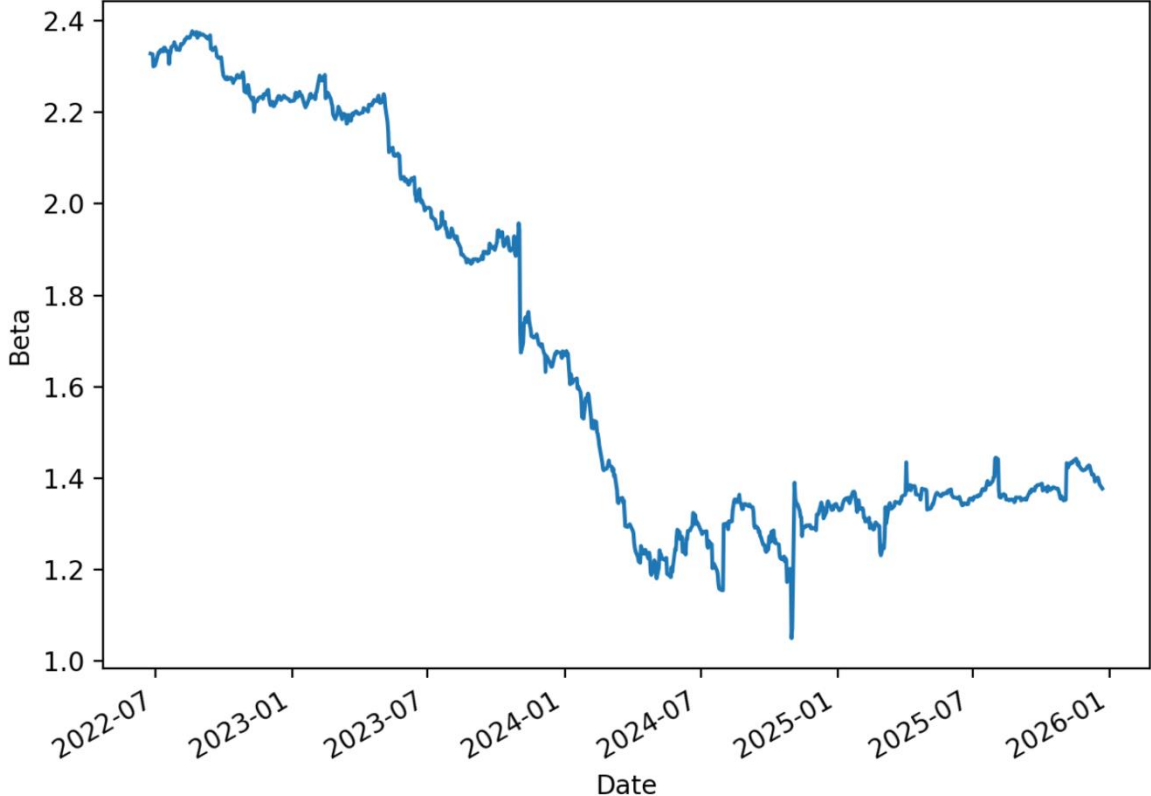
Appendix - Balance Sheet

Confluent, Inc.							
Source: S&P Capital IQ							
In USD millions except per share amounts							
	DEC '19	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24	SEP '25 LTM
Cash and Equivalents	19	36.8	1375.9	435.8	349.8	386.00	298.50
Short-Term Investments	80.8	251.8	640.1	1491	1551	1524.6	1691.2
Trade Receivables	65.1	106	137.5	178.2	230	314.30	356.40
Due from Related Parties, Current	-	-	-	-	-	-	-
Prepaid Expenses and Other Current Assets	15.5	33.2	72.6	93.1	120.9	126.4	152.7
Total Current Assets	183.1	427.7	2226.1	2198.1	2251.7	2,351.30	2,498.90
Property, Plant and Equipment	4	57.6	56.8	70.8	89.5	131.1	156.1
Property, Plant and Equipment, Net	2.9	55	51.7	58.6	64.1	87.5	95.1
Right-Of-Use Assets	-	-	-	-	-	-	-
Long-Term Investments	-	-	-	-	-	-	-
Goodwill	0	0	0	0	52	164.4	164.4
Intangible Assets, Net	0	0	0	0	3.5	7.9	6.5
Other Assets	20.4	43.4	64.9	88.2	89.6	83.8	112.3
Total Assets	206.3	526.1	2342.7	2344.8	2460.8	2694.9	2877.1
Accounts Payable	1.8	1.6	7.6	21.4	6.7	7.5	11.8
Deferred Revenue, Current	84.2	142.9	220.9	290.2	330.6	378.8	447
Employee Related Liabilities, Current	-	-	-	-	-	-	-
Operating Lease Liabilities, Current	0	10.5	9.2	7.4	7.9	8.7	9.4
Accrued and Other Current Liabilities	29	38.8	110.4	105.3	141.8	194.2	154.4
Total Current Liabilities	114.9	193.8	348.2	424.3	487	589.2	622.6
Long-Term Debt and Capital Lease Obligations	0	0	1080.7	1084.5	1088.3	1092.1	1095
Operating Lease Liabilities, Noncurrent	0	40.4	31.6	25.1	17.4	9.1	2.1
Deferred Revenue, Noncurrent	11	16.3	25.6	32.6	22.4	30.40	28.30
Other Noncurrent Liabilities	5.4	7.2	6.4	8.8	35.2	12.7	10.2
Total Liabilities	131.3	257.7	1492.4	1575.4	1650.4	1,733.70	1,758.20
Commitments and Contingencies							
Preferred Stock	205.8	574.6	0	0	0	0	0
Common Stock	0.001	0.001	0.003	0.003	0.003	0.00	0.00
Additional Paid In Capital	45.3	99.6	1600	1980.3	2453.3	2953.1	3318
Accumulated Other Comprehensive Income	0.2	0.2	-0.8	-9.5	1.3	-2.6	6.2
Retained Earnings (Deficit)	-176.2	-406.1	-748.9	-1201.4	-1644.2	-1989.2	-2205.2
Total Equity Attributable to Parent	75	268.4	850.3	769.5	810.4	961.2	1119
Noncontrolling Interest	-	-	-	-	-	-	-
Total Equity	75	268.4	850.3	769.5	810.4	961.2	1119
Total Liabilities and Equity	206.3	526.1	2342.7	2344.8	2460.8	2694.9	2877.1
Receivables Reserve	-	-	-	-	-	-	-

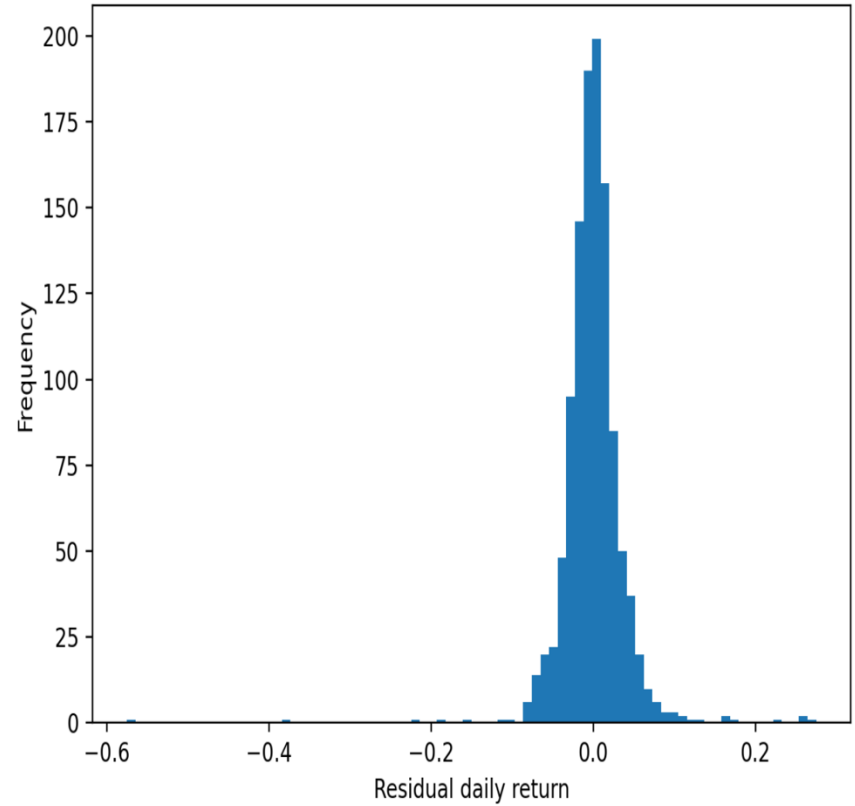
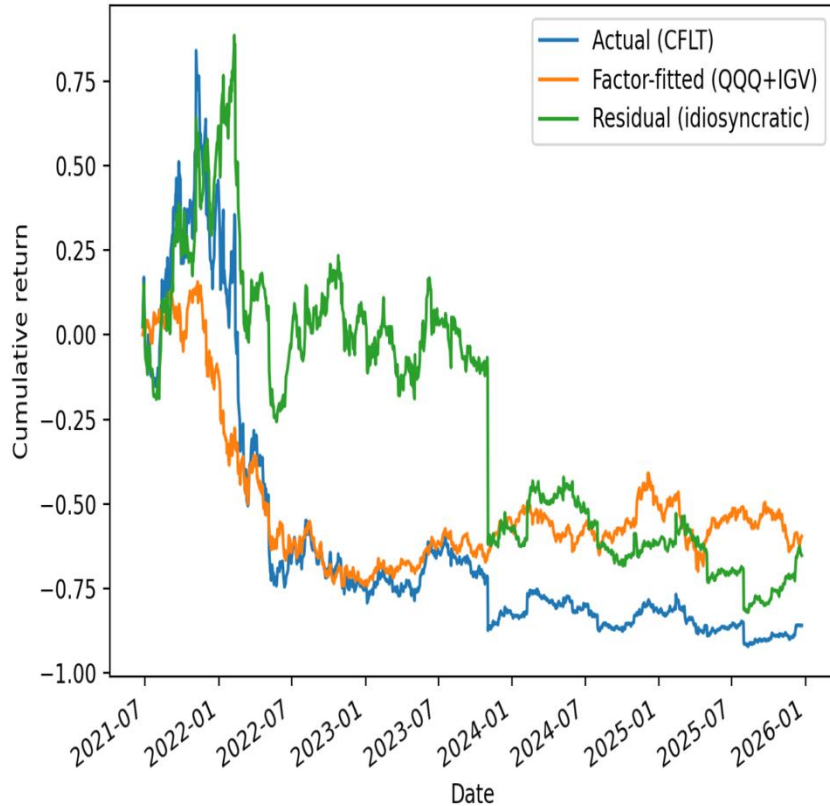
Appendix - CFLT Correlation Spread



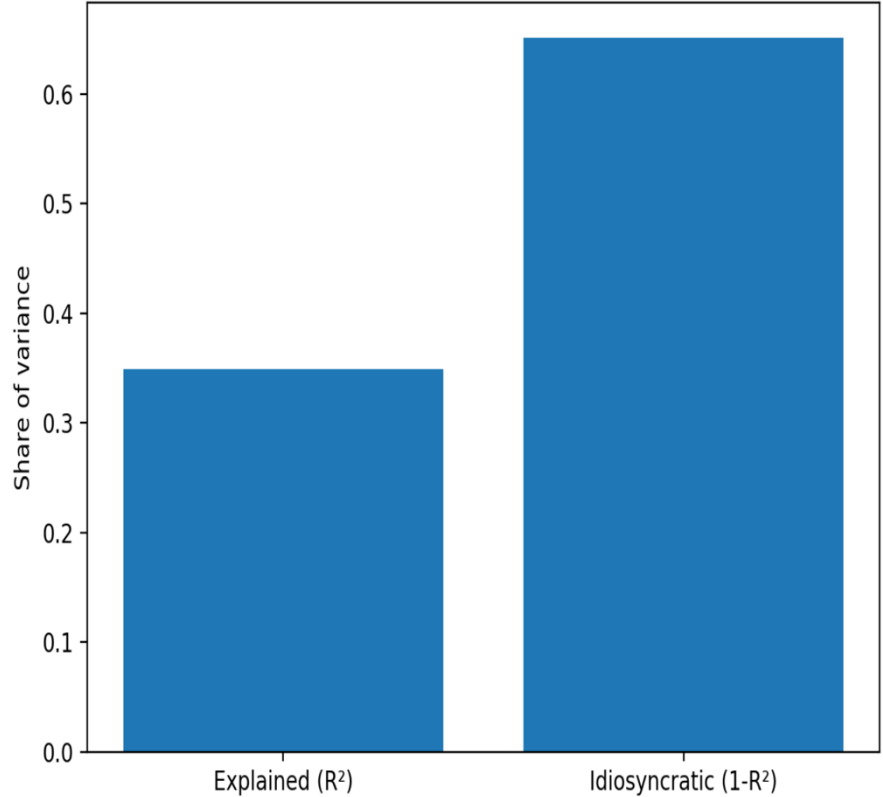
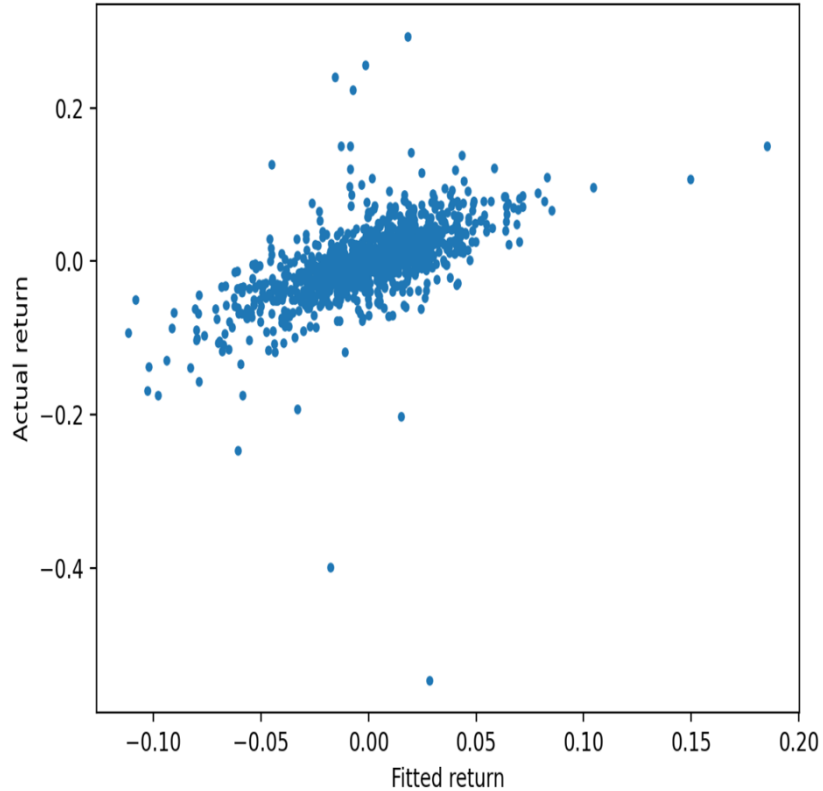
Appendix - CFLT Rolling Beta



Appendix - Cumulative Return Decomposition



Appendix - Idiosyncratic Variance



Appendix - Earnings Reaction Model

