



Investor Day

2023

September 7, 2023

Welcome

Joon Huh

VP Finance & Investor Relations

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Factors that may cause actual results to differ materially include our ability to achieve our long-term plans and key initiatives; our ability to sustain or manage any future growth effectively; our ability to attract and retain customers or expand sales to existing customers; delays in product development or deployments or the success of such products; the failure to deliver competitive service offerings and lack of market acceptance of any offerings delivered; the impact to the economy, our customers and our business due to global economic conditions, including market volatility, foreign exchange rates, and impact of inflation; the timeframes for and severity of the impact of any weakened global economic conditions on our customers’ purchasing and renewal decisions, which may extend the length of our sales cycles or adversely affect our industry; our history of net losses and ability to achieve or sustain profitability, as well as the other potential factors described under “Risk Factors” included in our Annual Report of Form 10-K for the year ended December 31, 2022, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, our most recently filed Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, and other documents of Freshworks Inc. we file with the Securities and Exchange Commission from time to time (available at www.sec.gov).

We caution you not to place undue reliance on forward-looking statements, which speak only as of the date hereof and are based on information available to us at the time the statements are made and/or management’s good faith belief as of that time with respect to future events. We assume no obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release, except as required by law.

Certain terms used in this presentation, such as, “ARR”, “ARPA”, “CAGR”, “FCF”, “SBC”, “SMB”, “TTM”, and others, are defined in the Appendix unless otherwise defined on the slide in which they appear.

Investor Day Agenda

- 8:30am **Welcome**
Joon Huh, VP Finance & Investor Relations
- 8:35am **Company Vision and Strategy**
Girish Mathrubootham, Chief Executive Officer & Founder
- 8:55am **Solutions in Action**
Dennis Woodside, President
Mukesh Mirchandani, SVP Global Solution Engineering
Payal Patel, Director Solution Engineering
- 9:30am **Strategy for Durable Growth**
Dennis Woodside
- 10:00am **Break**
- 10:10am **Customer Spotlight | Monos, Sony Music Entertainment & Databricks**
Prakash Ramamurthy, Chief Product Officer
Paddy Rathinam, Chief Revenue Officer
- 10:40am **Financial Overview**
Tyler Sloat, Chief Financial Officer
- 11:10am **Open Q&A**
Joon Huh
- 12:00pm **Lunch**



Submit Questions
ir@freshworks.com

Company Vision and Strategy

Girish Mathrubootham

Chief Executive Officer & Founder

Freshworks at a glance



2010

Founded



\$545M

TTM Revenue



20%

Q2 Revenue Growth YoY
(constant currency basis)



**Multiple
Products**

Two at scale



5,000+

Employees



19,105

Customers over
\$5K ARR



FRSH

Initial Public Offering
September 2021



10%

FCF Margin
FY 2023 Est.

Our mission

We deliver modern and innovative **AI-guided customer and employee service** solutions that enable the **Fortune 5 million** to drive **delightful** engagement and increase **productivity**

Industry tailwinds helping Freshworks grow

- 1 Digital transformation of every business
- 2 Rising demands of customers and employees
- 3 The data imperative and the opportunity of generative AI

1 Businesses of all sizes must transform to compete in a digital-first world



Large companies
must be agile
and responsive



Small companies
must deliver world
class experiences

2 Expectations for customer and employee experience have changed

The race for faster, more enjoyable service



Conversational
engagement



Contextual
understanding



Immediate
results



Multi-channel
interaction

3 The need for better insights drives demand for high-quality data



Need to break
down data silos



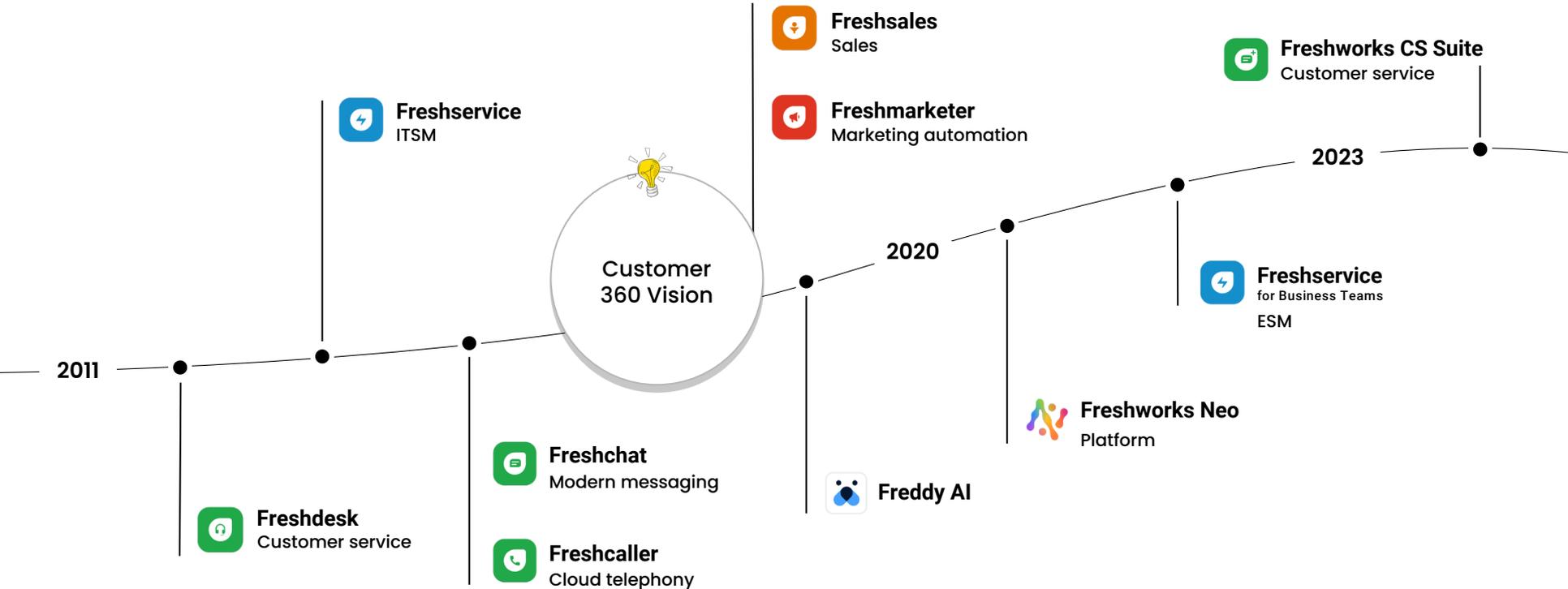
The rise of customer
data platforms



Your AI is only as
good as your data

Consistent innovation and product evolution

Journey to multi-persona, AI-guided strategy



The Freshworks solution

IT & Employee Service



Customer Service



Sales & Marketing



Neo Platform

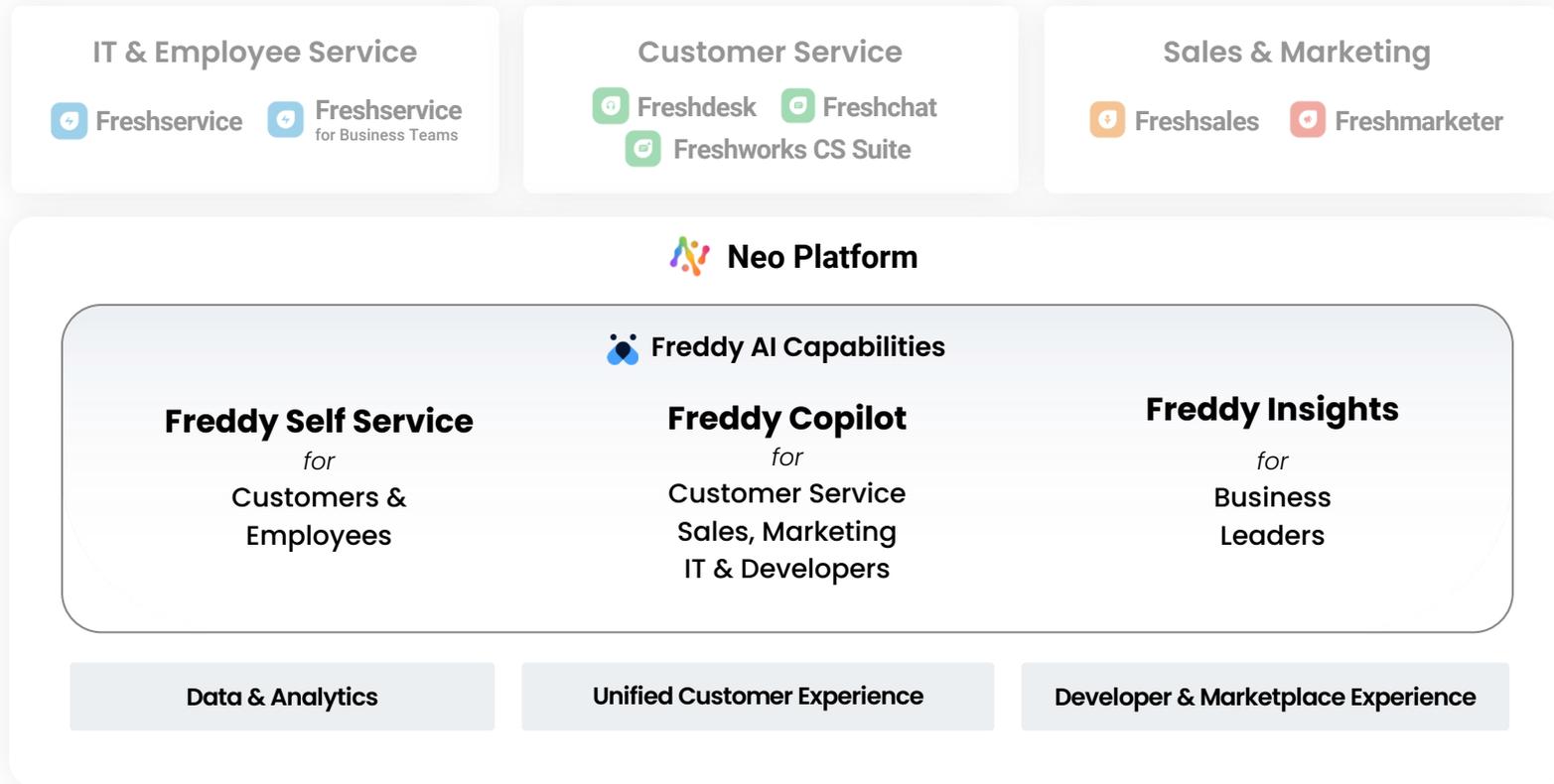


Data & Analytics

Unified Customer Experience

Developer & Marketplace Experience

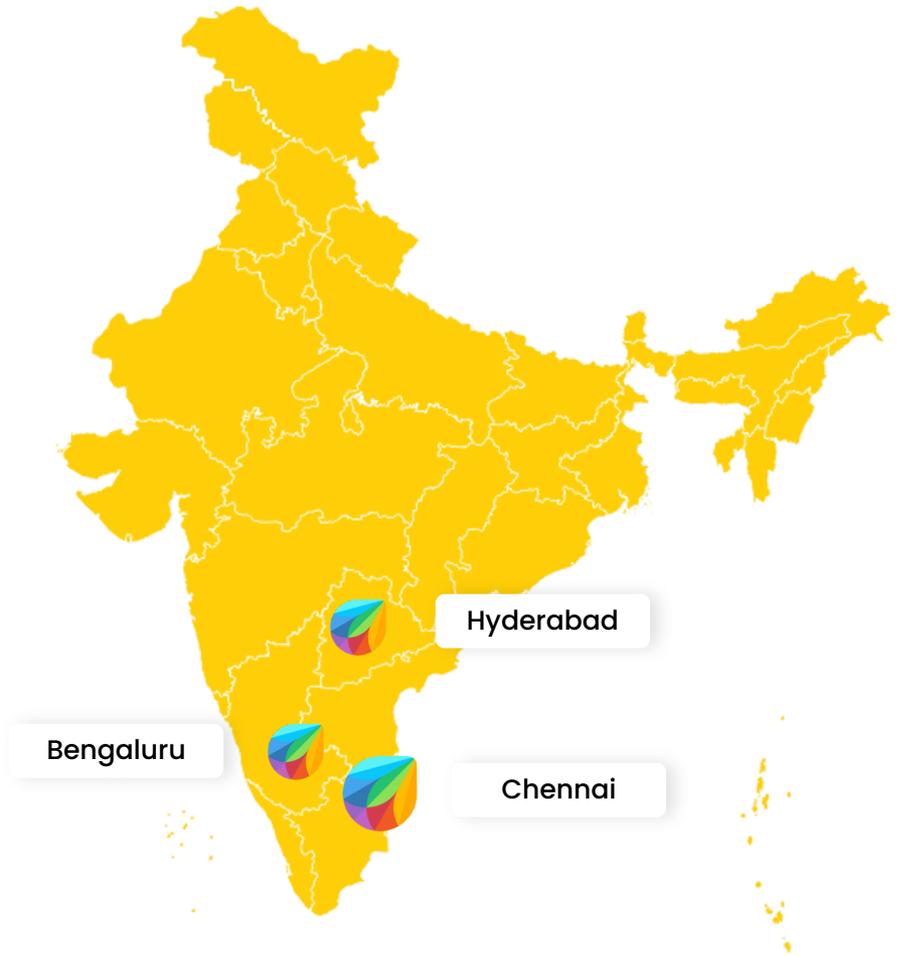
Neo platform and Freddy infuse AI across all products



Our India advantage

World class talent that innovates fast

- Born in India, global from Day 1
- Access to world class talent
- Product scale and velocity



Global customer base

65K+ customers across verticals and 120+ countries



Culture is our intangible asset



Craftsmanship



Happy 'Work'
Environment



Agility with
Accountability



True Friend to
the Customer

These values are the bedrock of our culture

Experienced global leadership team

CEO & President



Girish Mathrubootham

Chief Executive Officer & Founder

PRIOR:



Dennis Woodside

President

PRIOR:

Leadership team



Tyler Sloat

Chief Financial Officer

PRIOR:



Prakash Ramamurthy

Chief Product Officer

PRIOR:



Pradeep Rathinam

Chief Revenue Officer

PRIOR:



Pam Sergeeff

Chief Legal Officer & General Counsel

PRIOR:



Johanna Jackman

Chief People Officer

PRIOR:



Shafiq Amarsi

SVP GTM Strategy & Operations

PRIOR:



Murali Krishnan

SVP Customer Experience

PRIOR:

Our path to multi billion dollar scale



We are competing in three massive TAMs



We have business momentum moving upmarket and serving larger customers



Our customers are adopting multiple products as cross sell remains a large opportunity



AI & automation is a tailwind to our business creating incremental monetization opportunities



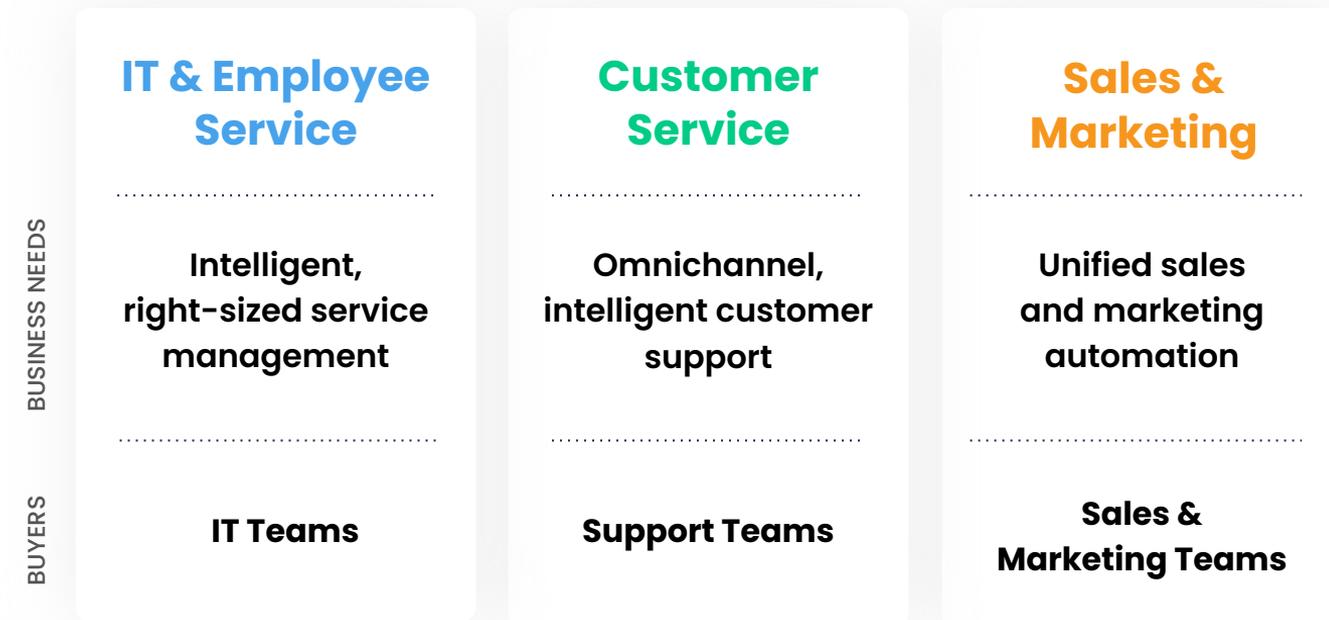
India provides a strategic advantage for the business

Our Solutions in Action

Dennis Woodside

President

We compete in three large, growing and adjacent markets



\$78B
TAM⁽¹⁾

Why we win



**Unified
Experience**



Ease of Use



**Time to
Value**



**Total Cost of
Ownership**

Rapid Innovation

Enterprise scale & extensibility

IT & Employee Service

Our products scale with the needs of IT departments and beyond



ITSM



ITOM



ITAM



Project
Management



Business
Teams

 Neo Platform

 Freddy AI

Freshservice crossed \$260M in ARR and is growing fast

2022 TAM⁽¹⁾
\$20B

ARR⁽²⁾
\$260M

Growth Rate⁽²⁾
Low 40s

2022-2026
TAM CAGR⁽¹⁾
12%

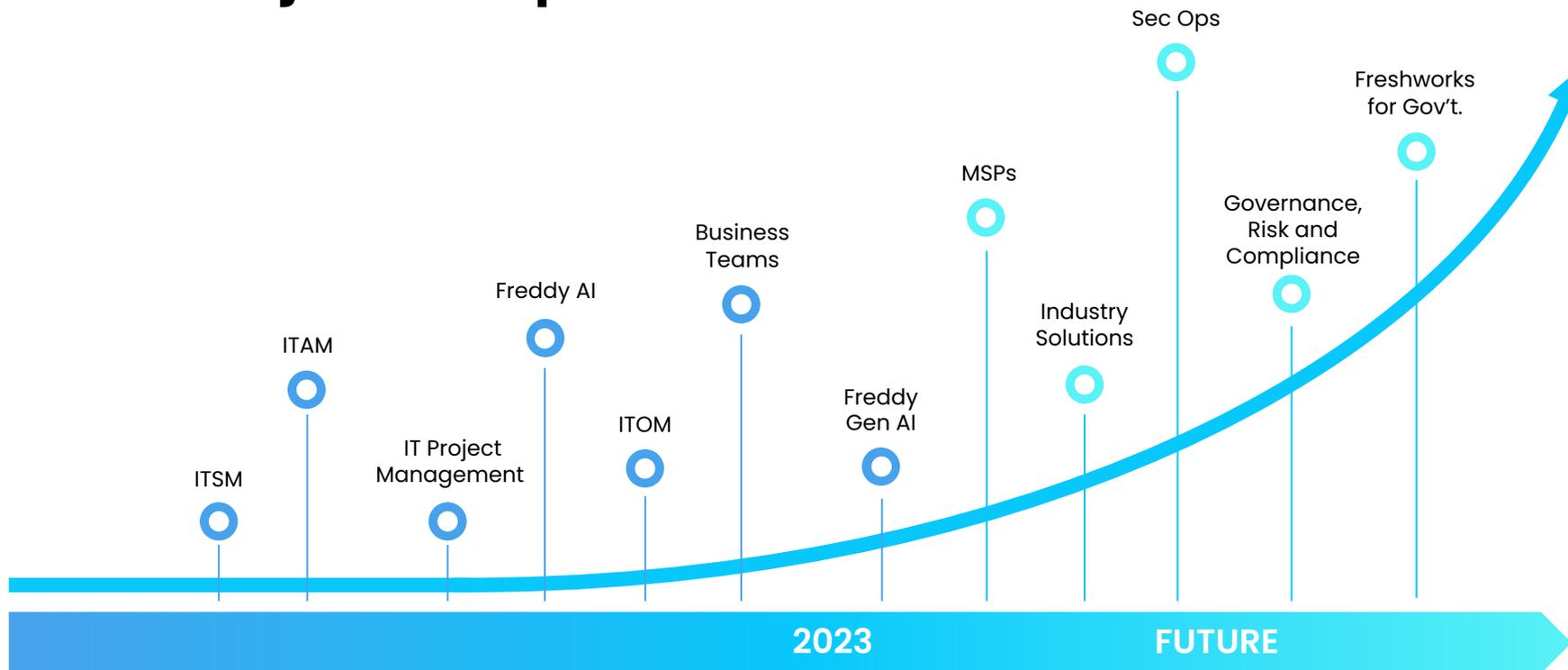
Target
Persona
CIO

Customers
>\$5K ARR⁽²⁾
8,624

(1) Source: Gartner. This includes IT Service Management, IT Asset Management & Software Asset Management (SAM), IT Infrastructure Monitoring, AIOps, Service Orchestration and Automation Platforms.

(2) ARR, ARR YoY growth rate and customer count are as of Q2-23.

Significant opportunity to innovate within IT and adjacent spaces



Customer and industry analyst recognition

User Ratings



User Reviews

"Freshservice has allowed us to handle approximately 20% more tickets and incidents per month, compared to our previous legacy system."

"We use it for ticketing, project management, and problem tracking. The application makes it easy to keep track of our user's problems, resolutions, and feature requests."

Industry Analyst Coverage

Gartner®

Covered in **3 distinct markets**

FORRESTER®

Covered in **3 distinct markets**

IDC

Covered in **2 distinct markets**

CASE STUDY

A&E selects Freshservice to handle IT and G&A requests seamlessly



A+E Networks is a global content company comprised of some of the most popular brands in media, including Lifetime, HISTORY, Lifetime Movies, FYI, VICELAND, Blaze and Crime+Investigation.

Business Challenge

Legacy ITSM solution did not allow A&E to efficiently route and respond to employee tickets across HR, IT, Legal and Finance in a single platform, leading to poor agent productivity.

The Solution

With Freshservice, multiple A&E departments were able to improve self service for nearly 3,000 employees. Automated ticket deflection with virtual agents increased agent productivity and improved resolution times.

Incumbent System:

ServiceNow

Replaced with:

 **Freshservice**

CASE STUDY

Freshservice enables digital transformation for Georgetown University students and faculty



Georgetown University is in Washington DC with 20,000 students. Founded in 1789, it is the oldest Roman Catholic institution of higher education in the United States.

Business Challenge

Using a homegrown IT management system made it difficult for students and faculty to digitally submit support tickets, and forced IT to monitor multiple request channels.

The Solution

All faculty and student IT, HR and health services needs are handled by Freshservice. Freshchat and Freshcaller help Georgetown's business teams deflect inquiries for 450 users across multiple departments.

Incumbent System:

Homegrown solution

Replaced with:



Freshservice



Freshchat



Freshcaller

Land



Expand

Product Demo – IT & Employee Service

Mukesh Mirchandani

SVP Global Solution Engineering

Payal Patel

Director Solution Engineering

Customer Service

We offer modern, intelligent omnichannel customer service solutions



**Automated
self service**



**Conversational
support**



**Advanced
ticketing**



**Voice
support**

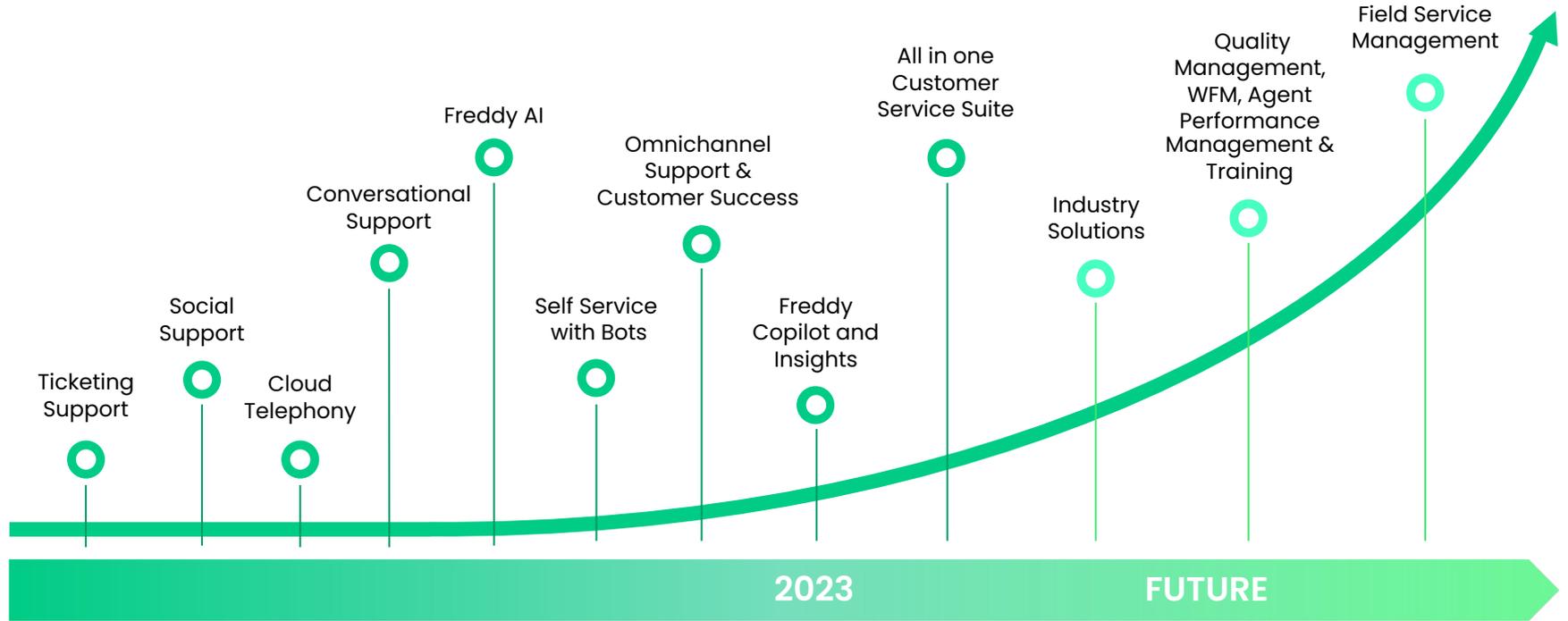
 **Neo Platform**

 **Freddy AI**

Customer service solutions at \$300M in ARR



Building upon a history of innovation



Customer and industry analyst recognition

User Ratings



User Reviews

"I am using Freshdesk in my organization to support more than 13,000 customers. The ticketing system records and solves all their inquiries, requests, and reported issues."

"Freshdesk is a lifesaver for agent occupancy and workload distribution."

Industry Analyst Coverage

Gartner

Covered in **2 distinct markets**

FORRESTER

Covered in **1 distinct market**

IDC

Covered in **2 distinct markets**

CASE STUDY

Ingram Micro scales to 28 countries, delighting customers with Freshdesk



About Customer

Ingram Micro is a global distributor of information technology products and services, with operations in 61 countries and 27,000 associates across 6 continents, generating over \$50B in annual revenue.

Business Challenge

Ingram Micro used multiple tools to provide customer support over different channels and to different countries, making transparency across accounts very difficult.

The Solution

Freshdesk and Freshbots helped Ingram Micro automate and centralize support to reduce resolution times for technical and non-technical issues. Ingram Micro increased their agents by 395% and CSAT score to 85%.

Incumbent System:

Zendesk

Replaced with:



Freshdesk



Freshchat



Freshcaller



Freshservice

Land



Expand

CASE STUDY

Clopay selects Freshworks to automate and modernize dealer support



America's Favorite Doors®

About Customer

Clopay is North America's largest garage door manufacturer, with four manufacturing plants and 52 distribution centers throughout the US and Canada, generating \$1.5 billion in annual revenue.

Business Challenge

Clopay experienced increasing multi-channel interactions with garage door dealers through calls, mobile chats, website forms and physical walk-ins.

The Solution

Freshdesk, Freshchat and Freshcaller were purchased to create a unified platform to enhance the agent and dealer experience. Freshworks has scaled with Clopay from 330 to 413 agents.

Incumbent System:

Oracle

Replaced with:



Freshdesk



Freshchat



Freshcaller

Product Demo – Customer Service

Mukesh Mirchandani

SVP Global Solution Engineering

Payal Patel

Director Solution Engineering

Sales and Marketing

Our Sales and Marketing solution offers a unified view of the customer journey



Sales Force Automation



Marketing Automation



Configure, Price & Quote



Ecommerce integrations

 **Neo Platform**

 **Freddy AI**

Sales and Marketing products complement our customer service solutions in a large TAM

2022 TAM⁽¹⁾
\$32B

ARR⁽²⁾
\$25M

Growth Rate⁽²⁾
**Less than
10%**

2022-2026
TAM CAGR ⁽¹⁾
15%

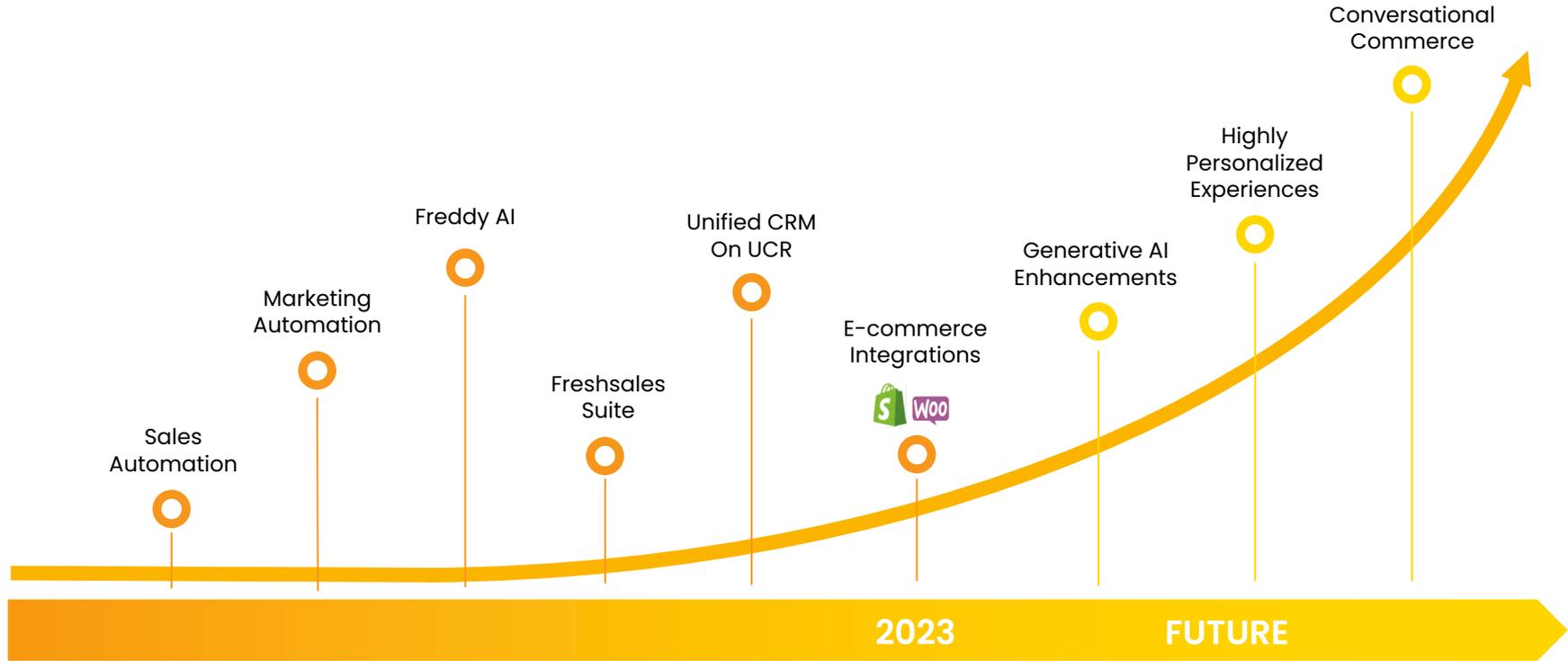
Target Persona
**CRO
CMO**

Customers
>\$5K ARR⁽²⁾
1,114

(1) Source: Gartner. Sales includes Sales Execution & SFA, Partner Relationship Management (PRM), Configure-Price-Quote (CPQ), Sales Enablement, Sales Performance Management, Sales Engagement, Price Optimization and Customer Success Management. Marketing includes B2B Marketing Automation, Account Based Marketing, MultiChannel marketing, AdTech, Digital Asset Management and Loyalty Management.

(2) ARR, ARR YoY growth rate and customer count are as of Q2-23.

Unified CRM to accelerate growth



CASE STUDY

Addison Lee hits the brakes on legacy CRM and selects Freshworks



About Customer

Addison Lee is an on-demand ride service based in the UK and available in 350 cities worldwide. Every year, Addison Lee transports over 10 million passengers each year in London alone.

Business Challenge

A disjointed set of customer management and communication systems caused low agent productivity. Sales and Support teams lacked a unified view of users across the customer lifecycle.

The Solution

Building upon their positive experience with Freshservice for many years, Addison Lee improved their sales and support processes by using Freshsales, Freshdesk, Freshmarketer as an integrated solution for their GTM teams.

Incumbent System:

Salesforce

Replaced with:



Product Demo – Sales & Marketing

Mukesh Mirchandani

SVP Global Solution Engineering

Payal Patel

Director Solution Engineering

Strategy for Durable Growth

Our growth drivers

- 1 Unique GTM designed to efficiently serve the Fortune 5 Million
- 2 SMB opportunity remains large
- 3 Large customers are increasingly turning to Freshworks
- 4 Significant opportunity to expand with our existing customers
- 5 AI and Neo amplify our value proposition

1 Unique GTM designed to efficiently serve the Fortune 5 Million

We have 3 sales motions to drive a high velocity business



Efficient Inbound Sales Motion

Online search, web traffic, trials, paying customers

45% of new business ARR ⁽¹⁾



Growing Field Sales Motion

Deeper coverage for our largest customers

30% of new business ARR ⁽¹⁾

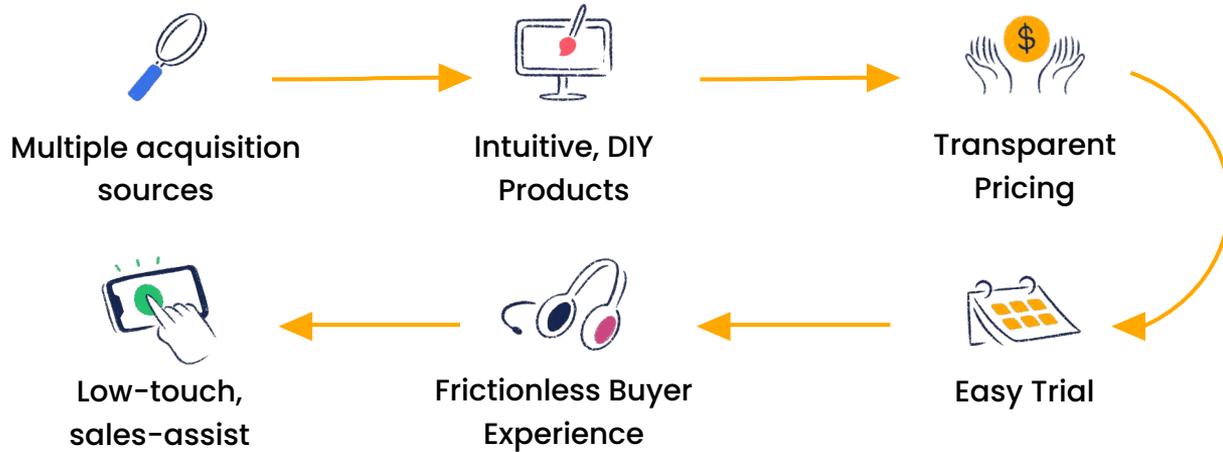


Scaling Partner Ecosystem

Enable Partners to build a profitable business

25% of new business ARR ⁽¹⁾

Efficient inbound sales motion serves businesses of all sizes



Thousands of monthly trials

Majority sourced from non-paid channels

High velocity business

80% of SMB accounts close within 30 days⁽¹⁾

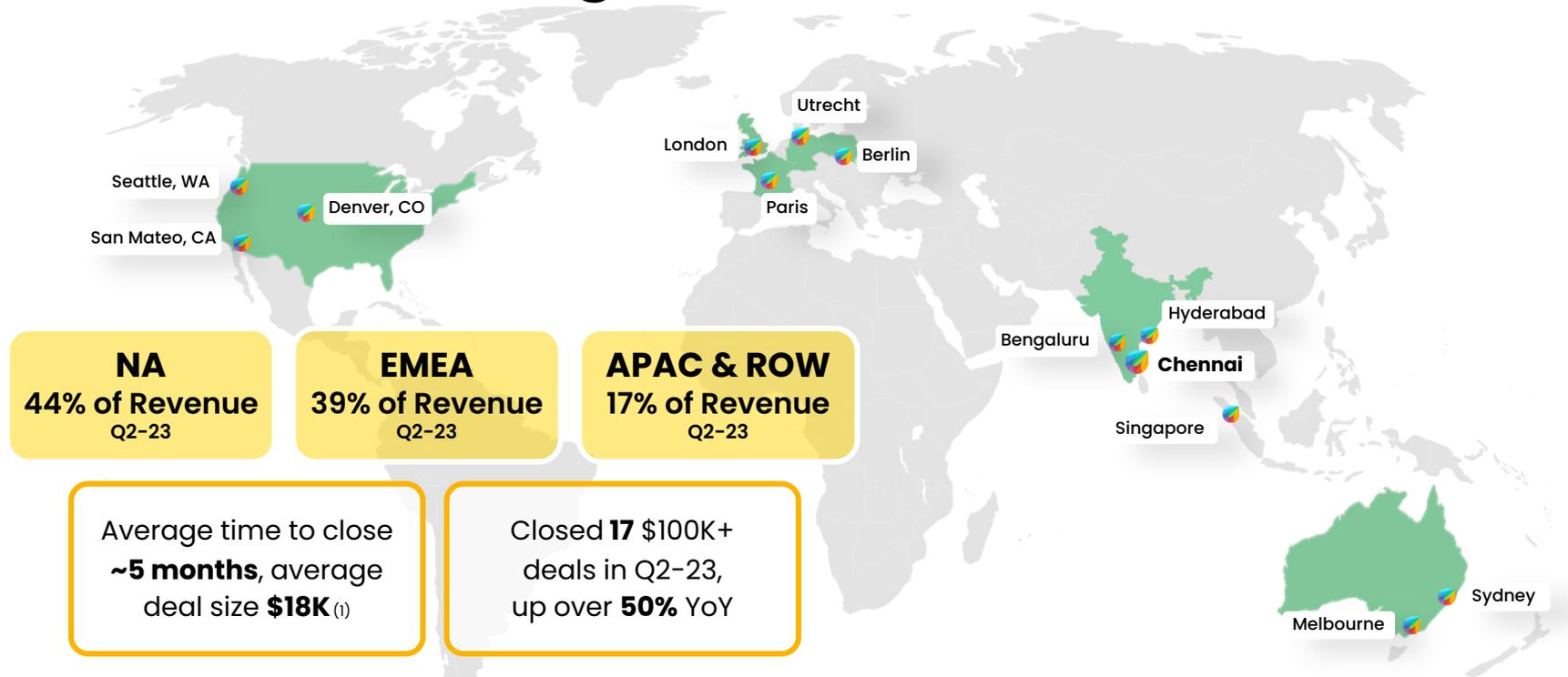
Low cost of sales

Due to India operations

Predictable business

Consistent linearity

Growing field sales motion provides local customer coverage



Our partner ecosystem supports our strategy of moving upmarket



Robust Ecosystem

400+
Partners

NA	EMEA	APAC & ROW
110	110	180

- Refreshed partner program this year
- Partners are now winning bigger deals with us:

In Q2-23,
partner sourced
new business
grew **37%** YoY

Partners
generate **25%**
of our new
business⁽¹⁾

In H1, partners
closed **11** large
customers
(>\$100K ARR)

Changes to GTM are driving business impact



Separation of new business & expansion

Record field new business in H1-23



Focus on larger deals

Highest number of large deals signed in Q2-23 in company history



New leadership

Senior leaders across GTM and supporting functions are driving growth

2 SMB opportunity remains large

Millions of SMBs need to adopt AI and automation to compete



> 332M SMBs
worldwide in 2021 ⁽¹⁾

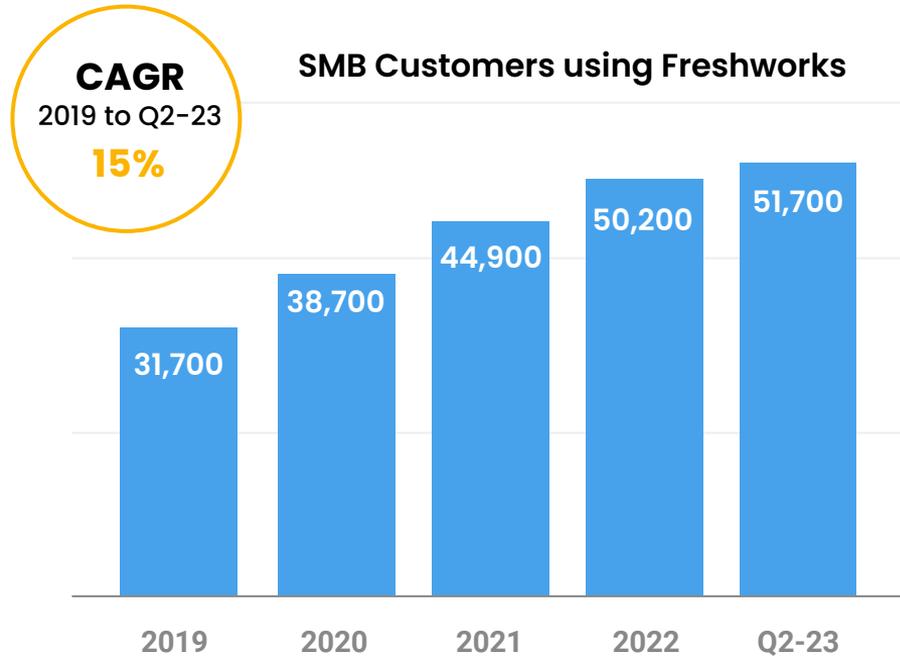


> 1.2M SMBs
with 10+ employees
in the USA alone ⁽²⁾



\$23B TAM
and growing fast ⁽³⁾

Strong track record of solving the needs of SMBs



SMB customers
>51,700

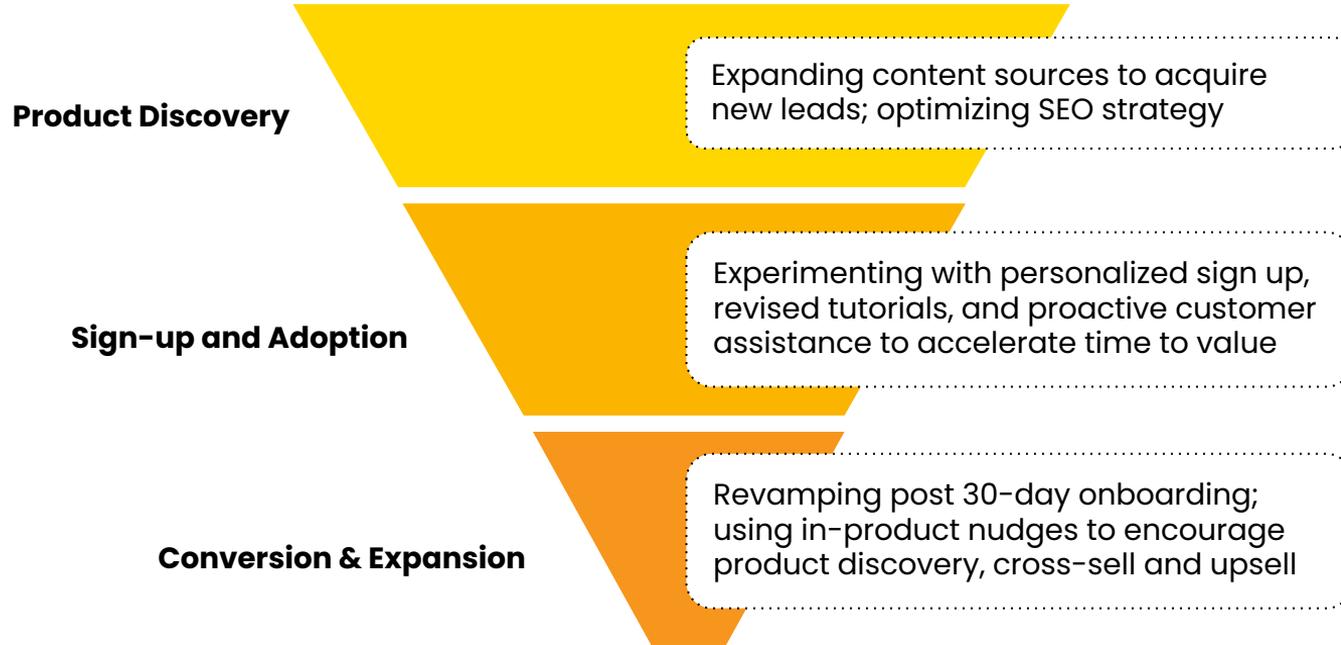
Avg. deal size
\$2K ARR

Avg. time to close
25 days

Payback period
~10 months

Served out of
India

PLG 2.0 project to supercharge our SMB business



SMBs trust us to transform and compete in digital-first world



About the company

Blue Raven Solar is one of the fastest growing residential solar companies in the U.S based out of Salt Lake City.

Problem we solved

A homegrown CRM and other point solutions used across teams were hard to maintain and made it challenging to scale support and processes.

Freshworks products used:



Freshdesk



Freshservice

Land Expand



About the company

Employee Retention Credit (ERC) Specialists are tax experts dedicated to maximizing credits for U.S. businesses affected by COVID-19.

Problem we solved

Spreadsheets and email slowed down employee and customer support, wasting time of 200 employees.

Freshworks products used:



Freshdesk



Freshservice

Land Expand



About the company

J. W. Pepper & Son, Inc. is a privately owned American sheet music retailer based in Pennsylvania.

Problem we solved

Customer and IT support teams found Jira's knowledge base and workflow automation to be insufficient.

Freshworks products used:



Freshdesk



Freshservice

Land Expand

3 Large companies are turning to Freshworks

Freshworks delivers against the pain points large companies face



Solutions that require **long implementation cycles** that take months or years



Fast time to value



High cost solutions that require expensive consultants or significant IT resources to deploy and maintain



½ the TCO or less



Complex solutions that require specialized skills and knowledge for employees to do their jobs



Easy to use, easy to train



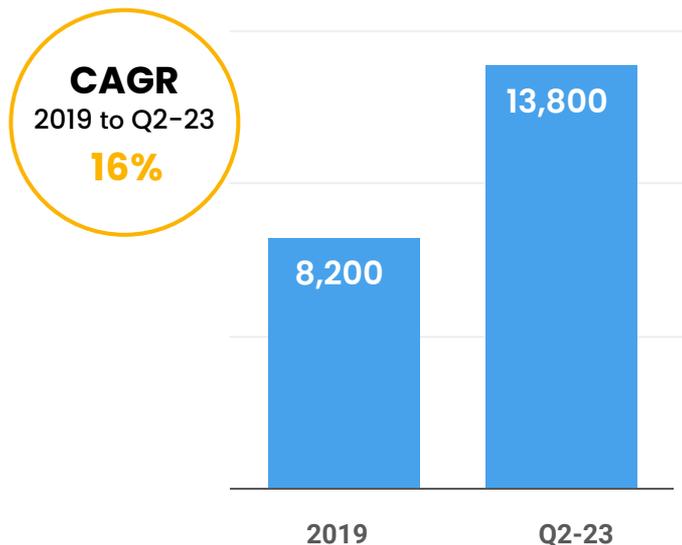
Siloed apps with clunky integrations that **hinder employee productivity**



Unified Solution

Larger companies are adopting Freshworks

Mid Market & Enterprise Customers using Freshworks



We are winning more Mid Market and Enterprise customers than ever before

- **759** new customers landed in Q2-23, 30% YoY growth
- **215** of G2000 have at least one deployment

\$50K+ ARR Customers

- **2,186** customers
- **33%** YoY growth
- **46%** of ARR

\$100K+ ARR Customers

- **855** customers
- **37%** YoY growth
- **30%** of ARR

CASE STUDY

Coherent leaves legacy system behind to increase work efficiency with Freshservice



About Customer

Coherent Corp. (NYSE: COHR) is a global leader in materials, networking, and lasers for the industrial, communications, electronics, and automotive technology industries with over \$5 Billion in annual revenue.

Business Challenge

Coherent is comprised of two distinct sectors: Commercial and Aerospace Defense. Collaborating effectively between these segments presented unique challenges due to their parallel yet separate operations governed by data access laws.

The Solution

Coherent selected Freshservice for its ability to separate sector instances while acting as a single, easy to use platform for all employees. Our ability to fulfill major incident management and employee onboarding needs helped us win the business over an incumbent.

Incumbent System:

ServiceNow

Replaced with:



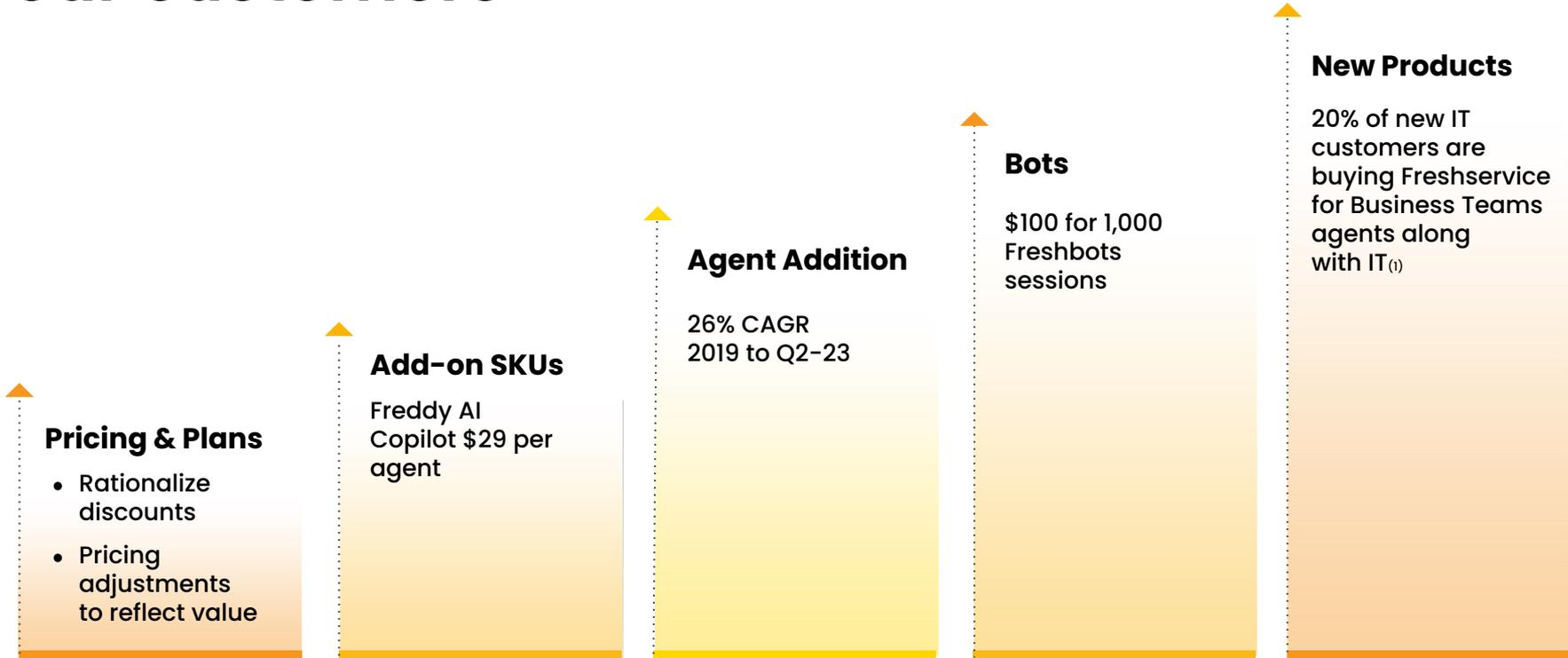
4 Opportunity to expand our existing customers

Our largest customers already use multiple Freshworks offerings

Customer	Customer Service	IT & Employee Service	Sales & Marketing
1. Financial Services	✓		
2. IT Infrastructure & services	✓	✓	✓
3. Telecommunications	✓	✓	
4. IT Infrastructure & services	✓		
5. Financial Services	✓		
6. Retail	✓		
7. Entertainment	✓	✓	
8. Retail	✓	✓	✓
9. Entertainment	✓	✓	
10. Telecommunications	✓		
11. Financial Services	✓	✓	
12. Retail	✓		
13. IT Infrastructure & services	✓		
14. Telecommunications	✓	✓	
15. Financial Services	✓		
16. Entertainment	✓		
17. Financial Services	✓	✓	
18. Hospitality	✓	✓	
19. IT Infrastructure & services	✓	✓	
20. Business Services	✓		

Top 20 Customers

We have multiple expansion paths with our customers



iQor increases business efficiency as it expands to multiple Freshworks products



About Customer

iQor is a business process outsourcing company operating 40 call centers in NoAm, Europe, and Asia with 40,000 employees and \$16B in annual revenue.

Business Challenge

Manually managing email inboxes for their internal support system slowed down employee service management across IT, HR, Finance teams.

The Solution

Freshservice integrated with existing systems and quickly helped automate support across business teams and adding Freshchat and Freshcaller later improved collaboration. Now iQor is beta testing Freddy AI to further enhance business efficiency.

Incumbent System:

Homegrown solution

Replaced with:



Freshservice



Freshchat



Freshcaller



Freddy AI

Land▶..... Expand

5 AI and Neo amplify our value proposition

Our Freddy AI resolves millions of inquiries

>220M

Interactions assisted
by Freddy Self Service ⁽¹⁾

1,000+

Customers assisted
by Freddy Copilot ⁽¹⁾

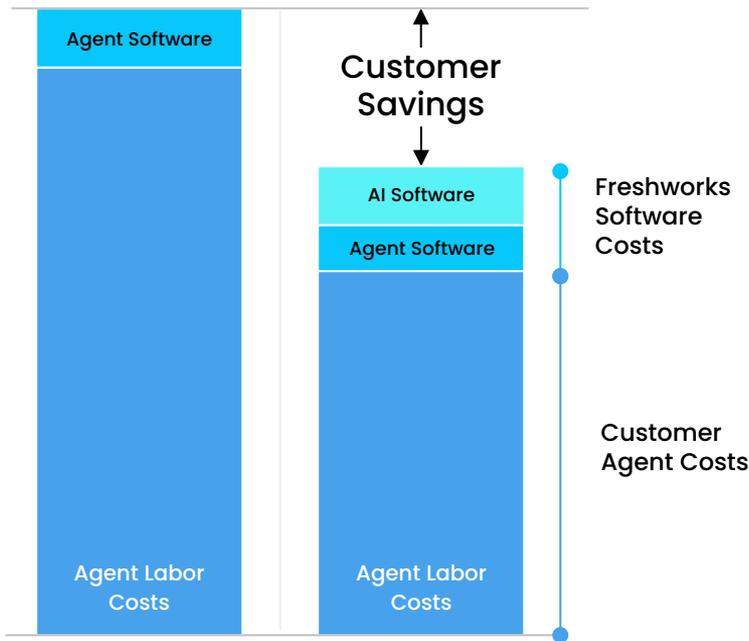
>20M

Times Gen AI was
used to increase
agent productivity ⁽¹⁾

“We adopted Freshworks' Freddy omnibot platform for a highly automated and personalized customer experience. We have been using it for a year and can confidently say that we have accomplished most of what we had in mind.”

Vishal Gupta, Head of Product at PhonePe

AI is a tailwind for Freshworks



Customers see value from:

- Improved agent productivity
- Lower labor costs
- Better outcomes

We capture value from:

- Per seat license upcharge (Freddy Copilot)
- Consumption-based bot pricing (Freddy Self Service)

Neo Platform is a force multiplier



1

Shared platform services enable faster innovation

2

Marketplace Apps for interoperability and extensibility

3

AI services power Freddy Insights across products

Our growth drivers

- 1 Unique GTM designed to efficiently serve the Fortune 5 Million
- 2 SMB opportunity remains large
- 3 Large customers are increasingly turning to Freshworks
- 4 Significant opportunity to expand with our existing customers
- 5 AI and Neo amplify our value proposition

Break

Customer Spotlight

Prakash Ramamurthy

Chief Product Officer

Paddy Rathinam

Chief Revenue Officer

Jacen Cabading

Customer Experience
Manager

MONOS:



David Harrington

IT and Asset Management
Director



Pradeep Singh

Infrastructure and Operations
Vice President



Financial Overview

Tyler Sloat

Chief Financial Officer

Business model highlights



Delivering Durable Revenue Growth

- 2 products at scale
- Serving SMB to lower enterprise, globally
- Larger deals with continued land and expand strategy



Creating Operating Leverage

- Prioritizing investment to drive top line growth
- Maintaining strong gross margins
- Leveraging S&M, R&D, and G&A to drive margin expansion



Maturing Financial Model

- Creating a path to more than \$1B in revenue
- Driving current 10% FCF margin to Rule of 40 and more
- Reducing SBC as % of revenue and managing dilution

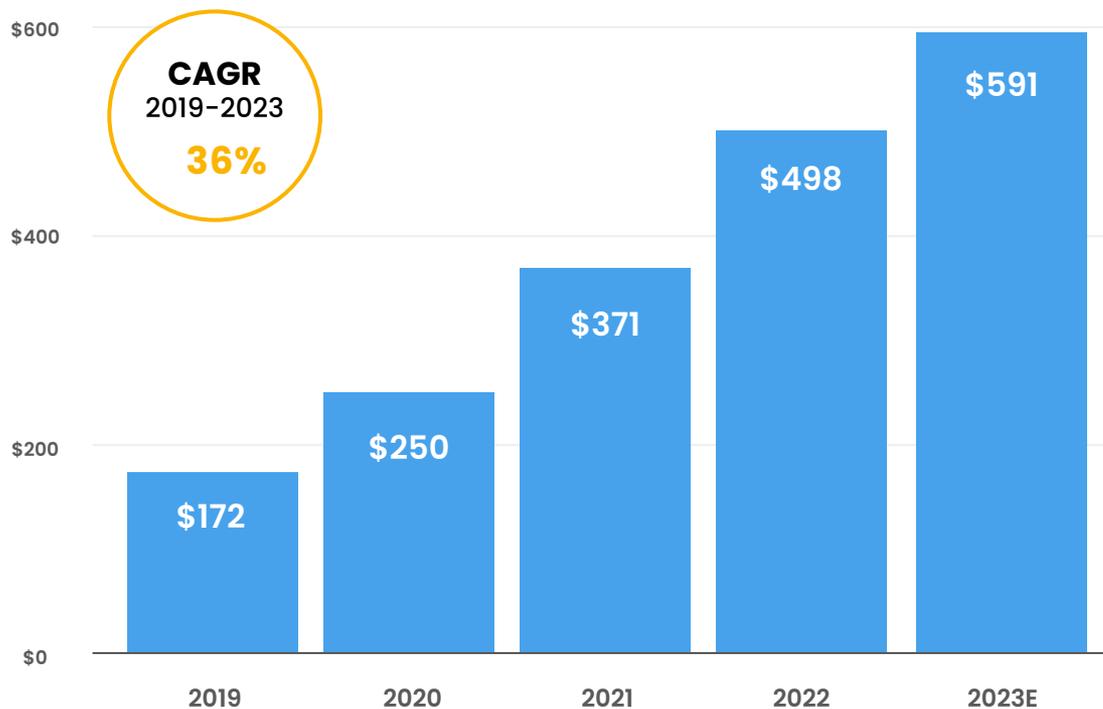


Key Operating Metrics

- Net Dollar Retention Rate
- Customers >\$5K ARR

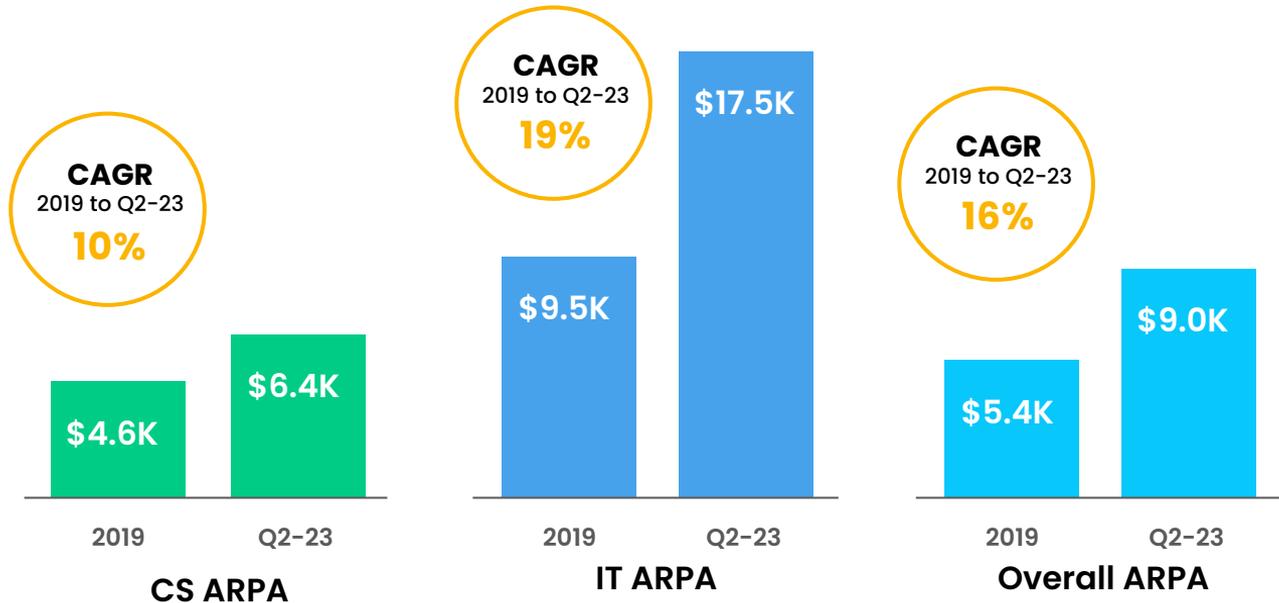
Delivering strong and durable revenue growth

(\$ in millions)



Note: 2023 figures are based on the midpoint of Freshworks full year 2023 financial estimates.

Growth driven by 2 products at scale with growing average revenue per account (ARPA)



ARPA Drivers

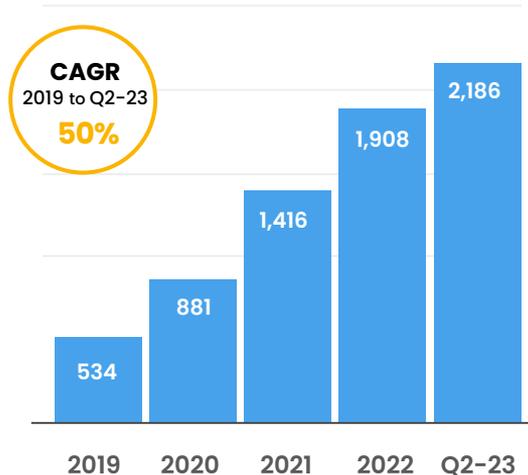
- With smaller initial deal sizes for CS, ARPA growth primarily driven by expansion
- IT ARPA growth primarily driven by larger initial deal sizes

Larger customers are becoming a bigger part of our business

\$5K+ ARR Customers



\$50K+ ARR Customers



\$100K+ ARR Customers



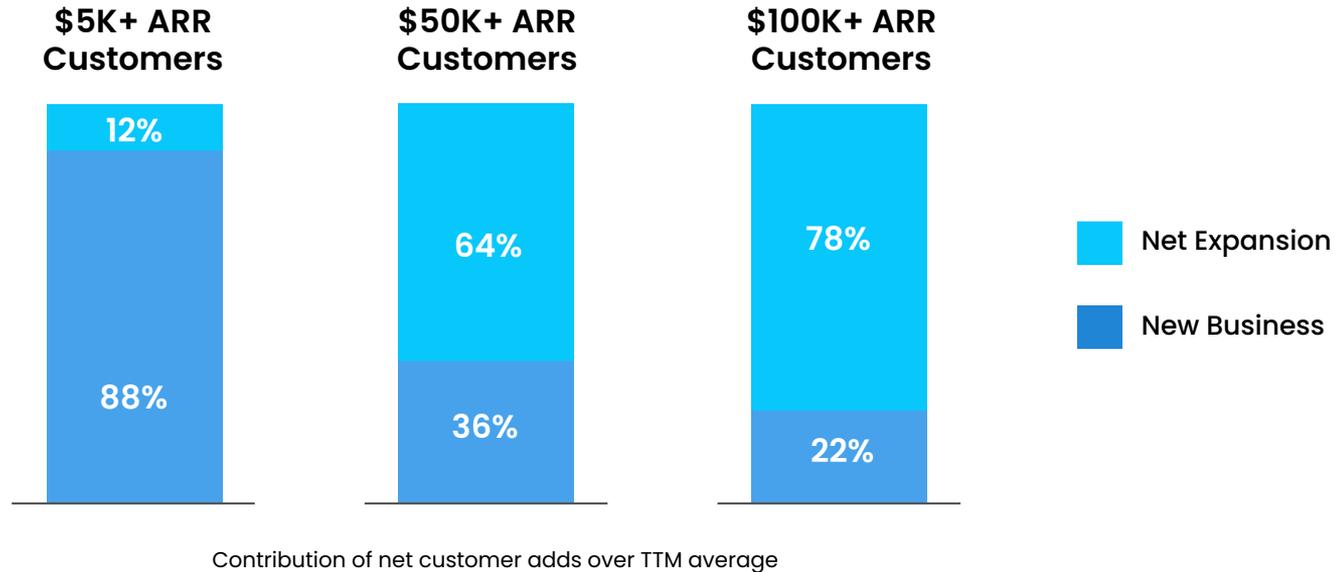
% of ARR

78% 82% 85% 87% 88%

29% 34% 41% 44% 46%

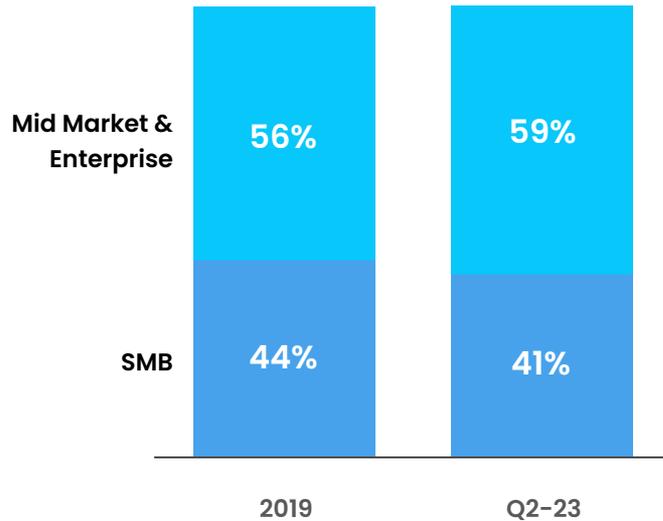
18% 22% 27% 29% 30%

Growth is coming from new lands for \$5K+ ARR customers and expansion for larger customer cohorts

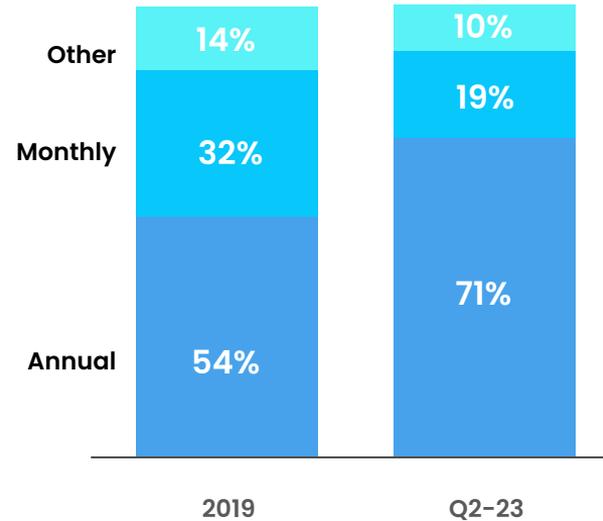


As we serve larger customers, our billing mix is evolving to longer duration

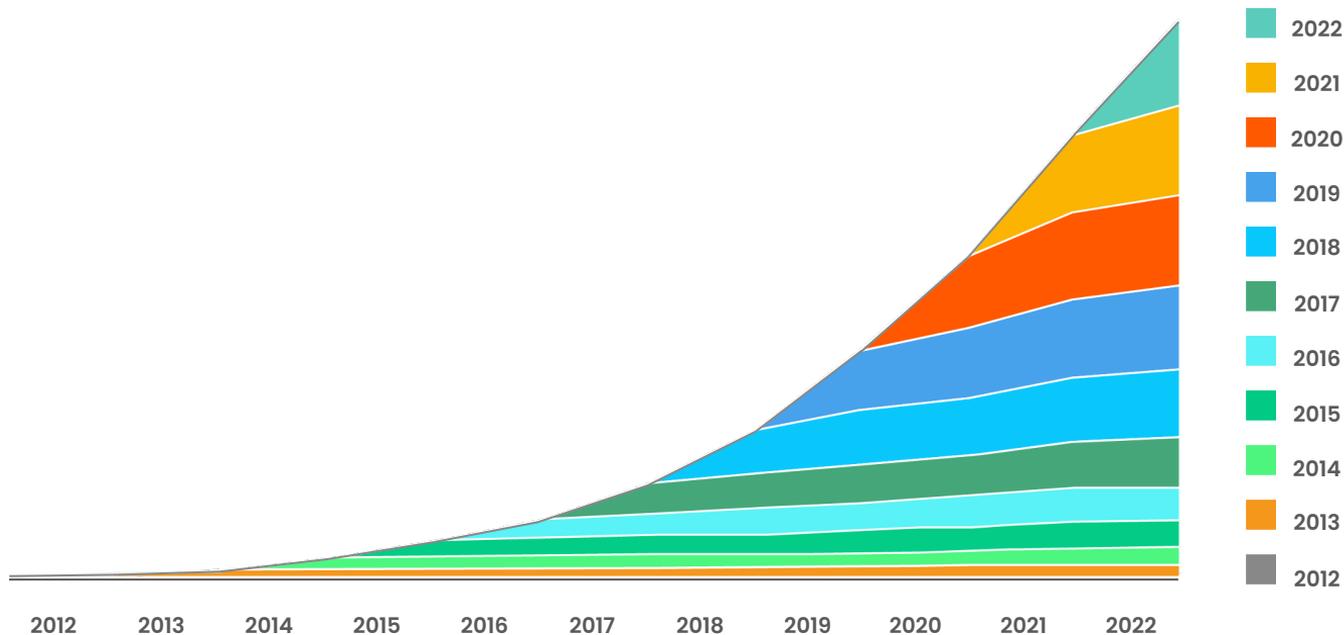
% of ARR Customer Segment



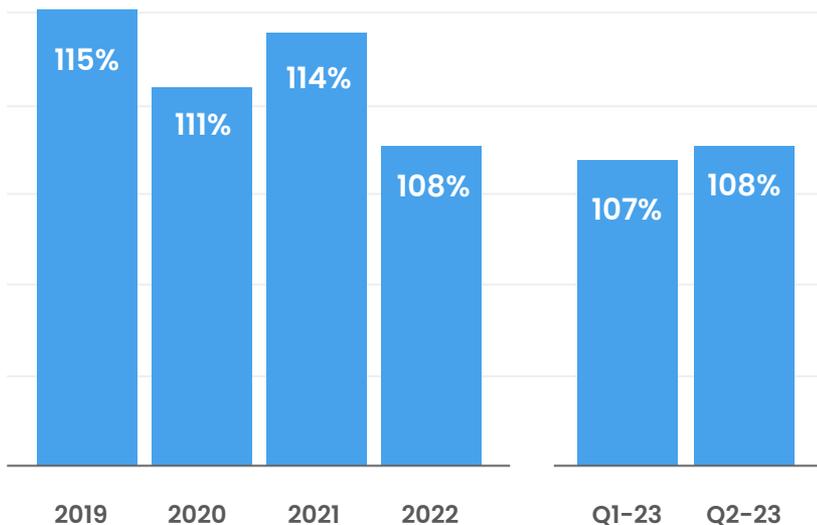
% of ARR by Billing Frequency



Our annual cohorts have delivered consistent expansion



Net dollar retention continues to drive growth with meaningful upside to improve expansion



Net Dollar Retention Rate is calculated by taking the Ending ARR of the cohort of customers from 12 months prior divided by the Entering ARR from 12 months ago. For example, Net Dollar Retention Rate would be 110% if the ARR of our customers ending Q2-22 was \$100 and the ARR of those customers grew to \$110 ending Q2-23. For clarity, above Net Dollar Retention Rate numbers are "as reported" numbers, not adjusted for constant currency.

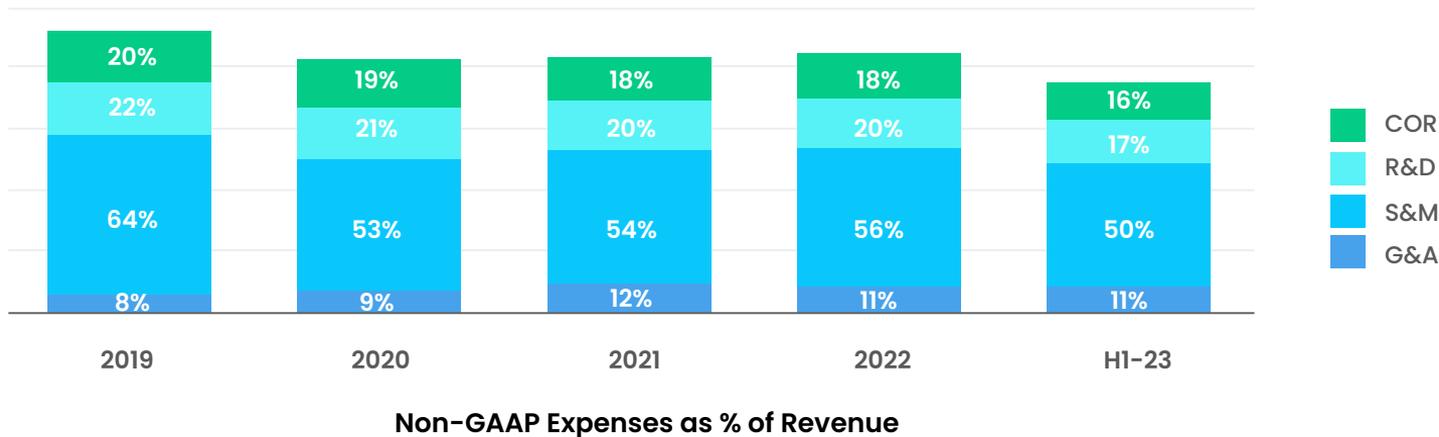
Note: Unless otherwise noted, above data is as of June 30, 2023.

Net Expansion Levers

- Purposeful **cross-sell motion**: multi-product adoption of 25%
- Drive **edition upgrades**: opportunity to upgrade across 250K+ agents in lower plans
- **Pricing** for increased capabilities and value: 4% lift in Freshservice realized price per agent
- **New products and add-ons**: new AI SKU for Copilot at \$29/agent/month
- **Churn rate**: improvement to mid - high teens driven by product maturity and mix shift

We are driving overall operating efficiency

Non-GAAP Gross Margin	80%	81%	82%	82%	84%
Non-GAAP Operating Margin	(15%)	(3%)	(5%)	(4%)	6%
FCF Margin	(13%)	9%	1%	(3%)	10%



Our India operations provide a strategic advantage

- 4,200 employees in India, or 85% of total employees, spanning each function of R&D, S&M and G&A
- GTM responsibilities for SMB, inbound and customer support
- Nearly all of product development and engineering with 1,600 employees
- Lower cost infrastructure allows us to scale and innovate fast



Our financial model creates operational agility



Growth Drivers

- Recurring revenue provides stability and predictability
- Shorter lead time for inbound provides ability to manage spend



Margin Levers

- Disciplined approach to hiring
- GTM investments driven by efficiency of spend
- Prudent discretionary spend



Operational Agility

2023 Financial estimates

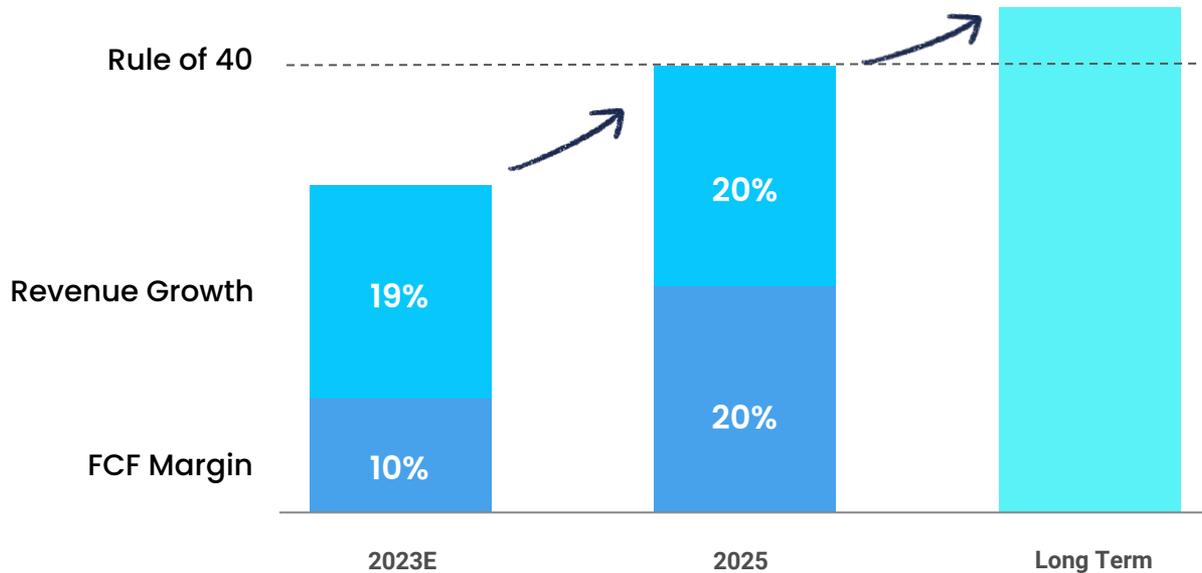
(\$ in millions except for per share data)	Q3-23 Est.	FY 2023 Est.
Revenue ⁽¹⁾	\$149.0 – \$151.5	\$587.0 – \$595.0
Year-over-year growth	16% – 18%	18% – 19%
Adjusting for constant currency ⁽²⁾	15% – 16%	18% – 20%
Non-GAAP income from operations ⁽¹⁾	\$6.0 – \$9.0	\$24.0 – \$32.0
Non-GAAP net income per share ⁽³⁾	\$0.04 – \$0.06	\$0.18 – \$0.22

(1) Revenue and non-GAAP income from operations are based on exchange rates as of July 28, 2023 for currencies other than USD. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures for the historical periods provided in this presentation.

(2) Revenue growth rates adjusted for constant currency are based on average exchange rates in effect during the comparison period for currencies other than USD.

(3) Non-GAAP net income per share was estimated assuming 300.2 million and 299.8 million weighted-average shares outstanding for the third quarter and full year 2023, respectively.

Planning to grow to the Rule of 40 and beyond



Note: Rule of 40 is calculated as the sum of revenue growth and free cash flow margin. 2023 figures are based on the midpoint of Freshworks full year 2023 financial estimates. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures.

More than \$1 billion revenue for 2026 in our baseline plan



20% CAGR

% of ARR

TODAY	2026
CS: 51%	CS: 35%
IT: 44%	IT: 60%
S&M: ~5%	S&M: 5%



ARPA continues to increase

TODAY	2026
ARPA: \$9K	ARPA: \$14K

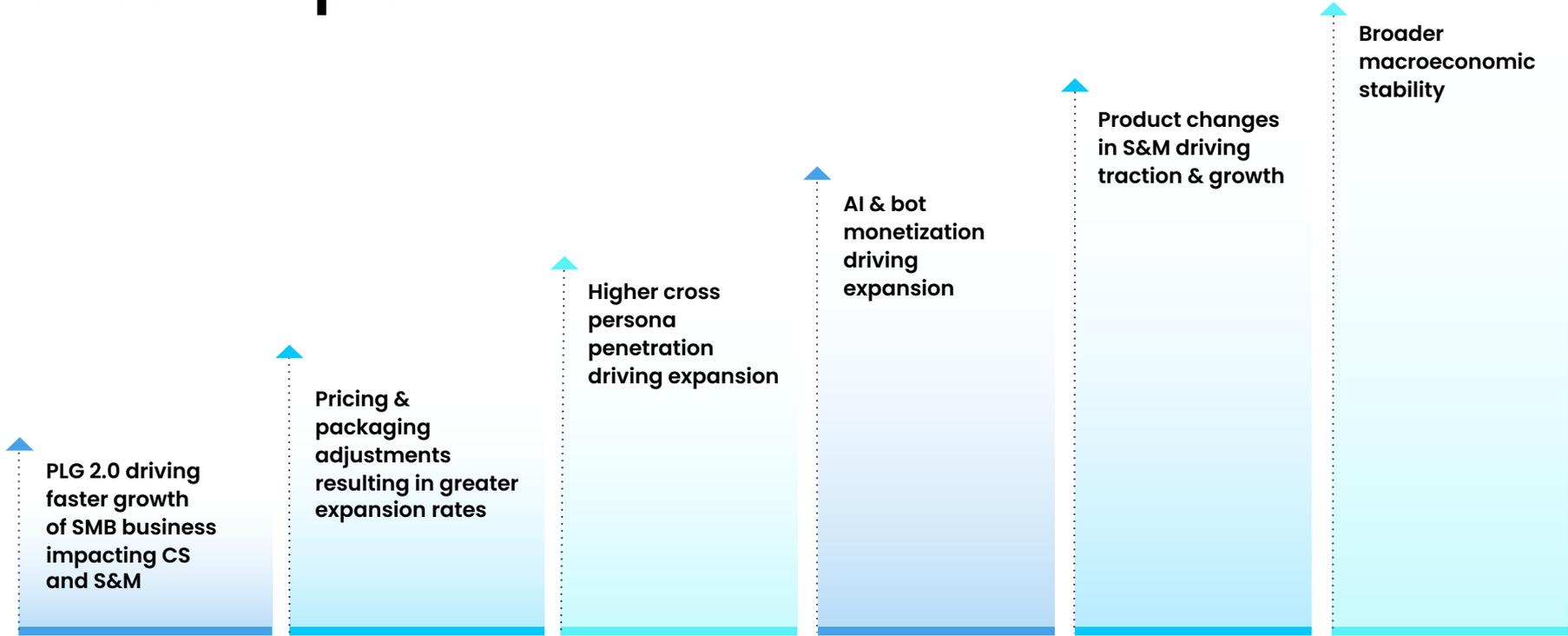
13% CAGR



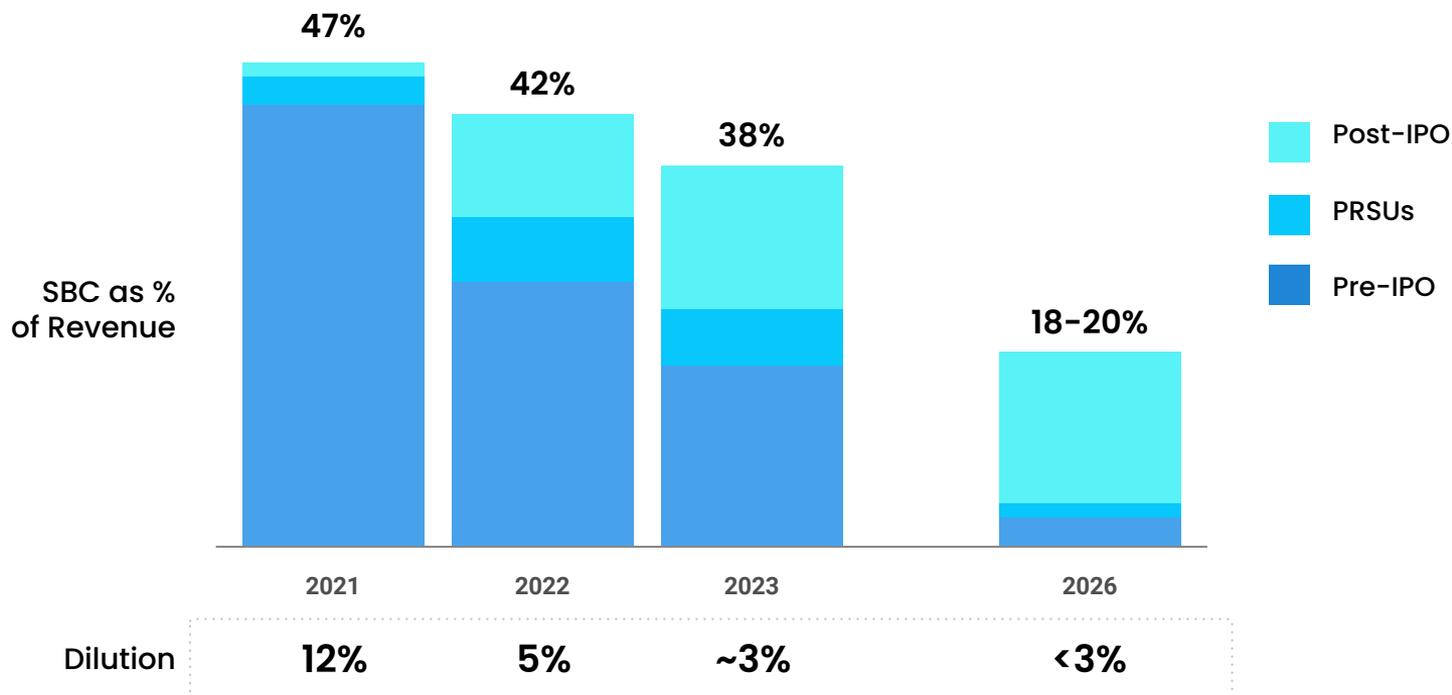
Larger customers driving growth

TODAY	2026
>\$5K ARR: 19.1K	>\$5K ARR: 30K+
>\$50K ARR: 2.2K	>\$50K ARR: 5K+

We have multiple sources of upside to the baseline plan



We are reducing SBC % and managing dilution



2026 Model leads to FCF margin of 20%+

	2023	2026
Revenue Growth	19%	20-22%
Non-GAAP		
Gross Margin	83%	83%
R&D As a % of Revenue	18%	17%
S&M As a % of Revenue	49%	37-39%
G&A As a % of Revenue	11%	9%
Operating Margin	5%	18-20%
Free Cash Flow Margin	10%	20-22%
GAAP Operating Margin	(33%)	0%

Notes: 2023 figures are based on the midpoint of Freshworks full year 2023 financial estimates.
See Appendix for reconciliation of all GAAP to Non-GAAP financial measures.

Summary of financial strategy



Durable revenue growth
building toward a multi-billion
dollar business



Investments driving 20% revenue
growth, with potential upside



Improving operating efficiency
and FCF generation to achieve
Rule of 40+



Financial model combines growth
with operating agility to deliver
shareholder value through
economic cycles

Our path to multi billion dollar scale



We are competing in three massive TAMs



We have business momentum moving upmarket and serving larger customers



Our customers are adopting multiple products as cross sell remains a large opportunity



AI & automation is a tailwind to our business creating incremental monetization opportunities



India provides a strategic advantage for the business

Q&A



Submit Questions
ir@freshworks.com

Appendix

Definitions

Customer: a unique domain or unique email address with at least one more more paid subscriptions to one or more of our products

ARPA: annual revenue per account

ARR: annual recurring revenue

CAGR: compounding annual growth rate

TTM: trailing twelve months

SMB: companies with 250 or fewer employees

Mid market & enterprise: companies with more than 250 employees

FCF: free cash flow is net cash provided by operating activities, less purchases of property and equipment and capitalized internal-use software.

SBC: stock based compensation

Use of Non-GAAP Measures

In addition to the U.S. generally accepted accounting principles (“GAAP”) financials, this presentation includes certain non-GAAP financial measures, including non-GAAP income (loss) from operations, non-GAAP gross profit, non-GAAP cost of revenue, non-GAAP operating expenses, and free cash flow. This presentation also includes certain non-GAAP metrics, including annual recurring revenue, average revenue per account, net dollar retention rates, revenue growth rates and related presentation thereof with adjustments for constant currency.

We use these non-GAAP measures in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance. We believe these non-GAAP measures provide investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our operating results. We believe these non-GAAP measures are useful in evaluating our operating performance compared to that of other companies in our industry, as they generally eliminate the effects of certain items that may vary for different companies for reasons unrelated to overall operating performance.

Investors, however, are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. The non-GAAP measures we use may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. We compensate for these limitations by providing specific information regarding the GAAP items excluded from these non-GAAP financial measures. Please see the appendix for a reconciliation of the non-GAAP financial measures used in this presentation to the most directly comparable GAAP financial measures.

GAAP to non-GAAP Reconciliations

Revenue

(\$ in millions)	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
GAAP Revenue	\$121.4	\$128.8	\$133.2	\$137.7	\$145.1
YoY Growth rates	37%	33%	26%	20%	19%
Add: Effects of foreign currency rate fluctuations	\$2.6	\$3.4	\$3.9	\$3.5	\$1.2
Revenue adjusted for constant currency ⁽¹⁾	\$124.0	\$132.2	\$137.1	\$141.2	\$146.3
YoY Growth rates - constant currency	40%	37%	30%	23%	20%

GAAP to non-GAAP Reconciliations

Cost of revenue

(\$ in millions)	2019	2020	2021	2022	H1-23
GAAP cost of revenue	\$36.5	\$52.5	\$78.0	\$95.8	\$50.1
Less: stock-based compensation expense - employee awards	-	-	(5.6)	(7.0)	(3.4)
Less: employer taxes and employee stock transactions	-	-	(0.3)	-	(0.1)
Less: amortization of acquired intangibles	(1.2)	(3.9)	(3.9)	(1.2)	(0.2)
Non-GAAP cost of revenue	\$35.3	\$48.6	\$68.2	\$87.5	\$46.4
GAAP cost of revenue as a percentage of revenue	21%	21%	21%	19%	18%
Non-GAAP cost of revenue as a percentage of revenue	20%	19%	18%	18%	16%

GAAP to non-GAAP Reconciliations

Gross profit

(\$ in millions)	2019	2020	2021	2022	H1-23
GAAP gross profit	\$135.9	\$197.2	\$293.0	\$402.2	\$232.7
Add: stock-based compensation expense - employee awards	-	-	5.6	7.0	3.4
Add: employer taxes and employee stock transactions	-	-	0.3	-	0.1
Add: amortization of acquired intangibles	1.2	3.9	3.9	1.2	0.2
Non-GAAP gross profit	\$137.1	\$201.0	\$302.8	\$410.5	\$236.3
GAAP gross margin	79%	79%	79%	81%	82%
Non-GAAP gross margin	80%	81%	82%	82%	84%

GAAP to non-GAAP Reconciliations

Operating expenses

(\$ in millions)	2019	2020	2021	2022	H1-23
GAAP sales and marketing	\$111.1	\$133.3	\$260.3	\$343.2	\$174.8
Less: stock-based compensation expense - employee awards	(0.1)	-	(53.2)	(64.3)	(33.0)
Less: employer taxes and employee stock transactions	-	-	(4.6)	(1.3)	(1.0)
Less: amortization of acquired intangibles	(0.3)	(0.4)	(0.4)	(0.4)	(0.1)
Non-GAAP sales and marketing	\$110.7	\$132.9	\$202.2	\$277.2	\$140.6
GAAP sales and marketing as percentage of revenue	64%	53%	70%	69%	62%
Non-GAAP sales and marketing as percentage of revenue	64%	53%	54%	56%	50%

(\$ in millions)	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
GAAP sales and marketing	\$71.5	\$90.0	\$86.9	\$94.8	\$86.8	\$88.0
Less: stock-based compensation expense - employee awards	(12.5)	(15.0)	(16.6)	(20.1)	(15.8)	(17.3)
Less: employer taxes and employee stock transactions	0.5	(0.7)	(0.7)	(0.3)	(0.6)	(0.4)
Less: amortization of acquired intangibles	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-
Non-GAAP sales and marketing	\$59.3	\$74.2	\$69.4	\$74.3	\$70.4	\$70.2
GAAP sales and marketing as percentage of revenue	62%	74%	67%	71%	63%	61%
Non-GAAP sales and marketing as percentage of revenue	52%	61%	54%	56%	51%	48%

GAAP to non-GAAP Reconciliations

Operating expenses

(\$ in millions)	2019	2020	2021	2022	HI-23
GAAP research and development	\$38.6	\$69.2	\$120.4	\$135.5	\$67.0
Less: stock-based compensation expense - employee awards	(0.2)	(15.9)	(45.2)	(36.4)	(19.0)
Less: employer taxes and employee stock transactions	-	-	(1.2)	0.1	(0.2)
Non-GAAP research and development	\$38.4	\$53.2	\$74.1	\$99.2	\$47.8
GAAP research and development as percentage of revenue	22%	28%	32%	27%	24%
Non-GAAP research and development as percentage of revenue	22%	21%	20%	20%	17%
(\$ in millions)	2019	2020	2021	2022	HI-23
GAAP general and administrative	\$15.9	\$50.8	\$117.0	\$156.8	\$82.2
Less: stock-based compensation expense - employee awards	-	(27.4)	(69.5)	(99.9)	(49.4)
Less: employer taxes and employee stock transactions	-	-	(2.7)	(0.6)	(0.5)
Less: acquisition-related expenses	(1.3)	(0.3)	-	-	-
Non-GAAP general and administrative	\$14.6	\$23.1	\$44.8	\$56.4	\$32.3
GAAP general and administrative as percentage of revenue	9%	20%	32%	31%	29%
Non-GAAP general and administrative as percentage of revenue	8%	9%	12%	11%	11%

GAAP to non-GAAP Reconciliations

Income (loss) from operations

(\$ in millions)	2019	2020	2021	2022	H1-23
GAAP income (loss) from operations	(\$29.7)	(\$56.1)	(\$204.8)	(\$233.4)	(\$91.4)
Add: stock-based compensation expense - employee awards	0.3	43.3	173.4	207.7	104.9
Add: employer taxes and employee stock transactions	-	-	8.8	1.8	1.8
Add: amortization of acquired intangibles	1.4	4.3	4.3	1.6	0.3
Add: acquisition-related expenses	1.3	0.3	-	-	-
Non-GAAP income (loss) from operations	(\$26.6)	(\$8.3)	(\$18.3)	(\$22.3)	\$15.6
GAAP operating margin	(17%)	(22%)	(55%)	(47%)	(32%)
Non-GAAP operating margin	(15%)	(3%)	(5%)	(4%)	6%

GAAP to non-GAAP Reconciliations

Free cash flow

(\$ in millions)	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Net cash provided by (used in) operating activities	\$1.4	(\$6.8)	(\$4.2)	\$7.2	\$11.5	\$19.9
Less: purchases of property and equipment	(\$1.4)	(\$2.0)	(\$1.9)	(\$1.8)	(\$0.4)	(\$0.3)
Less: capitalized internal-use software	(\$1.3)	(\$1.4)	(\$1.1)	(\$1.3)	(\$2.0)	(\$1.5)
Free cash flow	(\$1.4)	(\$10.2)	(\$7.2)	\$4.0	\$9.1	\$18.1
Net cash provided by (used in) investing activities	(\$25.6)	\$4.8	(\$140.2)	(\$123.8)	\$41.3	\$2.8
Net cash (used in) financing activities	(\$120.0)	(\$11.3)	(\$13.4)	(\$11.6)	(\$12.4)	(\$11.0)

GAAP to non-GAAP Reconciliations

Free cash flow

(\$ in millions)	2019	2020	2021	2022	H1-23
Net cash provided by (used in) operating activities	(\$8.2)	\$32.5	\$11.5	(\$2.5)	\$31.4
Less: purchases of property and equipment	(\$11.5)	(\$4.4)	(\$5.6)	(\$7.1)	(\$0.7)
Less: capitalized internal-use software	(\$3.3)	(\$4.6)	(\$3.6)	(\$5.1)	(\$3.5)
Free cash flow	(\$23.0)	\$23.5	\$2.3	(\$14.7)	\$27.2
Free cash flow margin	(13%)	9%	1%	(3%)	10%
Net cash provided by (used in) investing activities	(\$148.9)	(\$11.4)	(\$420.3)	(\$284.8)	\$44.1
Net cash (used in) financing activities	\$150.2	(\$1.9)	\$1,058.4	(\$156.0)	(\$23.4)