



# Q4 2024 Earnings Presentation

February 11, 2025

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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 on Form 10-K for the year ended December 31, 2023 and other documents of Freshworks Inc. we file with the Securities and Exchange Commission from time to time (available at [www.sec.gov](http://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.

# 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 from operations and adjusted free cash flow. This presentation also includes certain non-GAAP metrics, including annual recurring revenue, 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.

**We provide people-first, AI service software to deliver exceptional customer and employee experiences.**

# Working with amazing brands around the globe

72,000+ customers in over 120 countries over multiple verticals

Retail, logistics,  
and ecommerce



Financial  
services



Auto and  
manufacturing



Media and  
entertainment



High-tech



Hospitality and  
transportation



State, local  
and education

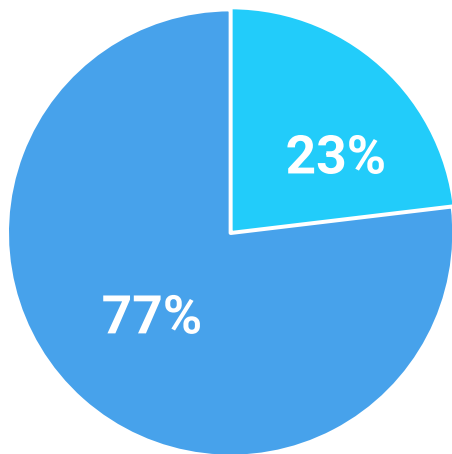


# Welcoming more customers every quarter...

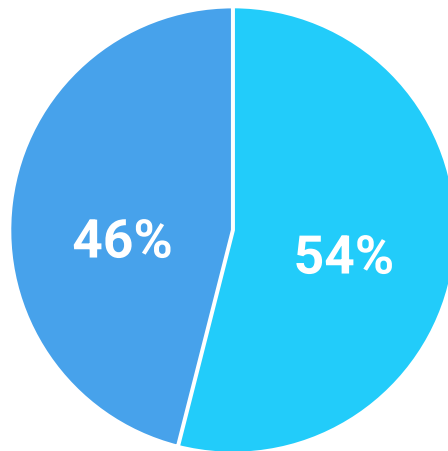


# Large Customers are using Freshworks

Over 60% of total ARR comes from Mid Market and Enterprise Customers



**Employee Experience**



**Customer Experience**

Represents ARR distribution of the following segments:



# Freshworks solutions

Freshworks Platform and Freddy infuse AI across all products

## PRODUCTS

### Employee Experience



Freshservice



Freshservice  
for Business Teams



Device42

### Customer Experience



Freshdesk  
Omni\*



Freshdesk



Freshchat



Freshsales



Freshmarketer

## PLATFORM



Freshworks Platform



Freddy AI

## AI

### Freddy AI Agent

for Customers & Employees

### Freddy AI Copilot

for Customer Service, Sales,  
Marketing, IT & Developers

### Freddy AI Insights

for Business Leaders

### Integrate & Extend

Marketplace

Developer tools

### Unify

Data

Analytics

### Manage & Secure

Admin

Security



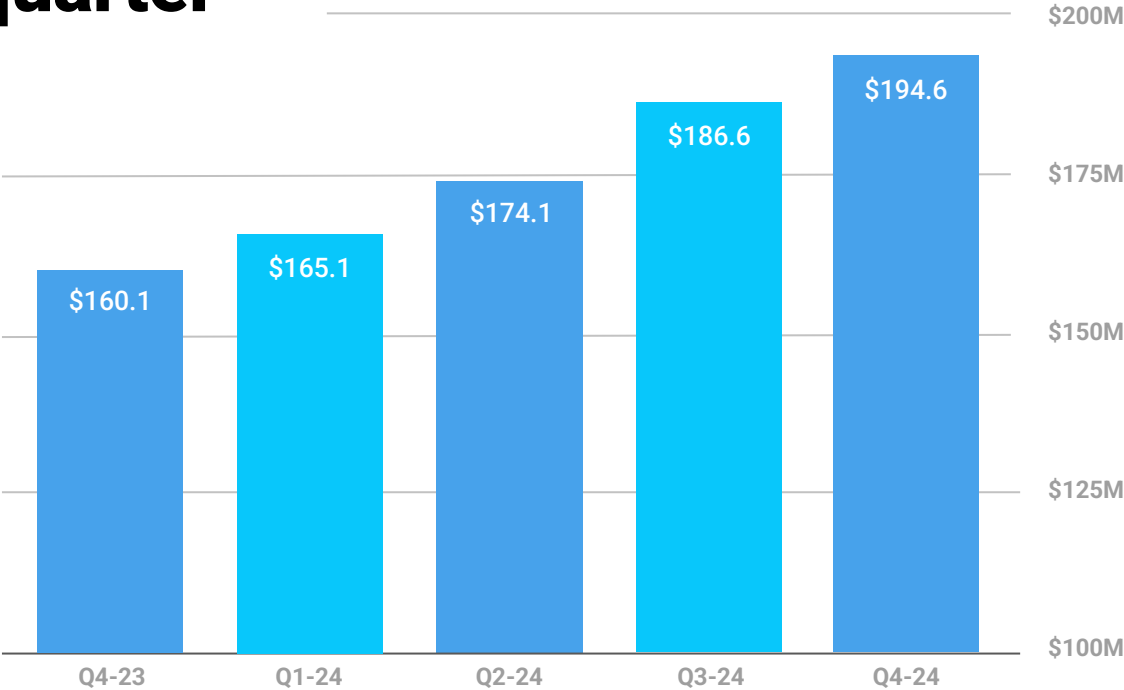
\*Formerly Customer Service Suite

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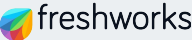
# Revenue by quarter

(\$ in millions)



YoY Growth  
YoY Growth CC

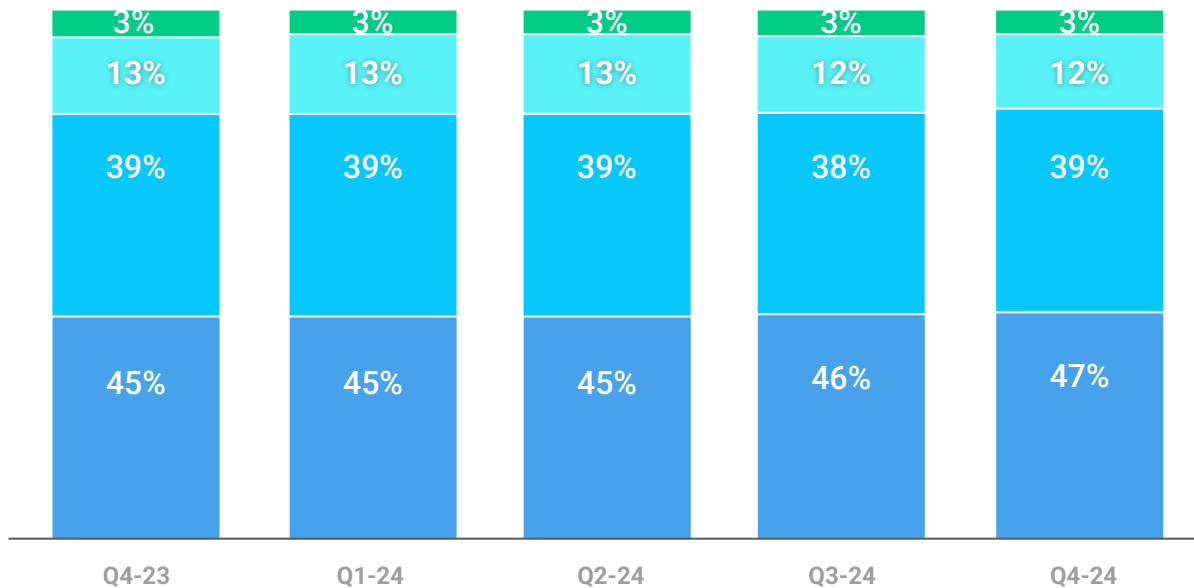
20%	20%	20%	22%	22%
19%	19%	20%	22%	21%



Note: Revenue growth rates adjusted for constant currency are based on average exchange rates in effect during the comparison period for currencies other than USD. 2024 financial data reflects unaudited results as of December 31, 2024. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures. Numbers rounded for presentation purposes and may not foot.

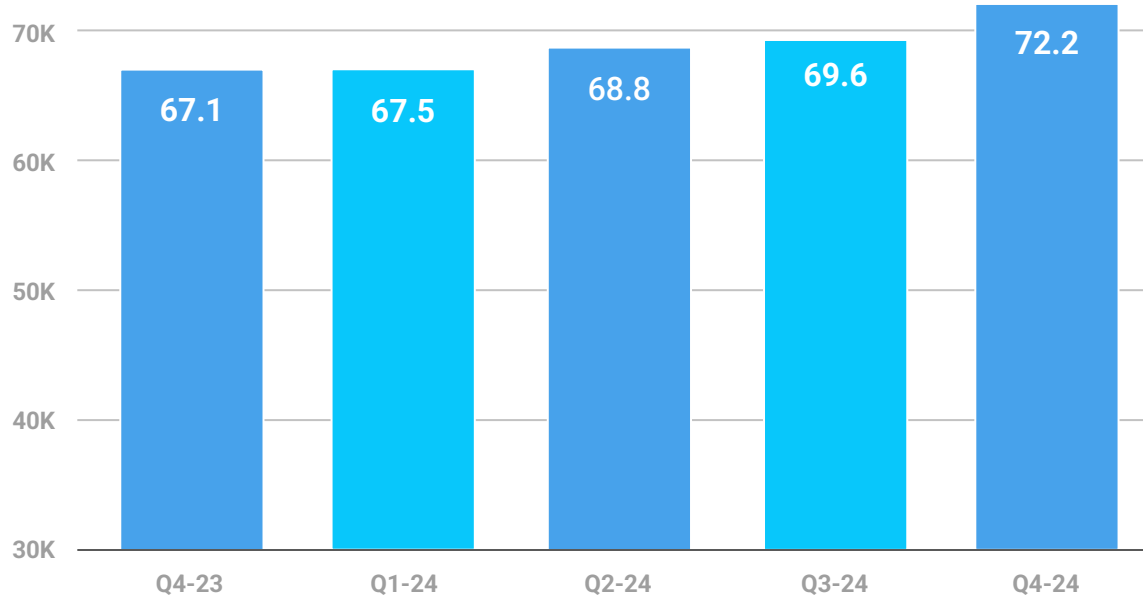
All financial numbers for Q2-24 and thereafter include the results of Device42, Inc. for the period after the close of the acquisition.

# Revenue by geography



# Total customers

(in thousands)



YoY Growth

6%

4%

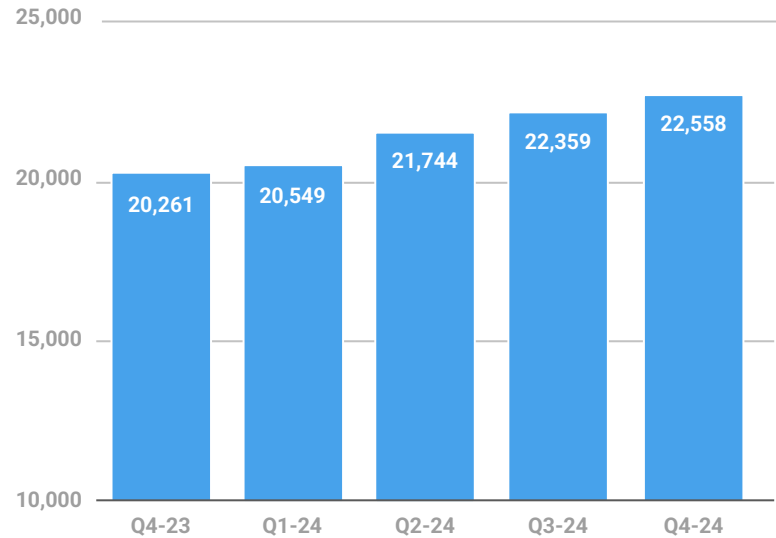
5%

5%

8%

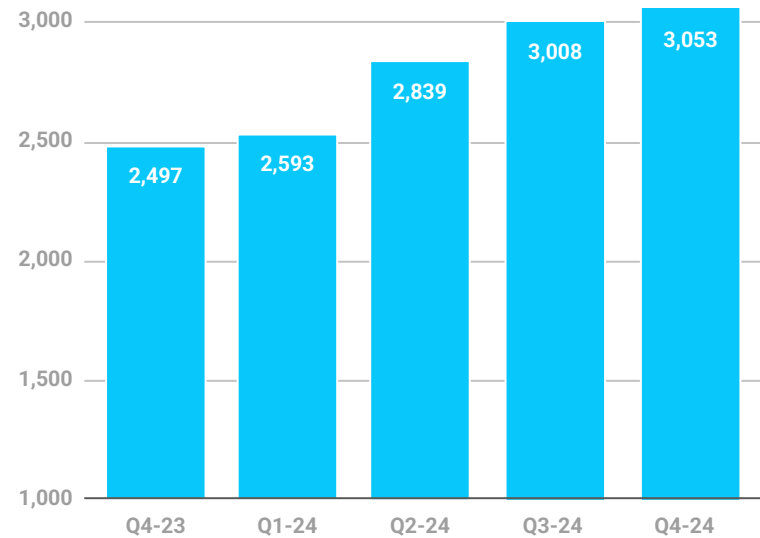
# Customer metrics

Customers >\$5K ARR



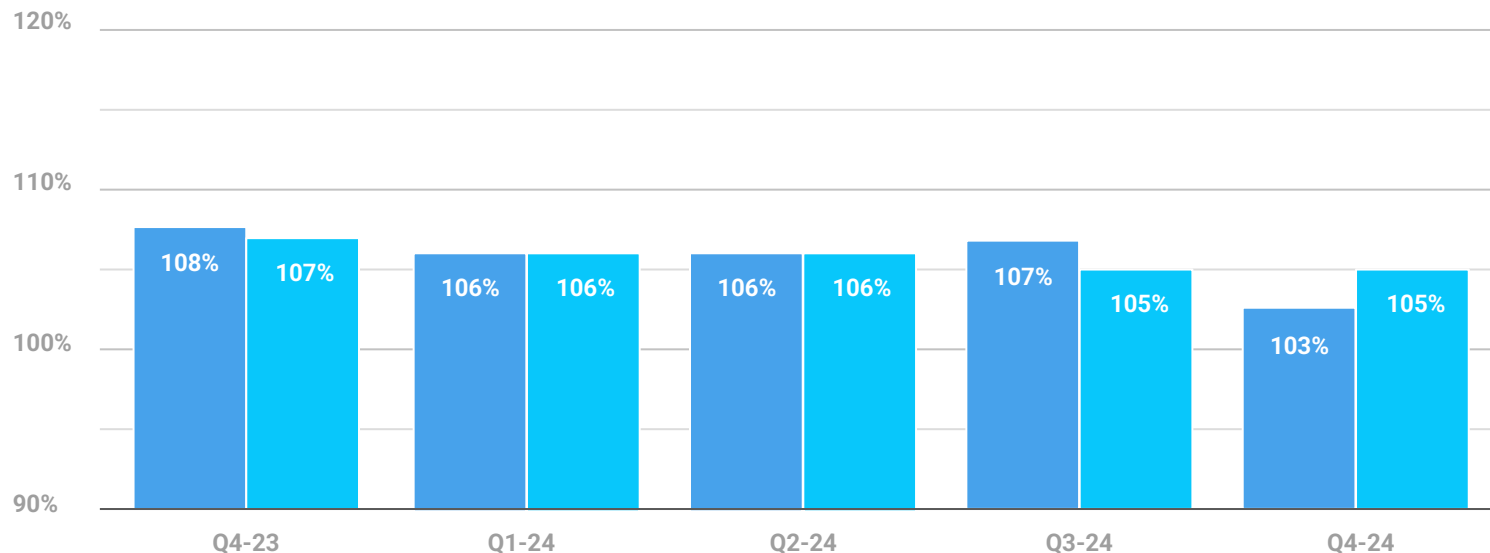
YoY Growth	14%	11%	14%	14%	11%
YoY Growth CC	14%	12%	14%	14%	13%

Customers >\$50K ARR



YoY Growth	31%	29%	30%	33%	22%
YoY Growth CC	30%	29%	30%	30%	24%

# Net dollar retention



Net Dollar Retention



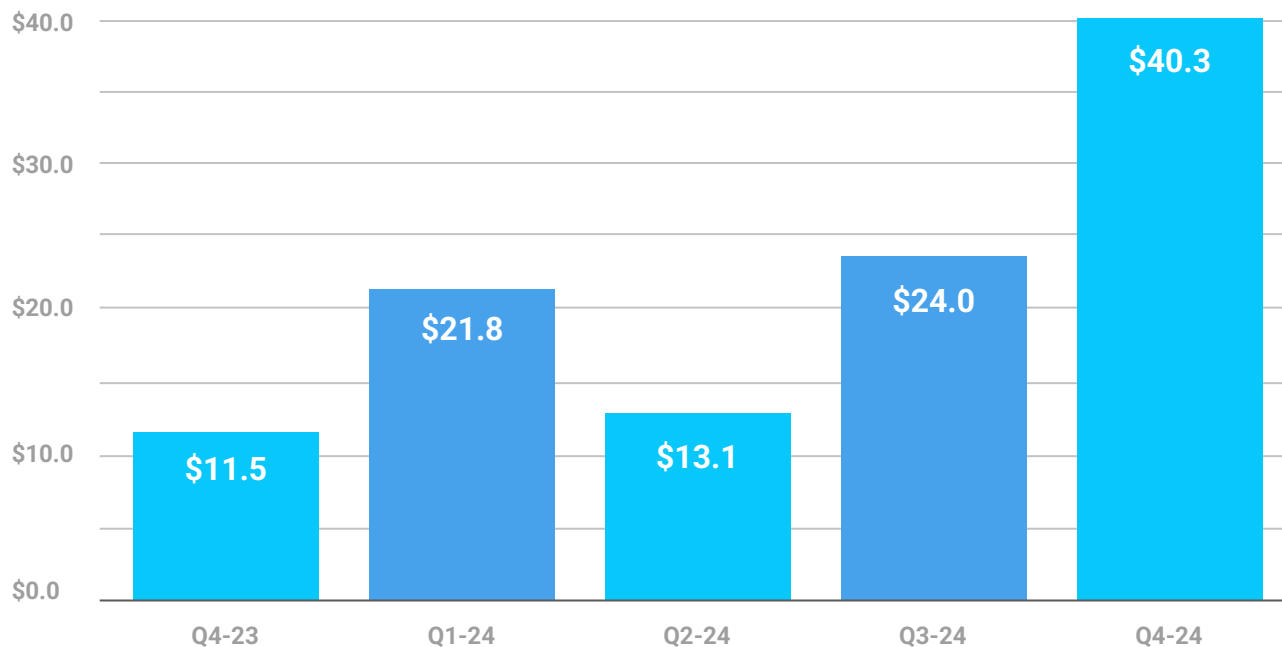
Net Dollar Retention CC

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. Ending ARR includes upsells, cross-sells, renewals and expansion as a result of acquisitions during the measurement period and is net of any contraction or attrition over this period. For example, Net Dollar Retention Rate would be 110% if the ARR of our customers ending Q4-23 was \$100 and the ARR of those customers grew to \$110 ending Q4-24.

Note: Net Dollar Retention adjusted for constant currency are based on exchange rates in effect as of the comparison period end for currencies other than USD.

# Non-GAAP income from operations

(\$ in millions)

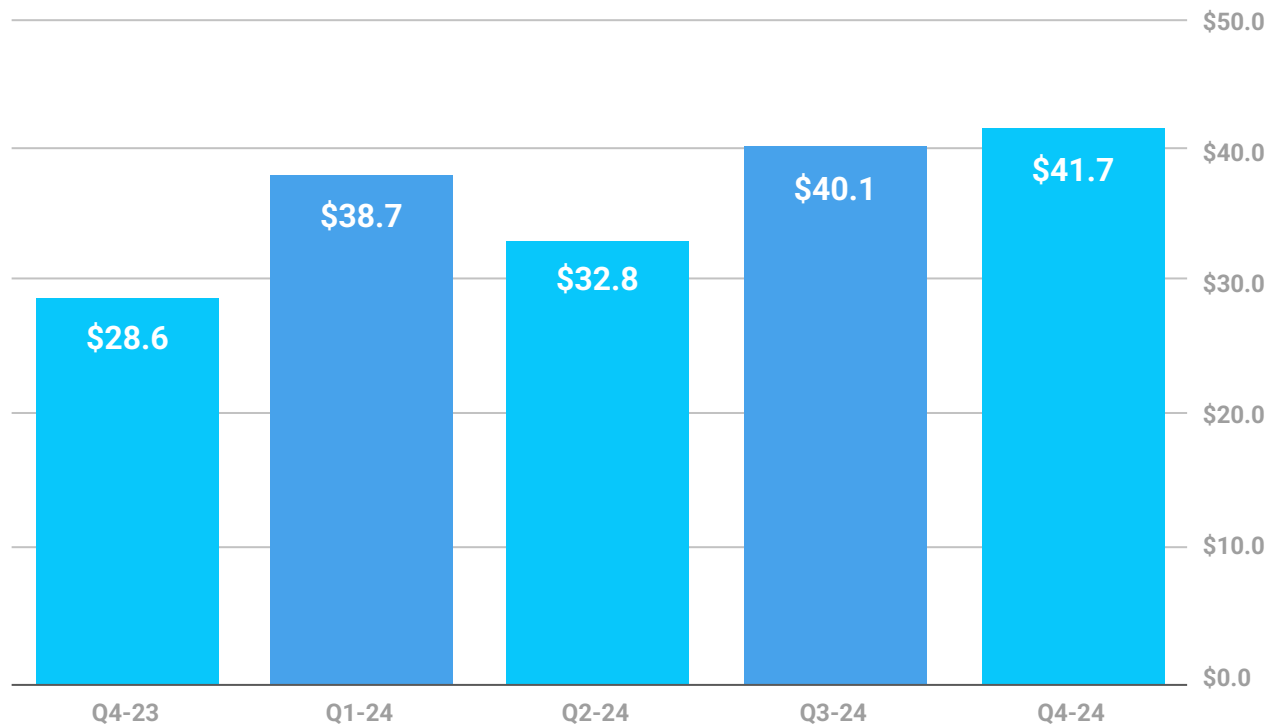


Note: 2024 financial data reflects unaudited results as of December 31, 2024. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures.

Q4'24 Non-GAAP income from operations excludes restructuring charges of \$9.7 million, which primarily consists of employee severance and other employee termination benefits associated with the restructuring plan initiated in November 2024.

# Free cash flow

(\$ in millions)



We define free cash flow as net cash provided by operating activities, less purchases of property and equipment and capitalized internal-use software. We believe that free cash flow is a useful indicator of liquidity as it measures our ability to generate cash from our core operations after purchases of property and equipment.

Note: 2024 financial data reflects unaudited results as of December 31, 2024. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures.

Q4'24 free cash flow adds back restructuring costs paid of \$7.3 million, which primarily consists of employee severance and other employee termination benefits associated with the restructuring plan initiated in November 2024.

# Financial outlook

(\$ in millions except for per share data)	Q1-25	2025
Revenue <sup>(1)</sup>	\$190.0 - \$193.0	\$809.0 - \$821.0
Year-over-year growth	15% - 17%	12% - 14%
Year-over-year growth (constant currency)	16% - 18%	13% - 15%
Non-GAAP income from operations <sup>(1)</sup>	\$32.5 - \$34.5	\$131.0 - \$139.0
Non-GAAP net income per share <sup>(2)</sup>	\$0.12 - \$0.14	\$0.52 - \$0.54

(1) Revenue and non-GAAP income from operations are based on exchange rates as of February 7, 2025 for currencies other than USD.

(2) Non-GAAP net income per share was estimated assuming 307.3 million and 306.4 million weighted-average shares outstanding for the first quarter and full year 2025, respectively.



# **GAAP to non-GAAP Reconciliations**

# GAAP to non-GAAP Reconciliations

## Revenue

(\$ in millions)	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24
GAAP Revenue	\$160.1	\$165.1	\$174.1	\$186.6	\$194.6
YoY Growth rates	20%	20%	20%	22%	22%
<b>Add:</b> Effects of foreign currency rate fluctuations	(\$2.2)	(\$0.6)	\$0.2	\$0.1	(\$1.0)
Revenue adjusted for constant currency <sup>(1)</sup>	\$157.9	\$164.5	\$174.3	\$186.7	\$193.5
YoY Growth rates - constant currency	19%	19%	20%	22%	21%

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

Note: 2024 financial data reflects unaudited results as of December 31, 2024. Numbers rounded for presentation purposes and may not foot.

# GAAP to non-GAAP Reconciliations

## Income (loss) from operations

(\$ in millions)	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24
GAAP (loss) from operations	(\$40.0)	(\$32.2)	(\$43.8)	(\$38.9)	(\$23.8)
<b>Add:</b> stock-based compensation expense - employee awards	\$50.6	\$52.4	\$55.1	\$58.7	\$50.4
<b>Add:</b> employer taxes and employee stock transactions	\$0.9	\$1.5	\$0.8	\$0.5	\$0.4
<b>Add:</b> amortization of acquired intangibles	\$0.0	\$0.0	\$1.0	\$3.6	\$3.6
<b>Add:</b> restructuring charges	\$0.0	\$0.0	\$0.0	\$0.0	\$9.7
Non-GAAP income (loss) from operations	\$11.5	\$21.8	\$13.1	\$24.0	\$40.3
GAAP operating margin	(25%)	(19%)	(25%)	(21%)	(12%)
Non-GAAP operating margin	7%	13%	8%	13%	21%

# GAAP to non-GAAP Reconciliations

## Free cash flow

(\$ in millions)	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24
Net cash provided by operating activities	\$30.9	\$40.6	\$36.3	\$42.3	\$41.4
<b>Less:</b> purchases of property and equipment	(\$1.1)	(\$0.7)	(\$2.3)	(\$1.1)	(\$5.1)
<b>Less:</b> capitalized internal-use software	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.9)
<b>Add:</b> restructuring costs paid	\$0.0	\$0.0	\$0.0	\$0.0	\$7.3
Adjusted free cash flow	\$28.6	\$38.7	\$32.8	\$40.1	\$41.7
Net cash provided by (used in) investing activities	\$12.2	(\$37.8)	(\$182.7)	\$50.2	\$209.1
Net cash (used in) financing activities	(\$13.2)	(\$23.0)	(\$11.4)	(\$11.6)	(\$21.3)