

10-Feb-2022

Freshworks, Inc. (FRSH)

Q4 2021 Earnings Call

CORPORATE PARTICIPANTS

Joon Huh

Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

OTHER PARTICIPANTS

David Hynes

Analyst, Canaccord Genuity LLC

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Alex Zukin

Analyst, Wolfe Research LLC

Luv Sodha

Analyst, Jefferies LLC

Brad Sills

Analyst, BofA Securities, Inc.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Chase Donovan

Analyst, Raymond James & Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by, and welcome to the Freshworks Inc.'s Fourth Quarter and Full Year 2021 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] As a reminder, today's program may be recorded.

I would now like to introduce your host for today's program, Joon Huh, Vice President, Investor Relations. Please go ahead.

Joon Huh

Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.

Thank you, Jonathan. Good afternoon and welcome to Freshworks' fourth quarter and full year 2021 earnings conference call. Joining me today are Girish Mathrubootham, Freshworks' Chief Executive Officer; and Tyler Sloat, Freshworks' Chief Financial Officer. The primary purpose of today's call is to provide you with information regarding our fourth quarter and full year 2021 performance and our financial outlook for our first quarter and full year 2022.

Some of our discussion and responses to your questions may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Freshworks' current expectations and estimates about its business and industry, management's beliefs and

certain assumptions made about the company as of the date hereof, all of which are subject to change. These statements are subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from those projected in the forward-looking statements.

For a discussion of material risks and other important factors that could affect our results, please refer to today's earnings release, our most recently filed Form 10-Q and other periodic filings with the SEC. Freshworks assumes no obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this presentation, except as required by law.

During the course of today's call, we'll refer to certain non-GAAP financial measures. Reconciliations between GAAP and non-GAAP financial measures are included in our earnings release, which is available on our Investor Relations website at ir.freshworks.com. I encourage you to visit our Investor Relations site to access our earnings release, periodic SEC reports, a replay of today's call or to learn more about Freshworks.

And with that, let me turn it over to Girish.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Thanks, Joon, and hello, everyone. Thank you for joining us today as we review the fourth quarter and full year 2021 highlights for Freshworks and our priorities and guidance for this year. Q4 was another strong quarter where revenue grew 44% to \$105.5 million. This is also our first \$100 million revenue quarter as a company. So, we had robust renewal activity in Q4, and our new business activity is seeing positive momentum with our field sales teams closing a number of sizable mid-market deals. We also had another good expansion quarter in Q4. It is encouraging to see that companies of all sizes are demanding Freshworks' easy-to-use, modern products that are designed with the user in mind.

We accomplished a lot in 2021. We became a publicly traded company in September and ended the year with over 56,000 customers. We received industry validation from Gartner. Our flagship product, Freshdesk, was recognized as a Visionary in the 2021 Gartner Magic Quadrant for CRM Customer Engagement Center, and Freshservice was recognized as a Challenger in the ITSM Magic Quadrant. More recently, Freshservice was also recognized as a Strong Performer in the Forrester Wave for Enterprise Service Management.

Last year, we also strengthened our board with three new independent directors and expanded our leadership team with proven public company experience. On the people front, I'm incredibly proud of our employees for their focus and dedication, as we continue to innovate, put customers first and execute as a public company. Overall, 2021 was a great year for Freshworks.

Now, turning to the GTM highlights, in Q4, our field sales engine performed well, driving new logo acquisition and new revenue. Our inbound motion continues to be an efficient high-velocity go-to-market engine catering to SMB and mid-market customers. We also saw positive momentum on multi-product adoption. As of Q4, 21% of our customers use more than one Freshworks product. In the cohort of customers paying more than \$5,000 in annual recurring revenue, the multi-product adoption is even higher at 35%.

A good example of multi-product usage is our customer 7-Eleven. Their customer support team had to deal with a wide variety of incoming requests from multiple channels. By switching to Freshdesk Support Desk and Contact Center products, 7-Eleven support agents saw significant productivity benefits from a modern tool and managers were able to improve key support metrics with better insights. We are encouraged to learn that 7-Eleven team is planning to expand their Freshworks product usage even further.

Smaller organizations also see the value of working with multiple Freshworks products. The SouthEast Alaska Regional Health Consortium, a non-profit group serving the health interest of the native people of Southeast Alaska, is using both Freshservice and Freshdesk messaging products to manage their IT helpdesk in rural locations across thousands of miles. Now, they can more easily onboard new users improving efficiency and record-keeping. These multi-product trends have naturally led to higher revenue per account and contributed to improvements in churn for us.

In November, we held Refresh, our annual user conference. We had over 18,000 online registrants. We had several mid-market customers showcase their unique product use cases live from Las Vegas. We also held our inaugural Champions of Delight awards recognizing customers who delivered innovative and delightful employee and customer experiences using our products. At Refresh, we also introduced new product capabilities in IT operations management within Freshservice.

One of our customers, PowerSchool, is a leading provider of K-through-12 education technology in North America, serving over 1,000 schools and supporting millions of students. They are using our new ITOM capabilities in Freshservice to increase their deployment frequency for the 40-plus product that they support and have reduced the rate of IT issues by over five times. This allows them to minimize downtime and enable children to keep learning. Overall, we had a strong fourth quarter and a good finish to 2021.

Now, looking ahead to 2022, Freshworks has a big opportunity to grow in our target markets. Today, every consumer-facing business is exploring new and better ways to engage with customers across digital and social channels like WhatsApp, text messaging or Instagram. For 2022, we are prioritizing customer experience and CRM product enhancements around these changing market trends. Leading consumer brands like Discover, Klarna, Delivery Hero and Paytm already use our messaging product to engage with their customers and automate support over digital channels.

We will be increasing our product efforts to drive conversational agent experiences and increase coverage of digital channels and also offer self-service bots across various new channels. So, we'll also continue investing in core helpdesk capabilities and strengthen our Support Desk product.

Our second priority is our expansion beyond the ITSM market. Businesses are rapidly moving their technology applications to their cloud, and we frequently hear teams complaining about alarm fatigue, the overwhelming number of tools they have to use and the manual activities leading to delays in identifying and fixing issues.

Based on validation from our early customers, we plan to increase our efforts in offering an integrated IT operations management solution that enables IT and engineering teams to anticipate service disruption, prevent outages and minimize customer impact. These innovations to our Freshservice product will help us further address the \$34 billion IT operations management market opportunity.

We plan to continue investing in our Neo platform, which provides shared services and enables rapid product innovation. This includes allowing our customers to extend and integrate our products with their business processes and continued work towards our vision of a unified CRM product to break down the silos across marketing, sales and support.

To wrap up, we believe there is tremendous opportunity across all three markets we operate in. We are investing for the long term and will continue to deliver modern, unified products that users actually love using.

I will now turn it over to our CFO, Tyler, to share more on our financial results.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Thanks, G, and thanks to all of you joining on the webcast. As G mentioned earlier, we had a strong finish to the year and delivered a good fourth quarter. Before diving into our financial results, I want to acknowledge all the great work and execution across all of our teams here at Freshworks over the past year. Our employees have really done a tremendous job and we would really like to thank them. So, thank you.

Now, for today's call, I'll cover the financial results from our fourth quarter and also provide some key business trends we saw over the past year and 2021. Afterward, I'll transition to our forward-looking commentary and close with our expectations for Q1 and for the full year of 2022. As I go through our financial results, I'll focus most of my discussion around non-GAAP numbers, as this better represents how we manage our business. These non-GAAP numbers exclude the impact of stock-based compensation and related expenses, payroll taxes on employee stock transactions, amortization of acquired intangibles and other adjustments.

Starting with revenue, we delivered \$105.5 million in Q4, representing strong year-over-year growth of 44% for the quarter and 49% for the full year 2021. In Q4, we continued to see healthy expansion and upsell activity from our existing customers. The leading form of expansion continued to be driven by additional seats or agents. Our new business picked up momentum resulting in us closing more business early in the quarter, while also closing several larger mid-market-type deals in the field.

In terms of revenue contribution, nearly all of our revenue is subscription revenue, as our products are designed for easy onboarding, requiring little or no implementation costs. As a result, services revenue represented less than 5% of total revenue for the full year of 2021.

In Q4, our non-GAAP gross margins maintained an impressive rate of nearly 83%. This is the result of the ongoing efficiencies we're able to realize in our infrastructure spend and an improved revenue mix from higher-margin products, especially in the second half of the year.

Our non-GAAP operating expenses increased by \$37.4 million compared to the prior year to \$98.2 million. The majority of this increase is the result of personnel costs, as we continued to hire and make investments across the company to support the rapid growth of our business over the past year.

In addition to preparing us for public company operations, in terms of quarter-over-quarter comparisons, our non-GAAP sales and marketing expenses increased \$7.4 million, with notable items coming from personnel costs, user conference costs and reseller commissions.

Non-GAAP G&A expenses increased \$6.9 million quarter-over-quarter to \$17.9 million, partially driven by one-time costs related to a legal settlement in Q4. All of this led to a non-GAAP operating loss of \$10.7 million for the quarter. For the full year 2021, non-GAAP operating loss was \$18.3 million. As of December 31, 2021, we had approximately 322 million shares outstanding on a fully diluted basis using the treasury method.

Turning to our operating metrics, net dollar retention was 114% in Q4, which was negatively impacted by 1% due to FX. For contrast, FX in Q3 had a 1% positive impact in the 117% figure. So, on a constant currency basis, net dollar retention ticks down 1% from Q3 to Q4. We feel good about this number as we expect to land in the 110% to low-teens percentage range given our natural expansion activity and the churn characteristics of our business.

So, speaking of churn, I'm pleased to say that this was an area where we're making progress with sustainable improvements. In Q4, we achieved our lowest churn rates for our Freshdesk business, which combined with our ongoing customer success initiatives led to an improvement in our overall churn rate to the high-teens range at the end of the year.

Our second operating metric of customers contributing more than \$5,000 in ARR grew 28% in Q4, ending at 14,814 customers and represents 85% of our ARR. For larger customers contributing more than \$50,000 of ARR, this customer account maintained a high growth rate of 61% ending at 1,416 customers and represents 41% of ARR.

And finally, our total customers grew 15%, ending the year at over 56,000, reflecting a net add of approximately 1,600 customers in the quarter. As we continue to scale and add to our customer base, our revenue growth is being driven more through a higher average revenue per account, or ARPA, which is reflected in the expansion and multi-product trends we're seeing in the business.

Moving to billings and balance sheet items, our calculated billings growth increased to 45% in Q4 compared to 41% in Q3. Specific call-outs that impacted this growth rate are: a billing duration mix of a positive 3%, early renewals and reserve activity adding up to positive 3%, and FX movements of a negative 2%. So, on a normalized basis, calculated billings growth for Q4 would be closer to the 41% figure. Given the number of factors that can impact this growth rate, we expect this figure may fluctuate quarter-to-quarter, but over a longer period of time, we believe it should track our revenue growth.

Our balance of cash and cash equivalents remained at approximately \$1.3 billion at the end of Q4, similar to the prior quarter. We generated positive free cash flow of \$2.8 million in Q4, resulting in a positive cash flow for the full year 2021 of just over \$2 million. We continue to maintain a strong balance sheet in providing financial flexibility for the business. We have an efficient business model today, but we also recognize the tremendous growth opportunities in front of us. We plan to invest to capture this growth and as such, we expect free cash flow to be approximately negative \$25 million for the full year 2022.

Factoring in specific timing of our business operations, we expect free cash flow amount to be approximately negative \$5 million in Q1 and negative \$15 million in Q2, as this quarter includes the impact of our annual merit cycle, ESPP purchases and incremental CapEx spend. In Q3, we expect to be approximately negative \$5 million, and a slightly positive free cash flow in Q4 as trends improve by the end of the year and going forward into future years.

One quick reminder, which relates to our cash balance, there will be a final lock-up release for vested equity on Monday, February 14, and we expect to use approximately \$150 million of cash to net settle shares and meeting our tax requirements. The gross number of shares that will be eligible for sale is approximately 202 million, with a net settle amount of approximately 6.6 million shares, which reduces the total number of shares available in the market. This net settle of shares activity will not impact free cash flow, but it will reduce our cash balance.

As Joon mentioned earlier, we have a number of key business priorities for 2022 and we view this as an important investment year. We're investing in product enhancements and ongoing innovation for the customer experience and CRM market. We're also doubling down on our Freshservice product, as we expand our capabilities to further address the ITOM market opportunity.

What this means is that we will expect to add and invest more in our most important asset, our people. Given the current macro environment and employment trends, we, like many other companies, expect the cost of retaining

and attracting the best talent to increase in the upcoming year. Additionally, with the stronger US dollar and based on current rates, we expect FX to have a negative impact to revenue growth of approximately 1 percentage point in both the first quarter and for full year 2022. Today, approximately a third of our revenue has currency exposure or is not collected in US dollars. These impacts have all been factored into our estimates going forward.

So, now let me turn to our forward-looking guidance. For the first quarter of 2022, we expect revenue to be in the range of \$107 million to \$109 million, non-GAAP loss from operations to be in the range of \$12.5 million to \$10.5 million, and non-GAAP net loss per share to be in the range of \$0.07 to \$0.05, assuming the weighted average shares outstanding of approximately 278.1 million.

For the full year 2022, we expect revenue to be in the range of \$486.5 million to \$495 million, non-GAAP loss from operations to be in the range of \$56.5 million to \$48.5 million, and non-GAAP net loss per share to be in the range of \$0.23 to \$0.19, assuming weighted average shares outstanding of approximately 286.5 million.

Let me close by saying that we're super excited about how we finished the year 2021 and we're looking forward to a great year in 2022.

With that, let's take your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Certainly. [Operator Instructions] Our first question comes from the line of DJ Hynes, Canaccord. Your question, please?

David Hynes

Analyst, Canaccord Genuity LLC

Q

Hey. Thanks, guys. Girish, maybe if I could start with the cross-sell execution, I'm wondering if and when you think we get to the point where the majority of expansion is driven by incremental product attach versus seat expansion, I know seat expansion has been the driver to-date, and how far off do you think that potential future might be. I know you're highlighting kind of growth being driven by higher ARPA. So, I'm just curious to get some color on that front.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Yeah. Thanks, DJ, for the question. So, from a long-term perspective, we clearly see that cross-sell will continue to grow. So, let me just talk about and give you some color on the multi-product adoption trend that you're seeing today. So, you notice that we mentioned that 21% of our customers use more than one product today, and that number, to jog your memory, was at 18% during the IPO time. So, we are making steady progress and we are happy with the progress that we are making.

Most of the expansion or cross-sell today is coming from the Freshdesk family of products where customers are adding like new channels into their support, like chat and automation through bot. So that is where we are seeing most of this coming. And you also have to remember that two of our biggest products, Freshdesk and Freshservice, even though they do not have a natural cross-sell motion between them, we are seeing customers buying them. So, we are confident that we will keep making incremental progress in terms of this number of customers who are using more than one product, and we're happy with the way things are going. Our natural go-

to-market motion, the activity that our customer success groups are doing also results in organic seat expansion as the business grows. So, that's a natural expansion activity.

David Hynes

Analyst, Canaccord Genuity LLC

Q

Yeah, yeah. Okay. And maybe as a follow-up, this is one of the questions I got a lot during the IPO road show, was to help – try and quantify the cost advantage that you have in running R&D out of Chennai. And, look, I think investors look at the line item at 20% of revenue and you talked about all the product stuff ambitions you have to do this year. I think it's a fair question. So, is there any way to help investors think about that? And then maybe as part of it, you could talk about what you're seeing in terms of wage inflation in the region.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. DJ, I'll take that one. This is Tyler. So, from a cost advantage perspective, so we absolutely do have an advantage because we have access to an incredibly talented pool of capital, and I think now we're kind of regarded as one of the top companies, especially kind of new tech companies to work for in India. What it really does for us is it allows us to be able to innovate faster, but also innovate more. So, if you look at how many products we have compared to kind of a relatively similar company, we have a broader set of products that are all starting to get to scale. And that – even though there is wage inflation, I think it's global. So, we're sure we see it in India, we see it here, but we're not like any other company – we're like every other company right now that's kind of dealing with that. And there clearly is [ph] doing a (00:23:44) cost advantage for our employee base in India as compared to similar employee bases that would be here in North America. Yeah.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

So, one point I'd like to add, DJ, is India is not just an R&D center for us, it's also worth noting that our entire SMB business is actually closed from India, right, and especially Chennai. So, we have access to top talent pool and we are talking about like sales, marketing, the entire go-to-market function being staffed from India. We see that also as a strategic advantage where we're able to sell to the long tail of the global SMB from our base in Chennai. So, it's not just R&D.

David Hynes

Analyst, Canaccord Genuity LLC

Q

Yeah, yeah, yeah. Good distinction [ph] and point (00:24:28). Thank you, guys. I appreciate the color.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

You bet.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from the line of Mike Murphy (sic) [Mark Murphy] (00:24:35) from JPMorgan. Your question, please?

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Thank you very much and congrats on a strong finish to the year. I was looking at the Q4 billings growth and it's quite solid and it's above what we would have expected. It is a tough comparison. And Girish, you did mention closing a number of sizable mid-market deals. So I'm curious if you could shed any light on how sizable those deals might have been and just whether you see more of those in the 2022 pipeline?

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Yeah. Thanks, Mark. So I think where we are seeing these big market deals, what I was mentioning, was specifically in the ITSM space where our Freshservice product is seeing strong traction in Q4. At this point, I would also like to remind everyone that our go-to-market motion is not specifically like [ph] enterprise fee (00:25:37), right? We don't have – we don't – I like to say we'll hunt for deer and rabbits, we don't hunt for elephants. So we don't have a traditional enterprise sales motion in that sense. So, while we focus on mid-market, we kind of tend to see a lot of larger companies actually come in fullest into the enterprise. So, that's happening. And we are also – like, if you're specifically asking about demand trends, I think we are seeing both for Freshservice and Freshdesk with customer engagement and employee engagement starting to become an area of focus for digital transformation. So, we are continuing to see strong, healthy demand in both these sectors.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Okay. And Girish...

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

And just...

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

...I'm sorry...

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

...one more point to add – sorry – is, if you look at the number of customers who are paying us greater than \$50,000 ARR, I think that's one of the metrics, they are now contributing to over 40% of our ARR. So, we are seeing that number of customer increase 61%.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Okay, okay. Yes, it's interesting to see what's happening there. So the second part of my question is, are you then – are you steering your R&D investments for this year to support kind of ongoing shift towards that \$50,000 kind of band? And it sounds like you are. And then, if so, what are the most important enterprise capabilities that your customers are asking you to build? Because I think you had mentioned – you were talking about chatbots, but you were also talking about integrated ITOM and sort of some other vectors of change. What is it that you're going to be investing most heavily in?

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Yeah. Our top three priorities, Mark, for the year are obviously in the top – in all – in each one of those markets, right? In the customer service market, what we are seeing is a good trend where more and more business, every consumer-facing business, is looking to engage with customers not only through traditional channels of phone and email, but also through digital channels, whether it's Instagram or Facebook Messenger or WhatsApp in some parts of the world, or text messaging in the US. So, I think we are seeing that as a trend in our customers and we are investing in that area in our CX products specifically to help businesses actually engage better with their customers on these digital channels.

And on the IT space, what we are seeing, again, are two trends. One is, okay, all employees are remote, every business is looking at how do we go hybrid even if they open offices. So they have to be able to support employees working from remote locations. And they also have to do more for their – like help enable their IT and DevOps teams to have a cloud-first solution. So, that is where if you look at the Freshservice product, our investments are going to be around how do we enable IT teams to offer support through Slack and Teams, and we have all that capability already and the new capability that we're adding is how do we get into Enterprise Service Management, the ESM market, as well as ITOM where we're able to help reduce those employee requests altogether by making – going more proactive on helping engineers and DevOps teams to understand what's happening and reduce those alarms in the first place. So, those two are definitely big priority areas. And obviously, the top priority for us is also how do we continue to deliver on the unified customer records, so the unified view of the customer, how do we help businesses get that, so we are driving towards that and making good progress on that front as well.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Okay. Very clear. Thank you very much.

Operator: Thank you. Our next question comes from the line of Rob Oliver from Baird. Your question, please?

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thank you very much for taking my questions. Girish, I'll start with you. Just on the SMB environment, one of the things that's come across to us has just been the torrid pace of unicorn development in India and that pace has continued even amid choppy markets here in the US in – to start the year. I know you called out earlier in response to – I think it was DJ's question about the fact that you guys not only have your R&D team in Chennai, but also your SMB team. So, I just would be curious to hear from you just generally what you're seeing about SMB globally, there's a lot of crosscurrents. But specifically about India, and a follow-up to that would be like any early momentum around the Freshstack offering, which seems particularly compelling for that group. And then I had a quick follow-up for Tyler as well.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Okay.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Sure. So, the general trend in India, I think there is definitely a ton of activity happening in startups from India. Building global products from India is now a trend and you have investors pumping in a lot of VC money. We have seen that. And it's obviously a great thing for India. So, we are definitely seeing a lot of fintech, DevTools startups and B2B startups coming from India. So, we are obviously – like Freshstack, when we announced Freshstack last year in our Refresh conference, I would like to remind you that Freshstack was actually a promotional bundle for startups, a pricing and packaging bundle, which combined our Freshdesk, Freshsales and Freshmarketer products into one affordable bundle for startups because we wanted to get starters when they were really young and get them on-boarded for the front-office [ph] treat (00:31:38) if they can get on to the Freshstack. So, that was the idea. So, we are seeing good early traction. We launched it in November and we have a lot of startups using it and we expect – we have a full team, I'll call, a startup program team which not just for India, but globally, they are promoting the startup package where we would like to get Freshworks products into the hands of these fast-growing startups at an earlier stage.

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.



Great. That's really helpful. Thanks, Girish. And then, Tyler, just for you, appreciate the breakdown or the color on the billings growth and the variability there. I was wondering, to the extent that you can provide a little bit on the kind of free cash flow [ph] across (00:32:19) relative to this year, also very helpful the way you kind of broke it out by quarter. Is the incremental spending there – any color just to understand – I know that you guys have laid out some product initiatives, which Girish just repeated, and then the additional costs in hiring, but wondering if you could just add a little bit more color around some of the variability in that kind of free cash flow outlook for the year. Thank you, guys.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.



Yeah, you bet. Hey, Rob. Thanks for the question. So, yeah, we kind of broke down how we're thinking about spend this year a little bit. We're really happy about the performance last year, free cash flow positive, [ph] produced (00:32:56) some cash for the year and we said we're going to burn about \$25 million this year. There's a couple thing to note there. So, we broke up the quarterly spend where we said \$5 million in Q1, \$15 million in Q2, kind of \$5 million in Q3 in terms of burn, but then we said we'll be positive in Q4 and expect to be positive going after. And so, why did we – why are we increasing spend?

A couple of reasons: number one, we think there's a huge opportunity in front of us, and part of the reason to go public was to make sure that we have the resources and capital to go capture that opportunity. And we said, hey, as long as we think we can do it efficiently, we're going to do so, which we are. But there is a couple of other nuances as well. So, we built in, number one, the cost of being a public company, think about D&O, insurance, just period, that alone is pretty considerable cost, we'll have a full year of that.

Second, we also think that some things are going to come back to pre-COVID levels in terms of travel and facilities. And we've built that expectation in as well. So, if you kind of go back to – we now have a year-and-a-half us along with every other company of no travel and facilities, we think that's going to kind of go back to kind of pre-COVID level there. So, we built those costs in. And if you look at that incremental spend compared to earlier is really we are being really pretty efficient. We also have some CapEx spend that's going to happen during the year. But again, the expectation is that we exit cash flow positive in Q4 and therefore going forward as well.

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.



Okay. That's really helpful. Thanks, Tyler. Thanks, Girish. Appreciate it.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Thanks, Rob.

A

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Thank you.

A

Operator: Thank you. Our next question comes from the line of Brent Bracelin from Piper Sandler. Your question, please?

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Good afternoon, and thanks for taking the questions here. I really wanted to start out around the pipeline of opportunities and funnel looking into 2022 under the context of pretty heavy sales investments and a build-up here over the last couple of quarters. So, can you walk through maybe the ramp in head count over the last, let's say, nine months? Is that now starting to contribute to a larger pipeline going into next year? And as you think about the existing sales capacity, how much more do you plan to kind of step on the gas here given the opportunity? I appreciate that, obviously, return to work and travel expenses will continue to kind of inflate that line, but just trying to understand from a head count perspective, sales capacity perspective, funnel perspective, how are you feeling kind of heading into next year.

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Sure, Brent. I'll take that one. This is Tyler. So, total head count, we ended the year just over 4,600 head count globally with the majority, 4,000, of which are in India. We're very investing across all of our functions. Clearly, we've – in functions like G&A, we want to see efficiencies, but you have to build up the infrastructure to support kind of the global nature. So, we look at product and engineering. We're going to fully invest to innovate and continue to build.

A

But one of the areas that we are really investing in is our go-to-market presence. And you look at that, it's kind of a couple of different areas: one, driving and help to drive that PLG growth motions. A lot of that is through marketing spend and ad spend to drive the funnel for trials which then convert to customers primarily in the SMB side. However, a lot of that inbound also feeds our field pipeline. And then, we're really focused on building out the capacity, continuing mainly still [ph] in New York (00:36:31) – North America and Europe, but other places around the globe. And we're doing it because we do see the demand and we're going to do it efficiently, meaning that we want to get enough head count, so we have quota capacity to meet that demand and then we'll always kind of pause as we go.

We don't break out the number of sales head that we have – or quota-bearing reps and things like that. But as you can imagine, we are hiring as kind of as rapidly as we can in that area.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Q

Good color. And then just as a follow-up to that, Tyler, as you think about those investments, is that converting into a pretty robust pipeline going into next year, like how quickly are some of those investments converting to pipe?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

All right. I would say, we like to hire when we have the pipe, and so we are hiring and we see really strong demand for our products. I mean, you look at our Freshservice product, which is really [ph] tied (00:37:30) squarely in the kind of mid-market enterprise space. We think there's a ton of upside there in terms of what we can go capture. And we're going to act like kind of a lot of "enterprise companies," and when you think about that, we're higher. We have a pipeline coverage ratio that we want to target, and we will digest and pause. Right now, we are kind of – we see spaces that we can hire too, and we're actively trying to do that.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Q

Great. And then my last question here for maybe Girish here, what are you seeing on the competitive front? Obviously – I apologize if this question has been asked, but I'll go ahead and ask it again. Are you seeing a distracted competitor, more opportunities? Maybe just touch base a little bit about the in-the-trenches battle right now. What are you seeing the competition do, are they responding with price? I'd love to hear any sort of color as you think about the competitive dynamic over the last, let's say, three to six months.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Sure. I'll take that, Brent. So, first thing I would say is we are not seeing a lot of difference in the last – or change in the competitive landscape in the last three months. In the CX market, I think we see Zendesk and Salesforce Service Cloud predominantly and we continue to see them. As I mentioned in my [ph] top track (00:39:04), one of the trends that we are seeing is smaller startups who are offering companies the ability to do conversational support, like on channels like WhatsApp or Facebook, and that's one of the areas where we are investing in.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Q

Okay.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

So, on the ITSM side, we feel really – that's our strongest opportunity right now, as we are saying that we are a credible alternative to ServiceNow, and we continue to see ServiceNow and their focus is really on the large enterprise, we are squarely focused on being that mid-market alternative, and we are seeing larger customers. So, we feel confident about that opportunity going forward.

And in sales and marketing, I think it's still early on, but we see good validation for that story of the unified customer. We are still on that journey and we see HubSpot and we see all the other stand-alone CRM players as well. But as I said, it's early days for us.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Q

Great. Well, great to hear, and thanks for the color. Thank you.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Thanks.

Operator: Thank you. Our next question comes from the line of Stan Zlotsky from Morgan Stanley. Your question, please?

Q

Hi. You have [ph] Ryan Broshar (00:40:17) on for Stan Zlotsky here. Just [ph] wanted to (00:40:18) ask a quick question on maybe the breakdown of ARR by product, or just maybe some sort of additional color on how those have been trending and how [indiscernible] (00:40:26) 2022?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. Hey, [ph] Ryan (00:40:29). This is Tyler. Thanks for the question. We actually – we don't break down the ARR by products right now. What we had said in the past is that our Freshdesk product is over \$200 and our Freshservice product's over \$100. This is something that – if we plan to do an Analyst Day later this year, which we're contemplating, that's – like that's a candidate right for what we would talk about and give more detail, but right now, we're not breaking down ARR by product.

Q

[ph] Okay. Got it (00:40:58).

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

So, what I can say – what we have also said in the past is that, in our Freshservice product, we talk about it, it is smaller than Freshdesk, but it's growing faster, it's a great opportunity. Freshdesk is really doing well. We talked about the cross-sell motion and how a lot of that's been driven from a lot of our customers adopting omni-channel as [ph] they move into (00:41:16) different methods of communication with their customers. And then we've mentioned that, our Freshmarketer and [ph] the sales (00:41:21) product is still relatively new, but we're excited about the opportunity there.

Q

Okay. Thank you for taking my question.

Operator: Thank you. Our next question comes from the line of Alex Zukin from Wolfe Research. Your question, please?

Alex Zukin

Analyst, Wolfe Research LLC

Q

Hey, guys. Thanks for taking my question. I guess maybe just the first – the first one for – or actually maybe two for you, Tyler. The follow-up on the cross-sell opportunity, you mentioned 21% of customers have more than one product versus 18% at the IPO, Girish, actually. How much of that is from customers landing with more than one product versus existing customers upgrading or expanding their deployments to multiple products? And more importantly, how do we think about that dynamic going forward for next year and the impact on [ph] NRR (00:42:14)?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Hey, Alex. This is Tyler. It's actually coming from both. We are seeing customers when they're landing that they are choosing omni-channel as the main land, which is as opposed to just the pure desk solution that they want all these capabilities, specifically messaging which G has talked about just in terms of a thesis of, what I'd call, a lot of the new modern day kind of communication with the next generation of customers is going to be. And so, that's kind of following what we've kind of forecasted, and we think that will continue.

In terms of the other cross-sell motions, like we've talked about, it's still early, but the motion between kind of our marketing and sales product to desk, we think that's going to be a natural motion going forward. And that's really going to be kind of down the road about the vision of this unified customer record and the value that we can provide to our customers with them being who will have all this information around this 360 view of their customers. So, we're excited about that, but it's still pretty early.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Got it. And then, I guess, given this is the first kind of look at next year as a public company, obviously a lot of people ask about billings, look at billings, there's a lot of volatility variability in these – in your numbers quarter-to-quarter, there's also a number of adjustments. I know you're not guiding there, but how do we think about the flow and the seasonality for the year with respect to billings? Do we compare it to this year, prior year, is there a good rule of thumb just given you kind of have two COVID-impacted years, if you will, with respect to that metric?

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. So, I think, in general, revenue – so, in general, we would expect billing to track revenue growth. And there's nuances and we called out some of the nuances from Q4 because we know that everybody tracks billings and looks at it. We did talk about growth this year that we think it's going to be impacted negatively by FX by 1% for Q1 and for the full year. And also, Q1 and Q2, just in terms of comparisons to prior year, are pretty tough compares for us this year. The prior year benefited from a weak COVID year the year before. So, those growth rates looked great. And then – so I think we're going to – we're going to have just tougher compare in our Q1 and Q2. But that being said, like we think we're doing really well and we're super excited about the opportunity here. And the way we think about guidance is we have a lot of visibility kind of into Q1 and then it gets less and less, and we're just trying to guide to what we see. And then, obviously, we're going to update it as we go along.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Got it. Got it. Perfect. Thanks a lot, Tyler.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

You bet, Alex.

A

Operator: Thank you. [Operator Instructions] Our next question comes from the line of Brent Thill from Jefferies. Your question, please?

Luv Sodha

Analyst, Jefferies LLC

Hi. This is Luv Sodha on for Brent Thill. Thank you for taking my questions. Wanted to maybe ask first to Girish, one of the things we hear from investors is about the pull-forward in demand for the front office [ph] add space (00:45:38) in 2021. Maybe could you talk a little bit about how you look – how you think about demand expectations for next year, and is there any pull-forward within the markets that you operate in?

Q

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Hey, thanks for the question, Luv. See, we've heard about some reports talking about pull-forward in demand, but we have not actually noticed a big change in demand or experienced a pull-forward at Freshworks. So, in fact, we actually see a healthy demand environment and we are focused on capturing that, especially in the mid-market. So, we – in Q4, we saw strong demand signals for Freshservice in particular. And more than anything, the demand trend that we are seeing is, as companies get out of the pandemic and COVID, we are thinking that, hey, employees are starting to get back, but companies still have to deal with remote and every business now has to engage with customers on multiple channels. Online customer buying patterns are here to stay. So, we see this as an acceleration of digital transformation and that's going to continue both in customer engagement and employee engagement. So, that's what we believe gives us this massive opportunity to keep going.

A

Luv Sodha

Analyst, Jefferies LLC

Got it. And maybe one question for Tyler, if I may. Tyler, thank you for the commentary on the churn rates improving. How should we think about the pathway forward for the net retention? Are you still thinking of 110% to low-teens as we roll into next year, or should we expect the improvements in churn to translate into higher net retention?

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Hey, Luv. Thanks for that question. So, when we went public, we said, hey, we want to be thought as 110% to low-teens and net dollar retention was obviously higher at that time, but we said it's going to come down. Actually, we're really pleased with the progress we've made. I think we gave some color, we're at 114%, but that included 1% impact from FX. So, it would have been 115% in the last quarter, had a positive impact, and so really just moved 1%. Churn being half of it where we have previously talked about kind of being in the low-20s to high-teens in terms of churn and now we're solidly in the high-teens. We're not ready to say, hey, you should model out more than the kind of the 110% to low-teens in terms of net dollar retention run rate, but things are going in the right direction, and we feel really good about. We made some great progress in terms of churn. Our Freshdesk product had the best churn quarters ever had. Our Freshservice was already at great churn levels. And the investments we made in the customer success group over the last year are truly starting to pay off. And so, we'll update that as we think you guys should be modeling something different, but it feels really good right now.

A

Luv Sodha

Analyst, Jefferies LLC

Got it. Perfect. Thank you.



Operator: Thank you. Our next question comes from the line of Natalie Howe from Bank of America Securities. Your question, please?

Brad Sills

Analyst, BofA Securities, Inc.

Oh, hey, guys. This is Brad Sills from BofA Securities. Thanks so much for taking the question. I wanted to ask about Freshsales. I recall a pretty good user base on the free version. And I know it's [ph] still in early, it's not whether (00:49:09) material to ARR at the time of IPO. Just curious, when might we see those conversions perhaps contributing more material to revenue, [ph] is it this year, so are we (00:49:18) thinking further out. Thanks so much.



Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Hey. Thanks for the question, Brad. So, let me clarify that Freshsales, this is the first full year of the re-architected new Freshsales product where we actually unified marketing, sales, chat and telephone into one platform with a unified customer record. So, the numbers that we put out in the IPO, the number of customers using Freshsales, that's actually paying customers, it's not free customers. But we still feel that it's early years. We are extremely happy with the validation that we are getting from customers who are seeing the value of this unified product. And as Tyler mentioned earlier, like later this year, we are contemplating an Analyst Day and I think that would be the right time where we'll probably be ready to breakout the customer numbers and hopefully revenue on the Freshsales product as well. But as we all know...



Brad Sills

Analyst, BofA Securities, Inc.

Okay...



Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

...CRM is a massive market and we are super excited about this opportunity.



Brad Sills

Analyst, BofA Securities, Inc.

No, no, that's great to hear. Thanks so much, Girish. And then one more, if I may. On the churn commentary, I think, Tyler, you alluded to some progress you've made with this investment in customer success. Could you just elaborate a little bit more there, and what drove the improvement there? Thanks again.



Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

Yeah. I think we had mentioned earlier we made a lot of investments over the last year under Paddy, our Chief Customer Officer, in a customer success group. And so when you look at that team and the engagement model that we've created for our customers, combined with all of the innovation that we came out with the last year,



right, we now have a mechanism to have that engagement, and then the feedback loop on feature/functionality that our customers need, and then with our pace of innovation to really put out stuff into the products that our customers want, and that is bearing fruit, right? So, they're staying with us and then once – what we know about our customer base is, when they stay, they tend to grow. And saw that in the cohort analysis that we had in the S-1. So, we potentially can get a double impact from it. And it feels good, right, that we've made a lot of progress. And we still have a ways to go, but definitely on the right trajectory there.

Brad Sills

Analyst, BofA Securities, Inc.

Thanks so much, Tyler.

Q

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

You bet, Brad. Thank you.

A

Operator: Thank you. Our next question comes from the line of Raimo Lenschow from Barclays. Your question, please?

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Hey. Thanks for squeezing me in and congrats from me as well. Two questions, one for Tyler. And how do you kind of – maybe could you remind us how you're handling currency because you obviously have a lot more international exposure than some of the other players? And we're starting to see like an impact that we need to manage. Like, talk a little bit about how you're handling in terms of hedging, how your pricing works, et cetera? And maybe it's worth almost thinking about constant currency breaking it out rather than you having to do it for us.

And then just, Girish, one for you. If you think about ITSM, like one of the things that the – the ServiceNow guys have done, obviously, like a lot of automation on that enterprise level, how do you think about automation on the SMB side? Would that be an overkill, or would be – that would be like an extra selling opportunity as you go along in the future with your product development? Thank you.

Q

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

Yeah. Hey, Raimo, why don't I take the ITSM product question first...

A

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Yeah.

Q

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

...because it's more interesting?

A

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Yeah. Sort of [indiscernible] (00:53:03).

Q

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

So, one thing it's important to clarify is our Freshservice product, the customer base is inherently more mid-market. It's not necessarily SMB because you have to understand that even if you are selling a 10-seat license, you are talking about a company with 1,000 employees, right, or maybe 500, 750 or 1,000 employees. So, the Freshservice product has a very interesting dynamic where we don't have a lot of really small companies. These are smaller teams, the IT teams will be small, but in mid-market companies. And the way we're able to build automation is – so we have an orchestration there built into the product, which actually handles a ton of this automation. So, this is like a drag-and-drop interface similar to a low-code, no-code where frequent runbook automation task, like a spinning off new cloud instances or, let's say, is creating a [indiscernible] (00:54:00) there is a alert in the monitoring system, a lot of that IT automation capabilities are natively built in Freshservice and our mid-market customers actually like us. And that's what makes us a credible alternative to ServiceNow.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. Well, thank you, Raimo.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Q

[indiscernible] (00:54:18).

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah. I'll take the currency one. So – yeah, so I think we do have some currency impact. We got about 32% of our ARR that's in non-USD kind of currencies. So, you asked what are we – what are you doing about it. Number one, thinking about constant currency, we have discussed that internally. So, we might be presenting numbers like that. We're obviously not doing it right now. And then, we are also looking at putting some hedging programs in place that would kind of mitigate risk and just kind of smooth things out. And so, both of those options we're looking at right now. As you can see, we're trying to be as transparent as possible with numbers right now based on the impact. And could – if we put in hedging, it'll solve some of that, but it takes a little while to put in those structures. So, until we do that, we would try to continue that transparency.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Q

Perfect. Thank you very much. Congrats.

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Thanks very much.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from the line of Brian Peterson from Raymond James. Your question, please?

Chase Donovan

Analyst, Raymond James & Associates, Inc.

Q

Hey, guys. This is Chase Donovan on for Brian Peterson. Just had one on the ITOM product launch. You guys launched that back in November, but you highlighted the [indiscernible] (00:55:29) your prepared remarks. Just curious, kind of any broad feedback that you've heard from customers early on. And then, can you help the investors frame the opportunity there, how are you thinking about potential upsell opportunity through the almost 9,000 Freshservice customers that you have today? Thanks.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

So, on the – thanks for the question, [ph] Steve (00:55:52). I think that – or Chase...

Tyler Renwick Sloat

Chief Financial Officer, Freshworks, Inc.

A

Yeah.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

... [ph] if (00:55:56) I get the name right. So, on the ITOM functionality, the first thing is we actually started building ITOM after hearing like from our customers on why they thought it made sense to be in the Freshservice product. So, they were all using other third-party tools and they felt it would make a great value addition. So, this was actually built in partnership with some of our customers. So, just to clarify what are the capabilities that we have released, so in fact, we have unified incident response management with on-call scheduling and automated alert grouping which is powered through our [ph] AIF (00:56:38). So, basically, what it helps is, most IT teams instead of reacting to customers' complaints about what's not working, so we are helping them really get proactive by understanding all the alerts that are coming in from the monitoring system, but take out the false positives, really help them understand what's going on and be proactive. So, this is like a super value-add to IT teams and our customer – like we are hearing encouraging reports from our customers like PowerSchool. And I think – we definitely think this is going to – we'll be able to take this module as an add-on to all of our existing customers, as well as land new teams with Freshservice.

Chase Donovan

Analyst, Raymond James & Associates, Inc.

Q

Perfect. Thanks.

Operator: Thank you. Our next question comes from the line of Scott Berg from Needham. Your question, please?

Q

Hey, everybody. This is [ph] John (00:57:39) on for Scott. I appreciate taking my question and congrats on the quarter. Just kind of curious if you could provide some additional color and to what extent the Freshservice

product is influenced by the inbound kind of PLG motion versus the outbound efforts. And are you seeing an evolution around who the actual [ph] buyer of (00:57:58) this product at all?

And then second, as you expand on kind of the capabilities of this platform, how do you think about packaging that going forward? Thank you very much.

Rathna Girish Mathrubootham

Chairman, Chief Executive Officer & Co-Founder, Freshworks, Inc.

A

So, I think, Freshservice pretty much follows the rest of overall product in terms of – it also gets a ton of inbound leads and we have an outbound field team which is actually generating mid-market lead. So, the customer profile is more mid-market for Freshservice. But from a lead-gen standpoint, we actually have both inbound – or I should say, inbound, outbound and partner-generated leads. So, from a how-are-we-packaging-ITOM standpoint, I think currently we are having it as an add-on module that people – like because this is bringing additional users into the system who in an ITSM system, the DevOps folks or the engineers will not actually be added. So, this is being offered as an asset management add-on with a per agent licensing, but this will be additive in the number of users from other teams that it is bringing.

Q

Great. Thanks, guys.

Operator: Thank you. [Operator Instructions] And this does conclude the question-and-answer session of today's program. Thank you, ladies and gentlemen, for your participation. You may now disconnect. Everyone have a great day.

Joon Huh

Vice President-Finance, Investor Relations & Treasury, Freshworks, Inc.

Thank you, everybody.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.