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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 1, 2022**

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**FRESHWORKS INC.**

(Exact name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-40806**  
(Commission  
File Number)

**33-1218825**  
(IRS Employer  
Identification No.)

**2950 S. Delaware Street, Suite 201  
San Mateo, CA 94403**  
(Address of Principal Executive Offices)

**(650) 513-0514**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Class A Common Stock, \$0.00001 par value per share</b>	<b>FRSH</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On November 1, 2022, Freshworks Inc. issued a press release announcing its financial results for the third quarter ended September 30, 2022. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The foregoing information (including the exhibit hereto) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filings, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release dated November 1, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 1, 2022

**Freshworks Inc.**

By: /s/ Tyler Sloat  
Tyler Sloat  
Chief Financial Officer



## Freshworks Reports Third Quarter 2022 Results

- Third quarter revenue grew 33% year-over-year, 37% adjusting for constant currency
- Raises guidance for full year 2022 non-GAAP operating loss

**San Mateo, Calif.** – November 1, 2022 – Freshworks Inc. (NASDAQ: FRSH), a leading software company empowering businesses to delight their customers and employees, today announced financial results for its third quarter ended September 30, 2022.

“We delivered a strong quarter of results with revenue up 37% on a constant currency basis and significantly improved our operating efficiency,” said Girish Mathrubootham, CEO and founder of Freshworks. “In Q3, we continued to deliver on our promise of modern, powerful, easy to use software for everyone with new updates to our product suite.”

### Third Quarter 2022 Financial Summary Results

- **Revenue:** Total revenue was \$128.8 million, representing growth of 33% compared to the third quarter of 2021 and 37% adjusting for constant currency.
- **GAAP (Loss) from Operations:** GAAP (loss) from operations was \$(58.3) million, compared to \$(140.3) million in the third quarter of 2021.
- **Non-GAAP (Loss) from Operations:** Non-GAAP (loss) from operations was \$(3.1) million, compared to \$(1.5) million in the third quarter of 2021.
- **GAAP Net (Loss) Per Share:** GAAP basic and diluted net (loss) per share was \$(0.20) based on 286.7 million weighted-average shares outstanding, compared to \$(24.72) based on 95.9 million weighted-average shares outstanding in the third quarter of 2021.
- **Non-GAAP Net (Loss) Per Share:** Non-GAAP basic and diluted net (loss) per share was \$(0.01) based on 286.7 million weighted-average shares outstanding, compared to \$(0.04) based on 95.9 million weighted-average shares outstanding in the third quarter of 2021.
- **Net Cash (Used in) Provided by Operating Activities:** Net cash (used in) operating activities was \$(4.2) million, compared to net cash (used in) operating activities of \$(2.0) million in the third quarter of 2021.
- **Free Cash Flow:** Free cash flow was \$(7.2) million, compared to \$(4.2) million in the third quarter of 2021.
- **Cash, Cash Equivalents and Marketable Securities:** Cash, cash equivalents, and marketable securities were \$1.2 billion as of September 30, 2022.

A description of non-GAAP financial measures is contained in the section titled "Explanation of Non-GAAP Financial Measures" below and a reconciliation of GAAP to non-GAAP financial measures is contained in the tables below.

### Third Quarter Key Metrics and Recent Business Highlights

- Number of customers contributing more than \$5,000 in ARR was 16,713, an increase of 19% year-over-year and 23% adjusting for constant currency.
- Net dollar retention rate was 107% and 113% adjusting for constant currency, compared to 111% in the second quarter of 2022 and 117% in the third quarter of 2021.
- Welcomed new customers to the Freshworks community including: Altasciences, Clark College, Dwyer Instruments LLC, Dynata, HelloFresh, Media.Monks, Plume, Viessmann, and more.
- Appointed Dennis Woodside as President and member of our Board of Directors.
- Announced Freshservice for Business Teams to extend IT service management solutions to non-IT departments.
- Enhanced Freshchat with AI-powered suggestion functionality to help agents improve response time.
- Added real time lead scoring by embedding artificial intelligence within Freshsales and Freshmarketer.
- Held our first Global Developer Summit for customers building on the Freshworks Neo Platform.

### Financial Outlook

We are providing estimates for the fourth quarter and full year 2022 based on current market conditions and expectations. The revenue growth rates are only adjusted for constant currency to provide better visibility into the underlying business trends. We emphasize that these estimates are subject to various important cautionary factors referenced in the section entitled “Forward-Looking Statements” below.

For the fourth quarter and full year 2022, we currently expect the following results:

<i>(\$ in millions, except per share data)</i>	<b>Fourth Quarter 2022</b>	<b>Full Year 2022</b>
Revenue <sup>(1)</sup>	\$129.2 - \$131.2	\$494.0 - \$496.0
Year-over-year growth	22% - 24%	33% - 34%
Adjusting for constant currency <sup>(2)</sup>	27% - 28%	36% - 37%
Non-GAAP loss from operations <sup>(1)</sup>	(\$10.5) - (\$8.5)	(\$30.0) - (\$28.0)
Non-GAAP net loss per share <sup>(3)</sup>	(\$0.05) - (\$0.03)	(\$0.13) - (\$0.11)

<sup>(1)</sup> Revenue and non-GAAP loss from operations are based on exchange rates as of October 28, 2022 for currencies other than USD.

<sup>(2)</sup> Revenue growth rates adjusted for constant currency are based on average exchange rates in effect during the comparison period for currencies other than USD. See the section entitled “Explanation of non-GAAP Financial Measures” and the table entitled “Reconciliation of Selected GAAP Measures to non-GAAP Measures” for a reconciliation of GAAP to non-GAAP measures.

<sup>(3)</sup> Non-GAAP net loss per share was estimated assuming 288.5 million and 284.6 million weighted-average shares outstanding for the fourth quarter and full year 2022, respectively.

These statements are forward-looking and actual results may differ materially. Refer to the “Forward-Looking Statements” safe harbor section below for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

We have not reconciled our estimates for non-GAAP loss from operations to GAAP loss from operations or non-GAAP net loss per share to GAAP net loss per share due to the uncertainty and potential variability of expenses that may be incurred in the future. Accordingly, a reconciliation is not available without unreasonable effort. We have provided a reconciliation of other GAAP to non-GAAP financial measures in the financial statement tables for our third quarter 2022 non-GAAP results included in this press release.

## Webcast and Conference Call Information

We will host a conference call for investors on November 1, 2022 at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss the company's financial results and business highlights. Investors are invited to listen to a live audio webcast of the conference call by visiting the investor relations website at [ir.freshworks.com](http://ir.freshworks.com). A replay of the audio webcast will be available shortly after the call on the Freshworks Investor Relations website and will be available for twelve months thereafter.

## Explanation of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), this press release and the accompanying tables contain non-GAAP financial measures, including revenue and revenue growth rates adjusted for constant currency, non-GAAP gross profit, non-GAAP gross margin, non-GAAP sales and marketing expense, non-GAAP research and development expense, non-GAAP general and administrative expense, non-GAAP loss from operations, non-GAAP operating margin, non-GAAP net loss per share, non-GAAP net loss attributable to common stockholders, and free cash flow. The presentation of these 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.

We adjust revenue and related growth rates for constant currency to provide a framework for assessing business performance excluding the effect of foreign currency rate fluctuations. To present this information, current period results for currencies other than USD are converted into USD at the average exchange rates in effect during the comparison period (for Q3 2021, the average exchange rates in effect for our major currencies were 1 USD to 1.18 EUR and 1 USD to 1.38 GBP), rather than the actual average exchange rates in effect during the current period (for Q3 2022, the average exchange rates in effect for our major currencies were 1 USD to 1.01 EUR and 1 USD to 1.18 GBP).

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 are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. 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 exclude the following items from one or more of our non-GAAP financial measures, including the related income tax effect of these adjustments:

- *Stock-based compensation expense.* We exclude stock-based compensation, which is a non-cash expense, from certain of our non-GAAP financial measures because we believe that excluding this expense provides meaningful supplemental information regarding operational performance. In particular, stock-based compensation expense is not comparable across companies given the variety of valuation methodologies and assumptions.
- *Employer payroll taxes on employee stock transactions.* We exclude the amount of employer payroll taxes on equity awards from certain of our non-GAAP financial measures because they are dependent on our stock price at the time of vesting or exercise and other factors that are beyond our control and do not believe these expenses have a direct correlation to the operation of our business.

- *Amortization of acquired intangibles.* We exclude amortization of acquired intangibles, which is a non-cash expense, from certain of our non-GAAP financial measures. Our expenses for amortization of acquired intangibles are inconsistent in amount and frequency because they are significantly affected by the timing, size of acquisitions, and the allocation of purchase price. We exclude these amortization expenses because we do not believe these expenses have a direct correlation to the operation of our business.
- *Gain on sale of non-marketable equity investments.* We exclude gains on sale of non-marketable equity investments from certain of our non-GAAP financial measures because we believe they are unrelated to our ongoing operating performance and are not expected to recur in our continuing operating results.

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. Free cash flow is a measure to determine, among other things, cash available for strategic initiatives, including further investments in our business and potential acquisitions of businesses.

### **Operating Metrics**

*Number of Customers Contributing More Than \$5,000 in ARR.* We define ARR as the sum total of the revenue we would contractually expect to recognize over the next 12 months from all customers at a point in time, assuming no increases, reductions or cancellations in their subscriptions. We define our total customers contributing more than \$5,000 in ARR as of a particular date as the number of business entities or individuals, represented by a unique domain or a unique email address, with one or more paid subscriptions to one or more of our products that contributed more than \$5,000 in ARR.

*Net Dollar Retention Rate.* To calculate net dollar retention rate as of a given date, we first determine Entering ARR, which is ARR from the population of our customers as of 12 months prior to the end of the reporting period. We then calculate the Ending ARR from the same set of customers as of the end of the reporting period. We then divide the Ending ARR by the Entering ARR to arrive at our net dollar retention rate. Ending ARR includes upsells, cross-sells, and renewals during the measurement period and is net of any contraction or attrition over this period.

We also adjust the above operating metrics and related growth rates for constant currency to provide a framework for assessing our business performance excluding the effects of foreign currency rates fluctuations. To present this information, the Ending ARR of the current period in currencies other than USD is converted into USD at the exchange rates in effect at the end of the comparison period (for Q3 2021, the period end exchange rates in effect for our major currencies were 1 USD to 1.16 EUR and 1 USD to 1.35 GBP), rather than the actual exchange rates in effect at the end of the current period (for Q3 2022, the period end exchange rates in effect for our major currencies were 1 USD to 0.98 EUR and 1 USD to 1.12 GBP).

## **Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, our GAAP and non-GAAP estimates for the fourth quarter and full year 2022, our financial outlook, the value of our products to customers, our ability to drive long-term growth, and the usefulness of the measures by which we evaluate our business, among other things. These forward-looking statements are based on our current expectations, estimates and projections about its business and industry, management's beliefs and certain assumptions made by the company, all of which are subject to change. Forward-looking statements generally can be identified by the use of forward-looking terminology such as, "future", "believe," "expect," "may," "will," "intend," "estimate," "continue," "anticipate," "could," "would," "projects," "plans," "targets" or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, many of which involve factors or circumstances that are beyond our control, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. 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, 2021 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022, 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)), including our Quarterly Report on Form 10-Q that will be filed for the quarter ended September 30, 2022.

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.



**About Freshworks Inc.**

Freshworks Inc., (NASDAQ: FRSH) makes business software people love to use. Purpose-built for IT, customer support, and sales and marketing teams, our products empower the people who power business. Freshworks is fast to onboard, priced affordably, built to delight, yet powerful enough to deliver critical business outcomes. Headquartered in San Mateo, California, Freshworks operates around the world to serve more than 60,000 customers including Allbirds, Blue Nile, Bridgestone, Databricks, Klarna, NHS, OfficeMax, and PhonePe. For the freshest company news visit [www.freshworks.com](http://www.freshworks.com) and follow us on Facebook, LinkedIn and Twitter.

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**FRESHWORKS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 128,760	\$ 96,614	\$ 364,829	\$ 265,542
Cost of revenue <sup>(1)</sup>	24,179	22,236	70,616	57,632
Gross profit	104,581	74,378	294,213	207,910
Operating expense:				
Research and development <sup>(1)</sup>	35,871	57,087	100,885	91,377
Sales and marketing <sup>(1)</sup>	86,865	96,785	248,369	188,155
General and administrative <sup>(1)</sup>	40,133	60,759	117,723	76,785
Total operating expenses	162,869	214,631	466,977	356,317
Loss from operations	(58,288)	(140,253)	(172,764)	(148,407)
Interest and other income, net	2,249	22,923	2,609	23,428
Loss before income taxes	(56,039)	(117,330)	(170,155)	(124,979)
Provision for (benefit from) income taxes	1,804	(9,915)	6,500	(7,720)
Net loss	(57,843)	(107,415)	(176,655)	(117,259)
Accretion of redeemable convertible preferred stock	—	(2,264,838)	—	(2,646,662)
Net loss attributable to common stockholders	\$ (57,843)	\$ (2,372,253)	\$ (176,655)	\$ (2,763,921)
Net loss per share attributable to common stockholders - basic and diluted	\$ (0.20)	\$ (24.72)	\$ (0.62)	\$ (32.96)
Weighted average shares used in computing net loss per share attributable to common stockholders - basic and diluted	286,697	95,930	283,258	83,860

(1) Includes stock-based compensation expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of revenue	\$ 1,772	\$ 3,983	\$ 5,212	\$ 3,983
Research and development	10,318	36,823	26,446	36,823
Sales and marketing	16,635	40,465	44,204	40,465
General and administrative	25,167	42,988	74,790	42,988
Total stock-based compensation expense	\$ 53,892	\$ 124,259	\$ 150,652	\$ 124,259

**FRESHWORKS INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	September 30, 2022	December 31, 2021
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 432,313	\$ 747,861
Marketable securities	719,218	575,679
Accounts receivable, net	56,835	51,756
Deferred contract acquisition costs	18,282	14,640
Prepaid expenses and other current assets	42,431	31,440
Total current assets	1,269,079	1,421,376
Property and equipment, net	23,381	21,478
Operating lease right-of-use assets	28,821	—
Deferred contract acquisition costs, noncurrent	17,598	15,007
Intangible assets, net	579	1,894
Goodwill	6,181	6,181
Deferred tax assets	5,396	6,284
Other assets	12,050	10,592
Total assets	\$ 1,363,085	\$ 1,482,812
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,873	\$ 6,321
Accrued liabilities	57,447	55,829
Deferred revenue	190,969	160,173
Income tax payable	65	1,023
Total current liabilities	252,354	223,346
Operating lease liabilities, non-current	24,630	—
Other liabilities	26,098	21,427
Total liabilities	303,082	244,773
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	4,516,386	4,509,724
Accumulated other comprehensive loss	(8,790)	(747)
Accumulated deficit	(3,447,596)	(3,270,941)
Total stockholders' equity	1,060,003	1,238,039
Total liabilities and stockholders' equity	\$ 1,363,085	\$ 1,482,812

**FRESHWORKS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Cash Flows from Operating Activities:</b>				
Net loss	\$ (57,843)	\$ (107,415)	\$ (176,655)	\$ (117,259)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	2,795	3,374	8,574	9,792
Amortization of deferred contract acquisition costs	4,625	3,416	13,321	9,085
Non-cash lease expense	1,567	—	4,463	—
Stock-based compensation	53,892	124,259	150,652	124,259
Premium amortization on marketable securities	(533)	411	564	1,206
Gain realized on sale of marketable securities and non-marketable equity investments	—	(23,821)	—	(23,835)
Change in fair value of equity securities	10	(35)	(75)	(100)
Deferred income taxes	—	(11,721)	309	(11,721)
Other	273	69	1,468	133
Changes in operating assets and liabilities:				
Accounts receivable	(1,432)	(3,929)	(5,256)	(10,039)
Deferred contract acquisition costs	(6,913)	(6,032)	(19,554)	(17,032)
Prepaid expenses and other assets	(3,929)	(12,963)	(12,374)	(14,823)
Accounts payable	(2,416)	(4,513)	(1,962)	(542)
Accrued and other liabilities	668	24,193	3,874	18,517
Deferred revenue	8,173	12,661	30,796	38,975
Operating lease liabilities	(3,160)	—	(7,837)	—
Net cash (used in) provided by operating activities	(4,223)	(2,046)	(9,692)	6,616
<b>Cash Flows from Investing Activities:</b>				
Purchases of property and equipment	(1,907)	(1,270)	(5,288)	(4,056)
Proceeds from sale of property and equipment	49	8	132	565
Capitalized internal-use software	(1,106)	(873)	(3,828)	(3,050)
Sale of non-marketable equity investments	—	23,979	—	23,979
Purchases of marketable securities	(250,301)	(43,988)	(538,501)	(154,828)
Sales of marketable securities	—	2,076	92,786	36,831
Maturities and redemptions of marketable securities	113,055	30,750	293,625	112,554
Net cash (used in) provided by investing activities	(140,210)	10,682	(161,074)	11,995
<b>Cash Flows from Financing Activities:</b>				
Proceeds from initial public offering, net of underwriting discounts	—	1,069,348	—	1,069,348
Proceeds from issuance of common stock under employee stock purchase plan, net	—	—	7,011	—
Proceeds from exercise of stock options	2	12	98	43
Payment of withholding taxes on net share settlement of equity awards	(13,367)	—	(151,716)	—
Payment of deferred offering costs	—	(3,067)	(109)	(5,472)
Payment of acquisition-related liabilities	—	(900)	—	(900)
Net cash (used in) provided by financing activities	(13,365)	1,065,393	(144,716)	1,063,019

**FRESHWORKS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (decrease) increase in cash, cash equivalents and restricted cash	(157,798)	1,074,029	(315,482)	1,081,630
Cash, cash equivalents and restricted cash, beginning of period	590,180	105,932	747,864	98,331
Cash, cash equivalents and restricted cash, end of period	\$ 432,382	\$ 1,179,961	\$ 432,382	\$ 1,179,961

**FRESHWORKS INC.**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES**  
(in thousands, except percentages and per share data)  
(unaudited)

	Three Months Ended September 30,		Growth Rates
	2022	2021	
<b>Revenue</b>			
GAAP revenue	\$ 128,760	\$ 96,614	33%
Effects of foreign currency rate fluctuations	3,428	—	
Revenue adjusted for constant currency	<u>\$ 132,188</u>		37%

**FRESHWORKS INC.**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES**  
(in thousands, except percentages and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Reconciliation of gross profit and gross margin:</b>				
GAAP gross profit	\$ 104,581	\$ 74,378	\$ 294,213	\$ 207,910
Non-GAAP adjustments:				
Stock-based compensation expense	1,772	3,983	5,212	3,983
Employer payroll taxes on employee stock transactions	58	523	25	523
Amortization of acquired intangibles	175	990	1,015	2,939
Non-GAAP gross profit	<u>\$ 106,586</u>	<u>\$ 79,874</u>	<u>\$ 300,465</u>	<u>\$ 215,355</u>
GAAP gross margin	81.2 %	77.0 %	80.6 %	78.3 %
Non-GAAP gross margin	82.8 %	82.7 %	82.4 %	81.1 %
<b>Reconciliation of operating expenses:</b>				
GAAP research and development	\$ 35,871	\$ 57,087	\$ 100,885	\$ 91,377
Non-GAAP adjustments:				
Stock-based compensation expense	(10,318)	(36,823)	(26,446)	(36,823)
Employer payroll taxes on employee stock transactions	(25)	(1,632)	127	(1,632)
Non-GAAP research and development	<u>\$ 25,528</u>	<u>\$ 18,632</u>	<u>\$ 74,566</u>	<u>\$ 52,922</u>
GAAP research and development as percentage of revenue	27.9 %	59.1 %	27.7 %	34.4 %
Non-GAAP research and development as percentage of revenue	19.8 %	19.3 %	20.4 %	19.9 %
<b>GAAP sales and marketing</b>				
GAAP sales and marketing	\$ 86,865	\$ 96,785	\$ 248,369	\$ 188,155
Non-GAAP adjustments:				
Stock-based compensation expense	(16,635)	(40,465)	(44,204)	(40,465)
Employer payroll taxes on employee stock transactions	(746)	(4,409)	(954)	(4,409)
Amortization of acquired intangibles	(101)	(101)	(300)	(299)
Non-GAAP sales and marketing	<u>\$ 69,383</u>	<u>\$ 51,810</u>	<u>\$ 202,911</u>	<u>\$ 142,982</u>
GAAP sales and marketing as percentage of revenue	67.5 %	100.2 %	68.1 %	70.9 %
Non-GAAP sales and marketing as percentage of revenue	53.9 %	53.6 %	55.6 %	53.8 %
<b>GAAP general and administrative</b>				
GAAP general and administrative	\$ 40,133	\$ 60,759	\$ 117,723	\$ 76,785
Non-GAAP adjustments:				
Stock-based compensation expense	(25,167)	(42,988)	(74,790)	(42,988)
Employer payroll taxes on employee stock transactions	(165)	(6,815)	(457)	(6,815)
Non-GAAP general and administrative	<u>\$ 14,801</u>	<u>\$ 10,956</u>	<u>\$ 42,476</u>	<u>\$ 26,982</u>

**FRESHWORKS INC.**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES**  
(in thousands, except percentages and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
GAAP general and administrative as percentage of revenue	31.2 %	62.9 %	32.3 %	28.9 %
Non-GAAP general and administrative as percentage of revenue	11.5 %	11.3 %	11.6 %	10.2 %
<b>Reconciliation of operating loss and operating margin:</b>				
GAAP loss from operations	\$ (58,288)	\$ (140,253)	\$ (172,764)	\$ (148,407)
Non-GAAP adjustments:				
Stock-based compensation expense	53,892	124,259	150,652	124,259
Employer payroll taxes on employee stock transactions	994	13,379	1,309	13,379
Amortization of acquired intangibles	276	1,091	1,315	3,238
Non-GAAP loss from operations	<u>\$ (3,126)</u>	<u>\$ (1,524)</u>	<u>\$ (19,488)</u>	<u>\$ (7,531)</u>
GAAP operating margin	(45.3)%	(145.2)%	(47.4)%	(55.9)%
Non-GAAP operating margin	(2.4)%	(1.6)%	(5.3)%	(2.8)%
<b>Reconciliation of net loss attributable to common stockholders:</b>				
GAAP net loss attributable to common stockholders - basic and diluted	\$ (57,843)	\$ (2,372,253)	\$ (176,655)	\$ (2,763,921)
Non-GAAP adjustments:				
Accretion of redeemable convertible preferred stock	—	2,264,838	—	2,646,662
Stock-based compensation expense	53,892	124,259	150,652	124,259
Employer payroll taxes on employee stock transactions	994	13,379	1,309	13,379
Amortization of acquired intangibles	276	1,091	1,315	3,238
Gain on sale of non-marketable equity investments	—	(23,830)	—	(23,830)
Income tax adjustments	565	(11,555)	1,528	(11,555)
Non-GAAP net loss attributable to common stockholders - basic and diluted	<u>\$ (2,116)</u>	<u>\$ (4,071)</u>	<u>\$ (21,851)</u>	<u>\$ (11,768)</u>



**FRESHWORKS INC.**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES**  
(in thousands, except percentages and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Reconciliation of net loss per share - basic and diluted:</b>				
GAAP net loss per share attributable to common stockholders - basic and diluted	\$ (0.20)	\$ (24.72)	\$ (0.62)	\$ (32.96)
<b>Non-GAAP adjustments:</b>				
Accretion of redeemable convertible preferred stock	—	23.61	—	31.56
Stock-based compensation expense	0.19	1.29	0.53	1.48
Employer payroll taxes on employee stock transactions	—	0.14	—	0.16
Amortization of acquired intangibles	—	0.01	—	0.04
Gain on sale of non-marketable equity investments	—	(0.25)	—	(0.28)
Income tax adjustments	—	(0.12)	0.01	(0.14)
Non-GAAP net loss per share attributable to common stockholders - basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.08)	\$ (0.14)
Weighted-average shares used in computing GAAP and non-GAAP net loss per share attributable to common stockholders - basic and diluted	286,697	95,930	283,258	83,860
<b>Computation of free cash flow:</b>				
Net cash (used in) provided by operating activities	\$ (4,223)	\$ (2,046)	\$ (9,692)	\$ 6,616
<b>Less:</b>				
Purchases of property and equipment	(1,907)	(1,270)	(5,288)	(4,056)
Capitalized internal-use software	(1,106)	(873)	(3,828)	(3,050)
Free cash flow	\$ (7,236)	\$ (4,189)	\$ (18,808)	\$ (490)
Net cash provided by (used in) investing activities	\$ (140,210)	\$ 10,682	\$ (161,074)	\$ 11,995
Net cash provided by (used in) financing activities	\$ (13,365)	\$ 1,065,393	\$ (144,716)	\$ 1,063,019