

Q1 2024 Earnings Presentation

May 1, 2024

Disclaimer

This presentation has been prepared by Freshworks Inc. ("Freshworks") for informational purposes only and not for any other purpose. Nothing contained in this presentation is, or should be construed as, a recommendation, promise, or representation by Freshworks or any officer, director, employee, agent, or advisor of Freshworks. This presentation does not purport to be all inclusive or to contain all of the information you may desire. Information provided in this presentation speaks only as of the date hereof or the date indicated in this presentation accompanying certain historical facts.

This presentation contains "forward-looking" statements within the Private Securities Litigation Reform Act of 1995 that are based on our management's current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. Other than statements of historical facts, all statements contained in this presentation, including statements regarding our annual recurring revenue, revenue, expenses and other results of operations; future financial performance, business strategy and plans; potential market and growth opportunities; addition of new customers or continuing relationship with existing customers; growth rates, competitive position; technological or market trends; and our objectives for future operations, are forward-looking statements. Historical results are not indicative of future performance and you should not rely on past performance as indicative of any future performance by Freshworks. These forward-looking statements are subject to a number of risks, uncertainties and assumptions including our ability to achieve or maintain profitability; our expectations and management of future growth; the effects of increased competition as well as innovations by new and existing competitors in our market; and our ability to retain our existing customers and to increase our number of customers. Moreover, we operate in a very competitive and rapidly changing environment in which new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results or performance to differ materially from those contained in any forward-looking statements we may make.

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

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

Use of Non-GAAP Measures

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

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

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

Working with amazing brands around the globe

Retail, Logistics,
& E-Commerce



DECATHLON

Blue Nile

BIG LOTS!



Carrefour



Financial
Services

DISCOVER



S&P Global



Auto &
Manufacturing



BRIDGESTONE

TOSHIBA

CHAMPIONX



Media &
Entertainment



High
Tech



CLOUDERA

Hospitality &
Transportation



Thomas
Cook



FCM

Welcoming more customers every quarter...






The Freshworks solution

IT & Employee Service

 Freshservice  Freshservice
for Business Teams

Customer Service

 Freshdesk  Freshchat
 Freshworks CS Suite

Sales & Marketing

 Freshsales  Freshmarketer

Neo Platform

 Freddy AI

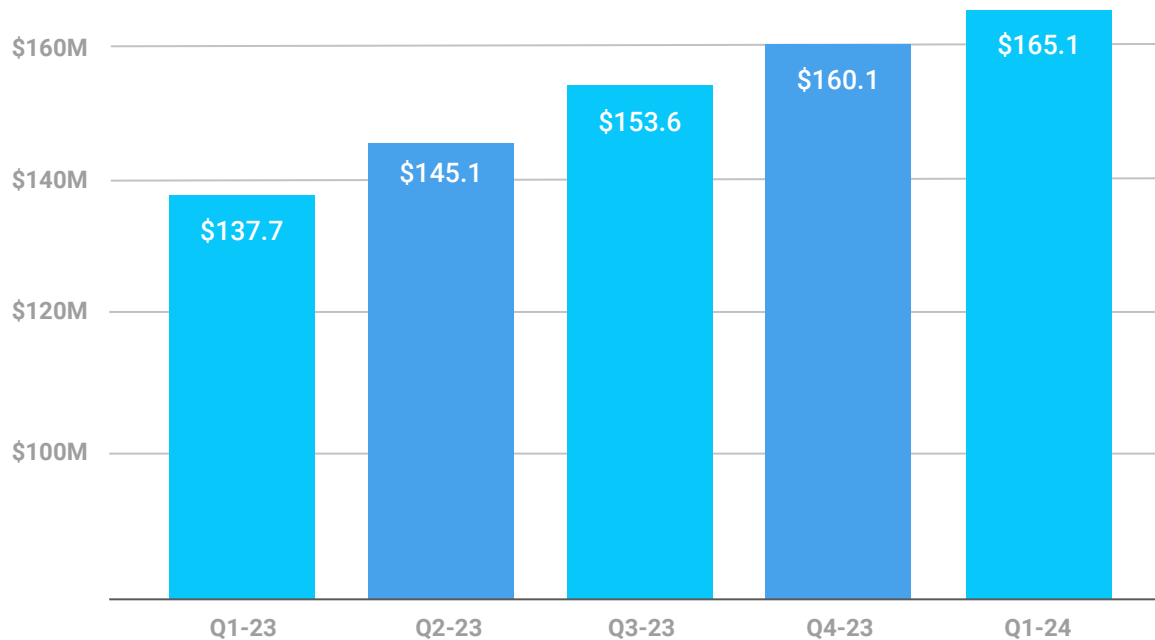
Data & Analytics

Unified Customer Experience

Developer & Marketplace Experience

Revenue by quarter

(\$ in millions)



YoY Growth

20%

19%

19%

20%

20%

YoY Growth CC*

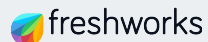
23%

20%

18%

19%

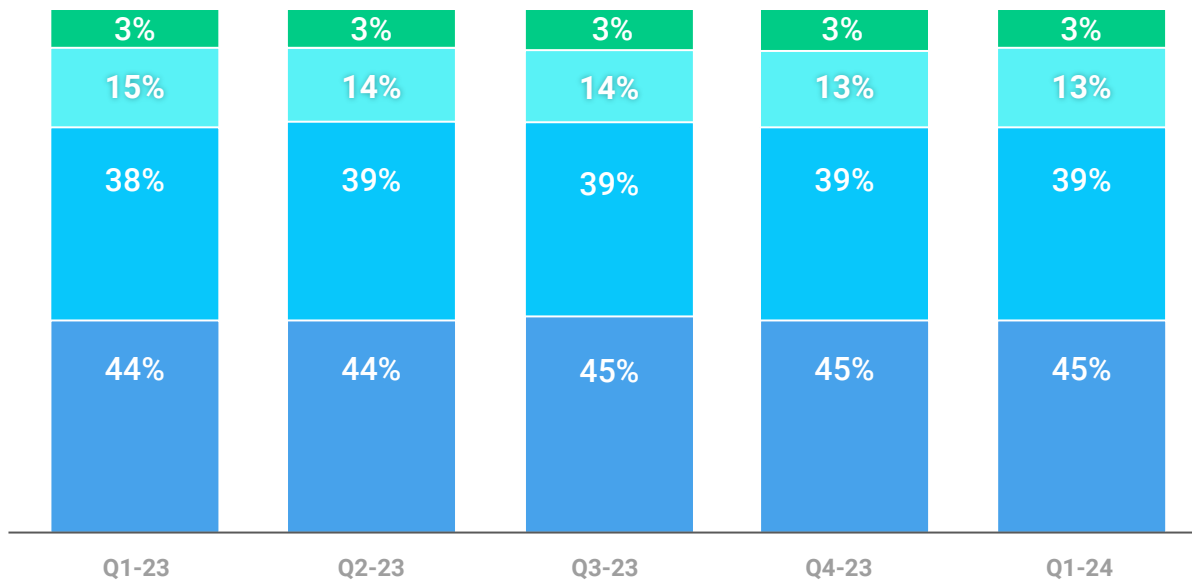
19%



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

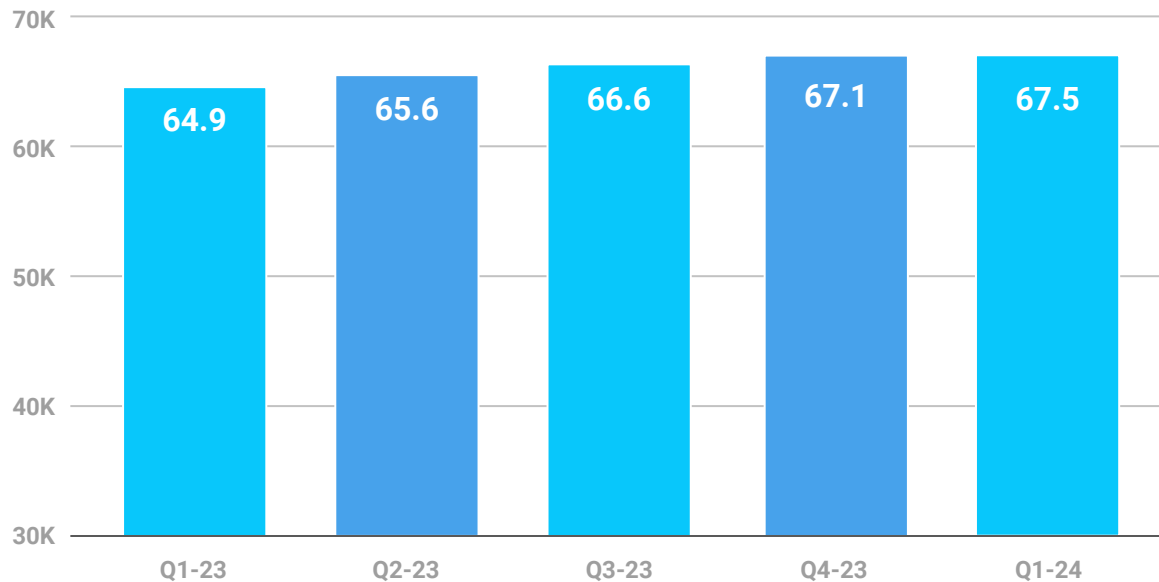
© 2024 Freshworks Inc. All rights reserved.

Revenue by geography



Total customers

(in thousands)



YoY Growth

12%

10%

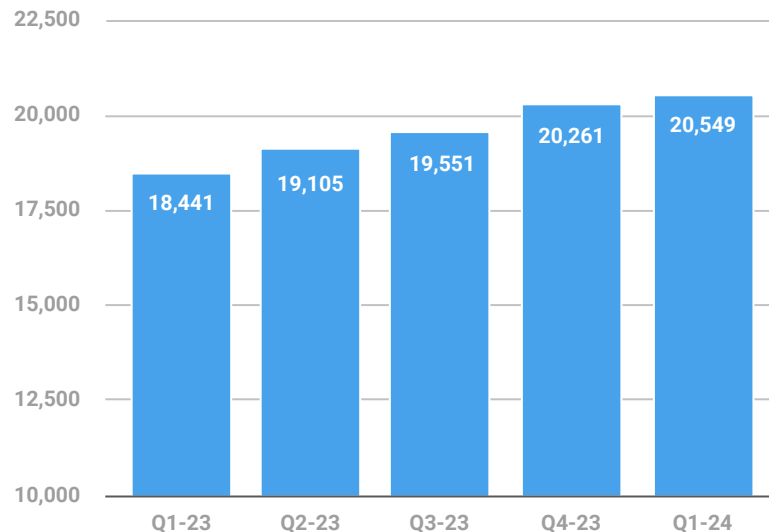
8%

6%

4%

Customer metrics

Customers >\$5K ARR



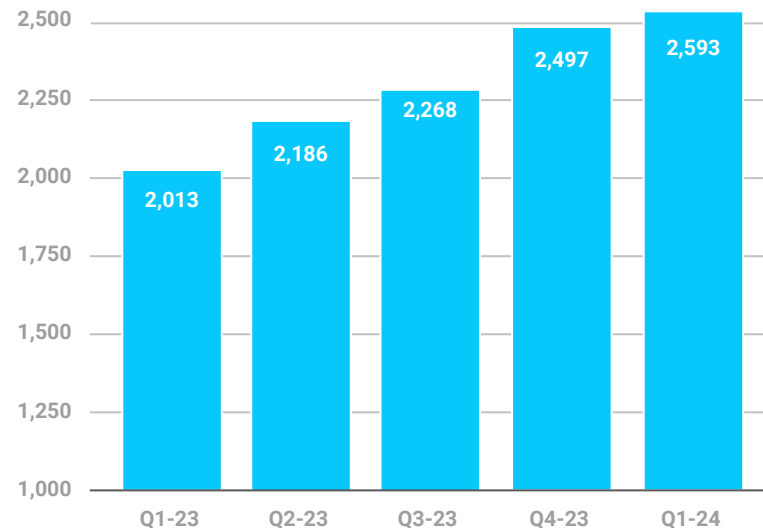
YoY Growth

18% **18%** **17%** **14%** **11%**

YoY Growth CC*

19% **17%** **16%** **14%** **12%**

Customers >\$50K ARR



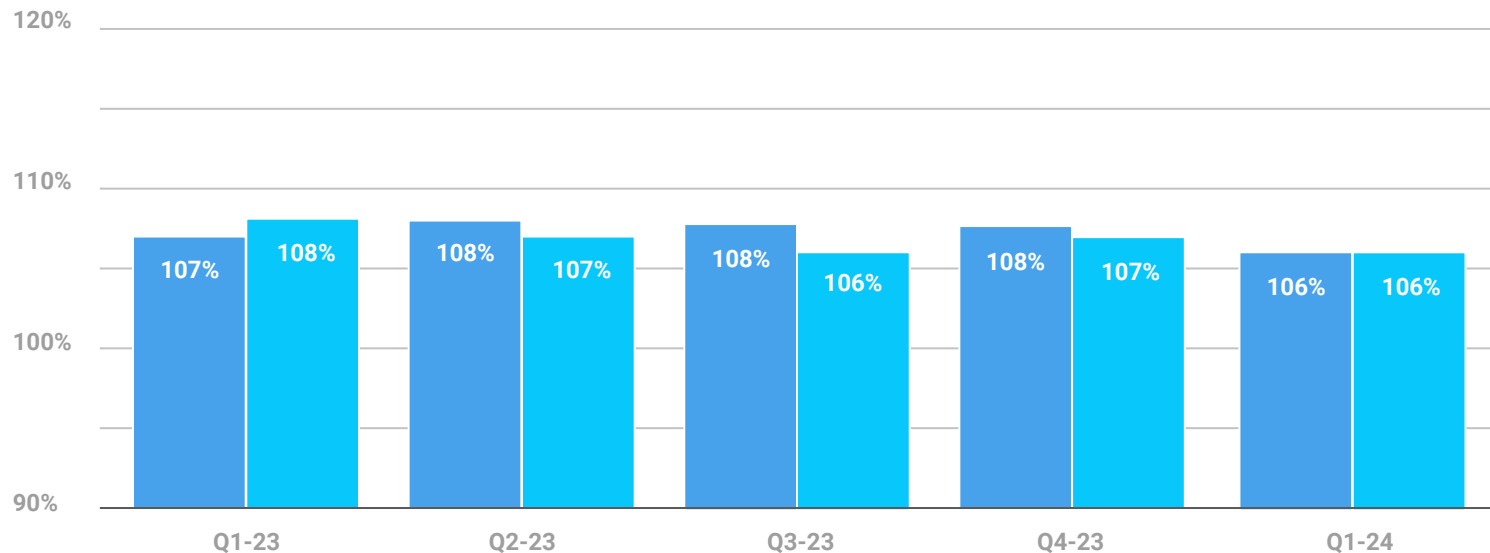
YoY Growth

30% **33%** **32%** **31%** **29%**

YoY Growth CC*

33% **32%** **30%** **30%** **29%**

Net dollar retention



Net Dollar Retention



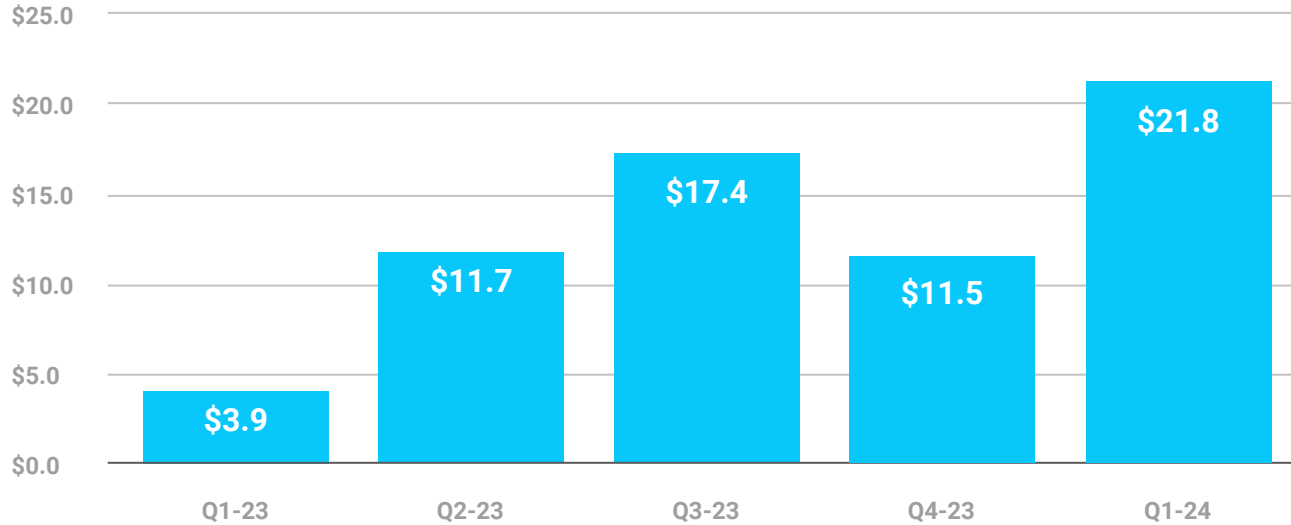
Net Dollar Retention CC*

Net Dollar Retention Rate is calculated by taking the Ending ARR of the cohort of customers from 12 months prior divided by the Entering ARR from 12 months ago. For example, Net Dollar Retention Rate would be 110% if the ARR of our customers ending Q1-23 was \$100 and the ARR of those customers grew to \$110 ending Q1-24.

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

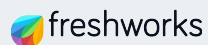
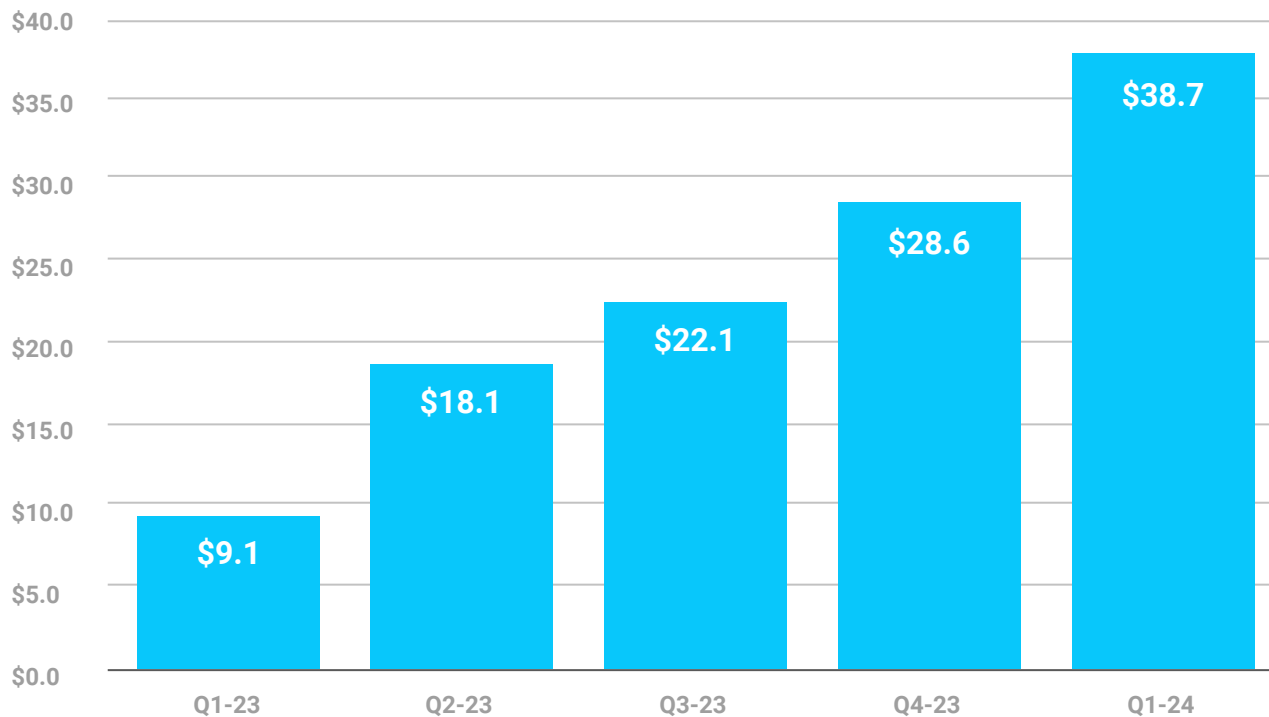
Non-GAAP Income from operations

(\$ in millions)



Free cash flow

(\$ in millions)



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

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

© 2024 Freshworks Inc. All rights reserved.

Financial outlook

(\$ in millions except for per share data)	Q2-24	2024
Revenue ⁽¹⁾	\$168.0 - \$170.0	\$695.0 - \$705.0
Year-over-year growth	16% - 17%	17% - 18%
Non-GAAP income from operations ⁽¹⁾	\$6.5 - \$8.5	\$58.0 - \$64.0
Non-GAAP net income per share ⁽²⁾	\$0.05 - \$0.06	\$0.32 - \$0.35

(1) Revenue and non-GAAP income from operations are based on exchange rates as of April 26, 2024 for currencies other than USD.

(2) Non-GAAP net income per share was estimated assuming 305.6 million and 307.6 million weighted-average shares outstanding for the second quarter and full year 2024, respectively.

GAAP to non-GAAP Reconciliations

GAAP to non-GAAP Reconciliations – Revenue

(\$ in millions)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
GAAP Revenue	\$137.7	\$145.1	\$153.6	\$160.1	\$165.1
YoY Growth rates	20%	19%	19%	20%	20%
Add: Effects of foreign currency rate fluctuations	\$3.5	\$1.2	(\$1.9)	(\$2.2)	(\$0.6)
Revenue adjusted for constant currency ⁽¹⁾	\$141.2	\$146.3	\$151.6	\$157.9	\$164.5
YoY Growth rates - constant currency	23%	20%	18%	19%	19%

GAAP to non-GAAP Reconciliations – Income (loss) from operations

(\$ in millions)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
GAAP (loss) from operations	(\$48.1)	(\$43.3)	(\$38.7)	(\$40.0)	(\$32.2)
Add: stock-based compensation expense - employee awards	\$50.7	\$54.2	\$55.1	\$50.6	\$52.4
Add: employer taxes and employee stock transactions	\$1.0	\$0.7	\$1.0	\$0.9	\$1.5
Add: amortization of acquired intangibles	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
Non-GAAP income (loss) from operations	\$3.9	\$11.7	\$17.4	\$11.5	\$21.8
GAAP operating margin	(35%)	(30%)	(25%)	(25%)	(19%)
Non-GAAP operating margin	3%	8%	11%	7%	13%

GAAP to non-GAAP Reconciliations – Free cash flow

(\$ in millions)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Net cash provided by operating activities	\$11.5	\$19.9	\$23.9	\$30.9	\$40.6
Less: purchases of property and equipment	(\$0.4)	(\$0.3)	(\$0.3)	(\$1.1)	(\$0.7)
Less: capitalized internal-use software	(\$2.0)	(\$1.5)	(\$1.6)	(\$1.2)	(\$1.2)
Free cash flow	\$9.1	\$18.1	\$22.1	\$28.6	\$38.7
Net cash provided by (used in) investing activities	\$41.3	\$2.8	\$102.1	\$12.2	(\$37.8)
Net cash (used in) financing activities	(\$12.4)	(\$11.0)	(\$24.0)	(\$13.2)	(\$23.0)