

Q3 2024 Earnings Presentation

November 6, 2024

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

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, non-GAAP operating margin, and free cash flow. This presentation also includes certain operating 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.

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and ecommerce



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Auto and
manufacturing



Media and
entertainment



High-tech



Hospitality and
transportation



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Fashion
Group



UNIVERSITY OF
OXFORD

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CHAMPIONX



 *Republic Airways*

Freshworks solutions

Neo Platform and Freddy infuse AI across all products

SOLUTIONS

Employee Experience (EX)

Customer Experience (CX)

PRODUCTS



Freshservice



Freshservice
for Business Teams



Device42



Freshdesk
Omni*



Freshdesk



Freshchat



Freshsales



Freshmarketer

PLATFORM

 Freshworks Neo



Freddy AI

AI

**Freddy AI Agent and
Freddy AI Self Service**

for Customers & Employees

Freddy AI Copilot

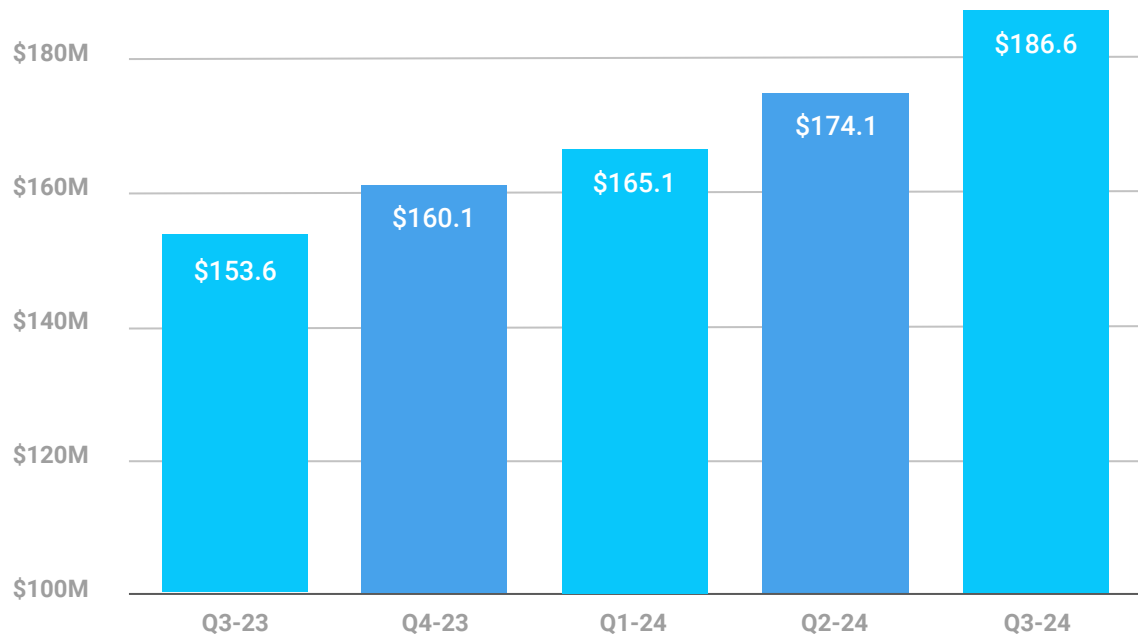
for Customer Service, Sales,
Marketing, IT & Developers

Freddy AI Insights

for Business Leaders

Revenue by quarter

(\$ in millions)



YoY Growth

19%

20%

20%

20%

22%

YoY Growth CC*

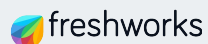
18%

19%

19%

20%

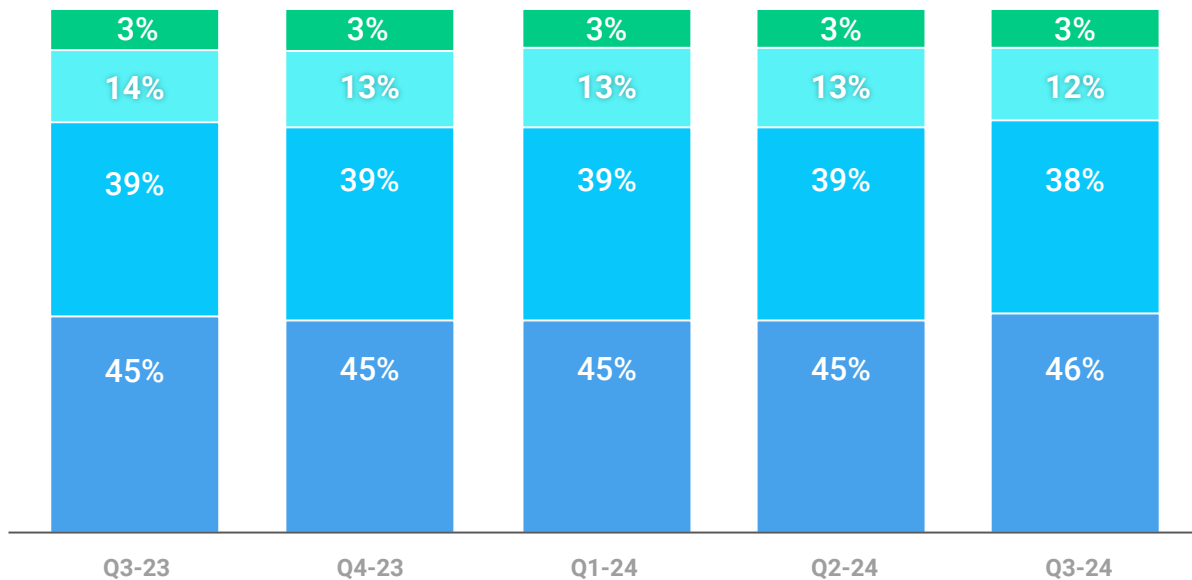
22%



*Note: Revenue growth rates adjusted for constant currency are based on average exchange rates in effect during the comparison period for currencies other than USD. 2024 financial data reflects unaudited results as of September 30, 2024. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures. Numbers rounded for presentation purposes and may not foot.

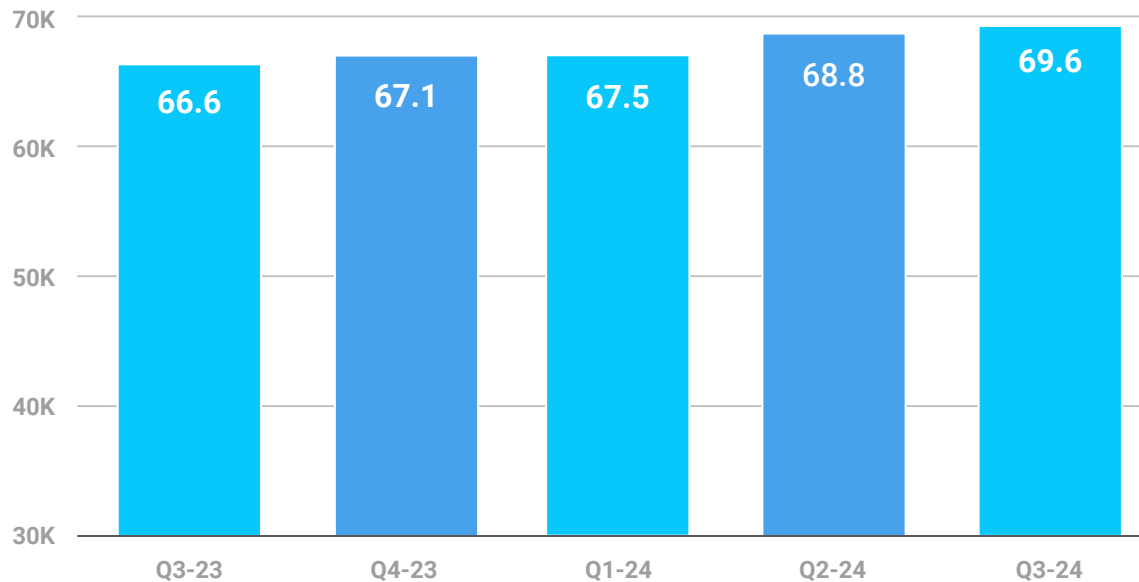
All financial numbers for Q2-24 and thereafter include the results of Device42, Inc. for the period after the close of the acquisition.

Revenue by geography



Total customers

(in thousands)



YoY Growth

8%

6%

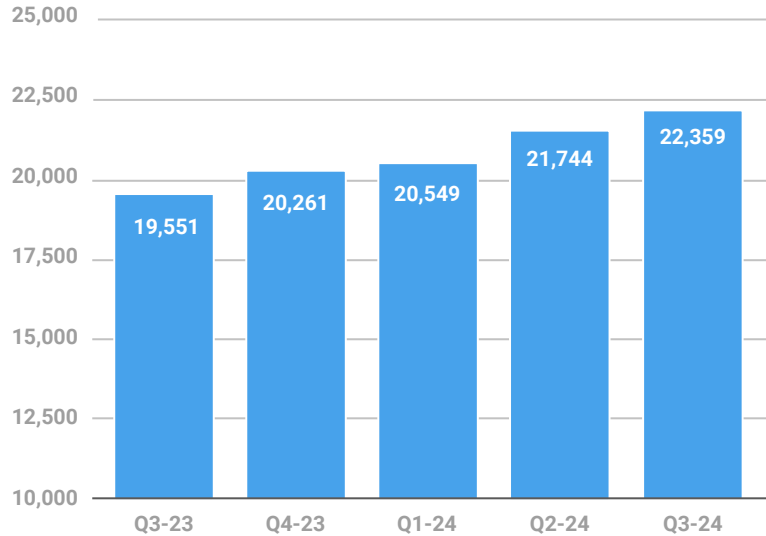
4%

5%

5%

Customer metrics

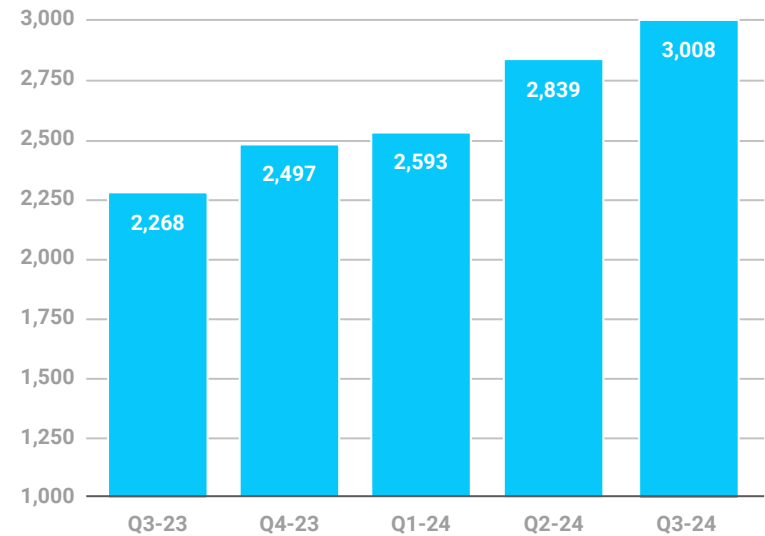
Customers >\$5K ARR



YoY Growth **17%** **14%** **11%** **14%** **14%**

YoY Growth CC* **16%** **14%** **12%** **14%** **14%**

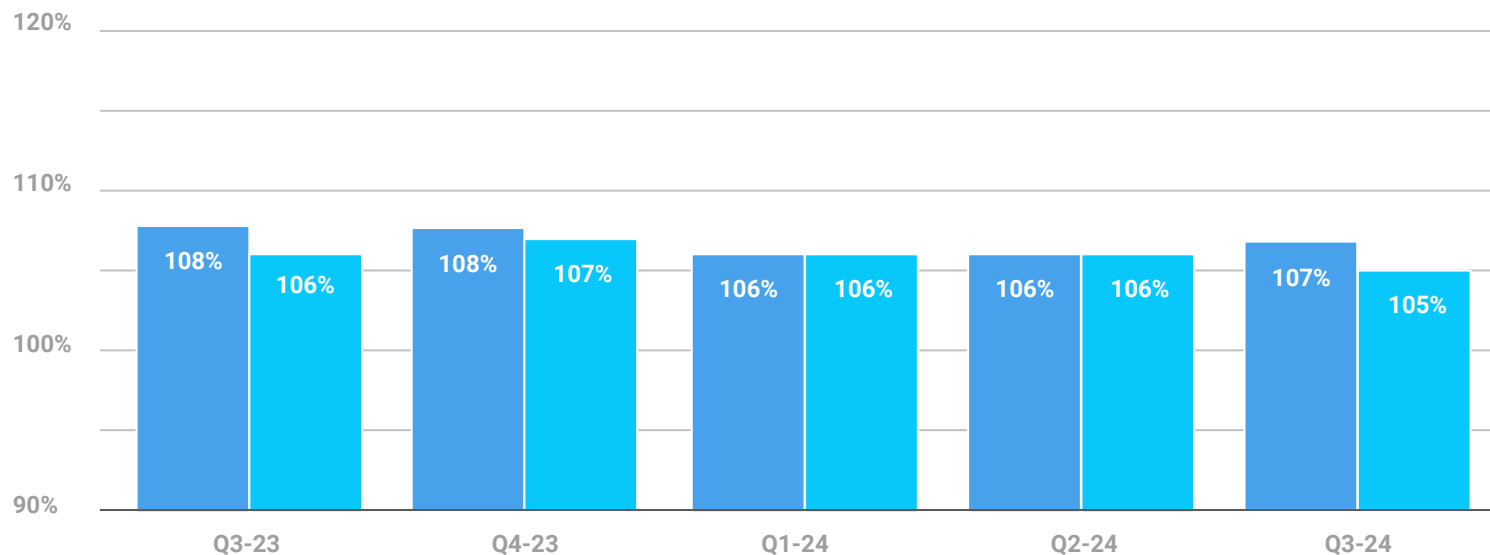
Customers >\$50K ARR



YoY Growth **32%** **31%** **29%** **30%** **33%**

YoY Growth CC* **30%** **30%** **29%** **30%** **30%**

Net dollar retention



Net Dollar Retention



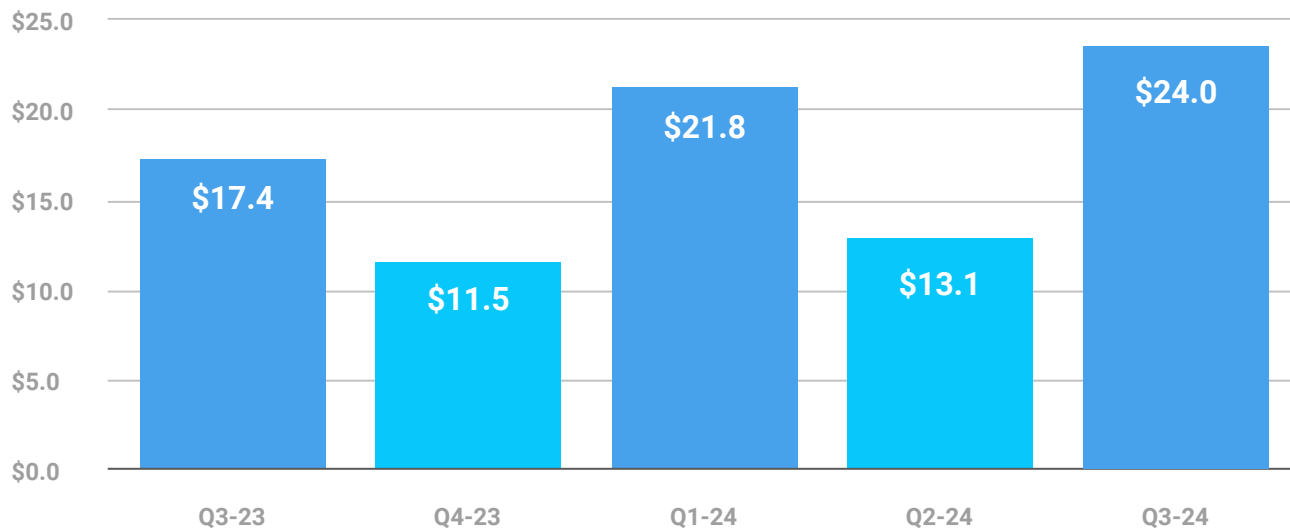
Net Dollar Retention CC*

Net Dollar Retention Rate is calculated by taking the Ending ARR of the cohort of customers from 12 months prior divided by the Entering ARR from 12 months ago. Ending ARR includes upsells, cross-sells, renewals and expansion as a result of acquisitions during the measurement period and is net of any contraction or attrition over this period. For example, Net Dollar Retention Rate would be 110% if the ARR of our customers ending Q3-23 was \$100 and the ARR of those customers grew to \$110 ending Q3-24.

*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.

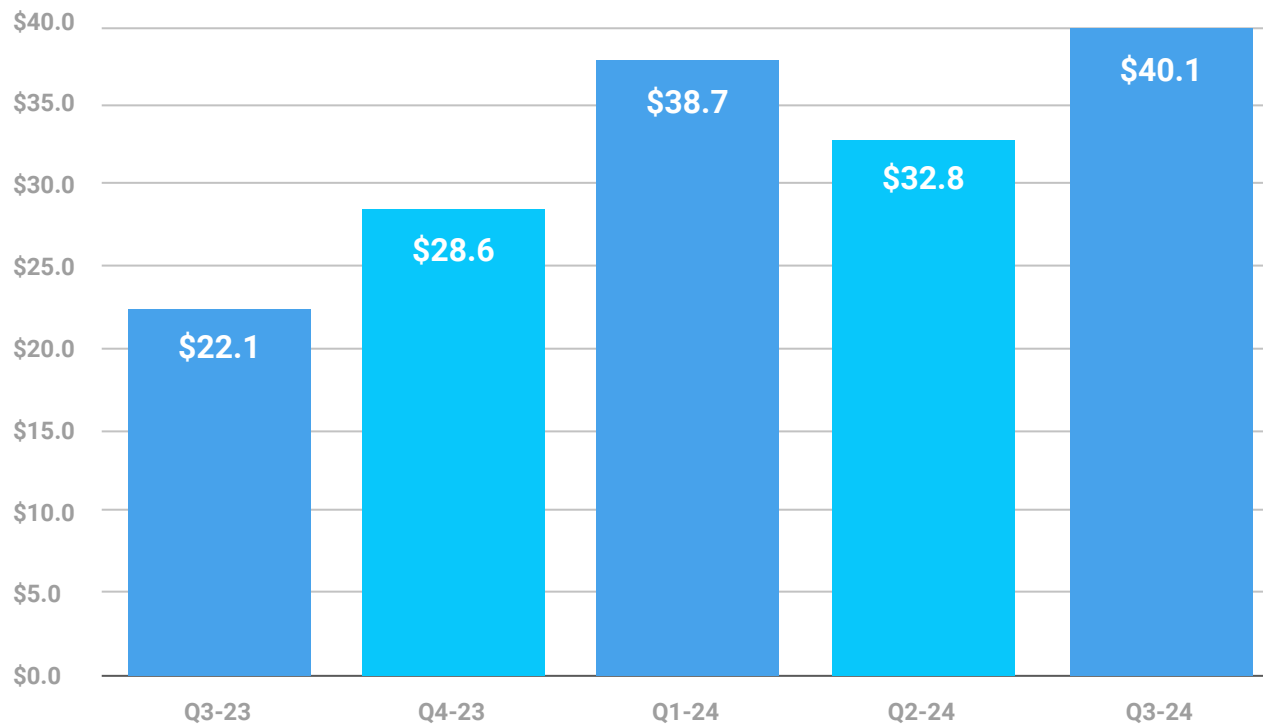
Non-GAAP income from operations

(\$ 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.

Note: 2024 financial data reflects unaudited results as of September 30, 2024. See Appendix for reconciliation of all GAAP to Non-GAAP financial measures.

Financial outlook

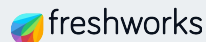
(\$ in millions except for per share data)	Q4-24	2024
Revenue ⁽¹⁾	\$187.8 - \$190.8	\$713.6 - \$716.6
Year-over-year growth	17% - 19%	20%
Non-GAAP income from operations ^{(1) (3)}	\$22.0 - \$24.0	\$80.8 - \$82.8
Non-GAAP net income per share ^{(2) (3)}	\$0.09 - \$0.10	\$0.38 - \$0.39

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

(2) Non-GAAP net income per share was estimated assuming 302.1 million and 305.0 million weighted-average shares outstanding for the fourth quarter and full year 2024, respectively.

(3) We have not reconciled our estimates for non-GAAP financial measures to GAAP due to the uncertainty and potential variability of expenses that may be incurred in the future. As a result, reconciliation is not available without unreasonable effort and we are unable to address the probable significance of the unavailable information.

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GAAP to non-GAAP Reconciliations

GAAP to non-GAAP Reconciliations

Revenue

(\$ in millions)	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24
GAAP Revenue	\$153.6	\$160.1	\$165.1	\$174.1	\$186.6
YoY Growth rates	19%	20%	20%	20%	22%
Add: Effects of foreign currency rate fluctuations	(\$1.9)	(\$2.2)	(\$0.6)	\$0.2	\$0.1
Revenue adjusted for constant currency ⁽¹⁾	\$151.6	\$157.9	\$164.5	\$174.3	\$186.7
YoY Growth rates - constant currency	18%	19%	19%	20%	22%

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

Note: 2024 financial data reflects unaudited results as of September 30, 2024.

GAAP to non-GAAP Reconciliations

Income (loss) from operations

(\$ in millions)	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24
GAAP (loss) from operations	(\$38.7)	(\$40.0)	(\$32.2)	(\$43.8)	(\$38.9)
Add: stock-based compensation expense - employee awards	\$55.1	\$50.6	\$52.4	\$55.1	\$58.7
Add: employer taxes and employee stock transactions	\$1.0	\$0.9	\$1.5	\$0.8	\$0.5
Add: amortization of acquired intangibles	\$0.0	\$0.0	\$0.0	\$1.0	\$3.6
Non-GAAP income (loss) from operations	\$17.4	\$11.5	\$21.8	\$13.1	\$24.0
GAAP operating margin	(25%)	(25%)	(19%)	(25%)	(21%)
Non-GAAP operating margin	11%	7%	13%	8%	13%

GAAP to non-GAAP Reconciliations

Free cash flow

(\$ in millions)	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24
Net cash provided by operating activities	\$23.9	\$30.9	\$40.6	\$36.3	\$42.3
Less: purchases of property and equipment	(\$0.3)	(\$1.1)	(\$0.7)	(\$2.3)	(\$1.1)
Less: capitalized internal-use software	(\$1.6)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)
Free cash flow	\$22.1	\$28.6	\$38.7	\$32.8	\$40.1
Net cash provided by (used in) investing activities	\$102.1	\$12.2	(\$37.8)	(\$182.7)	\$50.2
Net cash (used in) financing activities	(\$24.0)	(\$13.2)	(\$23.0)	(\$11.4)	(\$11.6)