



# Investor Presentation

Q3 2024



# Safe Harbor Statement

This presentation includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding management’s expectations of future financial and operational performance and operational expenditures, expected growth, foreign currency movement, and business outlook, including our financial guidance for the fourth fiscal quarter of and full year 2024 and our long-term financial framework; statements regarding our positioning for future growth and market leadership; statements regarding the economic environment; and statements regarding expected market trends, future priorities, and related investments, and market opportunities (including with respect to our expanding Total Addressable Market). These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, risks associated with our history of losses; our ability to retain existing customers and add new customers; the continued growth of the market for a CRM platform; our ability to develop new products and and technologies and to differentiate our platform from competing products and technologies, including artificial intelligence and machine learning technologies; our ability to manage our growth effectively over the long-term to maintain our high level of service; our ability to maintain and expand relationships with our solutions partners; the impact of general economic conditions on the spending patterns of our customers and potential customers; the impact of our pricing and partnership referral strategies on our ability to attract new customers; the price volatility of our common stock; the impact of geopolitical conflicts, inflation, foreign currency movement, and macroeconomic instability on our business, the broader economy, our workforce and operations, the markets in which we and our partners and customers operate, and our ability to forecast our future financial performance; regulatory and legislative developments on the use of artificial intelligence and machine learning; and other risks set forth under the caption “Risk Factors” in our SEC filings. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

# HubSpot at a Glance



**\$2.5b**

TTM revenue

**22%**

YoY revenue growth<sup>1</sup>



**\$406m**

TTM free cash flow<sup>2</sup>

**16%**

FCF margin



**238,000**

customers

**23%**

YoY growth



**8,100**

employees

**135+**

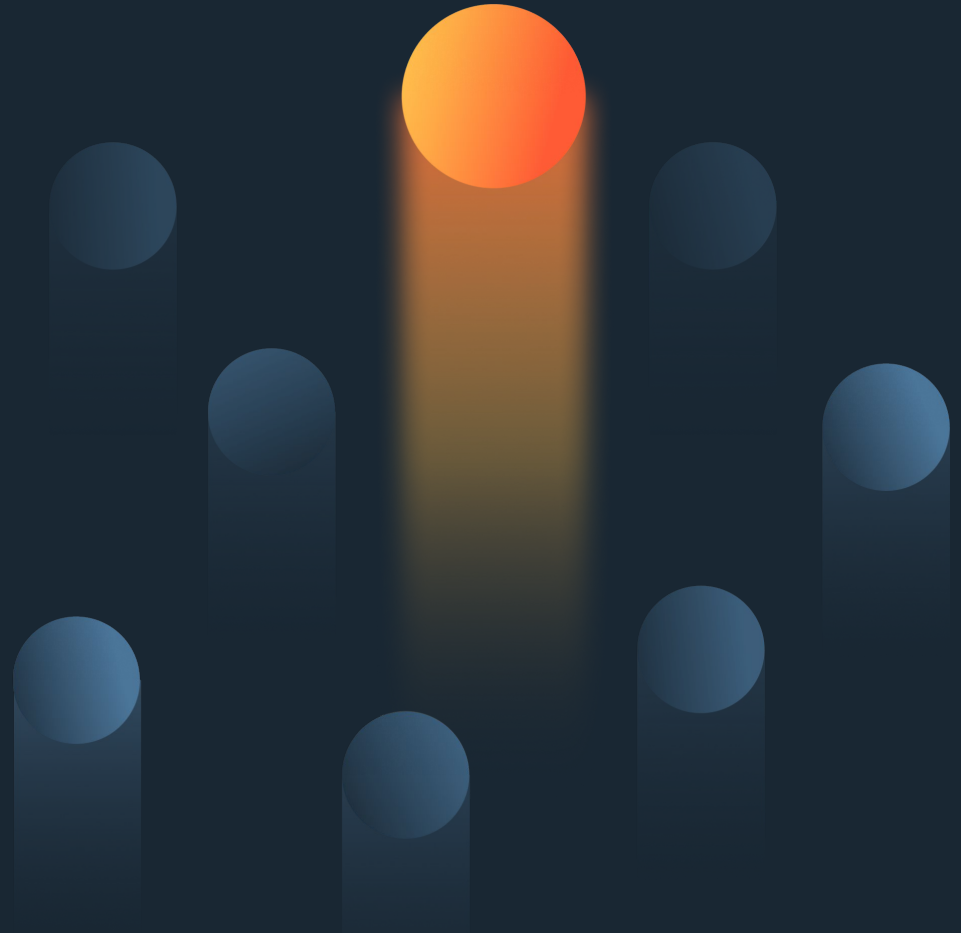
countries<sup>3</sup>

<sup>1</sup> As-reported YoY growth based on trailing twelve month period as of Q3 2024, compared to prior trailing twelve month period as of Q3 2023.

<sup>2</sup> Free Cash Flow is a non-GAAP metric. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures. <sup>3</sup> Customers located in 135+ countries globally.

## Our mission

Help millions of  
organizations  
grow better



# Early in large and expanding TAM opportunity



Includes Total Addressable Market (TAM) for software in HubSpot's core product groups including Marketing Hub, Sales Hub, Service Hub, Operations Hub, Content Hub, Commerce Hub, and Breeze Intelligence.  
Source: IDC and HubSpot estimates

# What matters to our customers?

 **easy**

to use

 **fast**

time to value

 **unified**

data

 **What it means**

Intuitive and efficient

 **Why it matters**

Shortens the learning curve  
and painless to use

 **What it means**

Immediate impact

 **Why it matters**

Drives greater adoption  
and value in weeks, not  
months

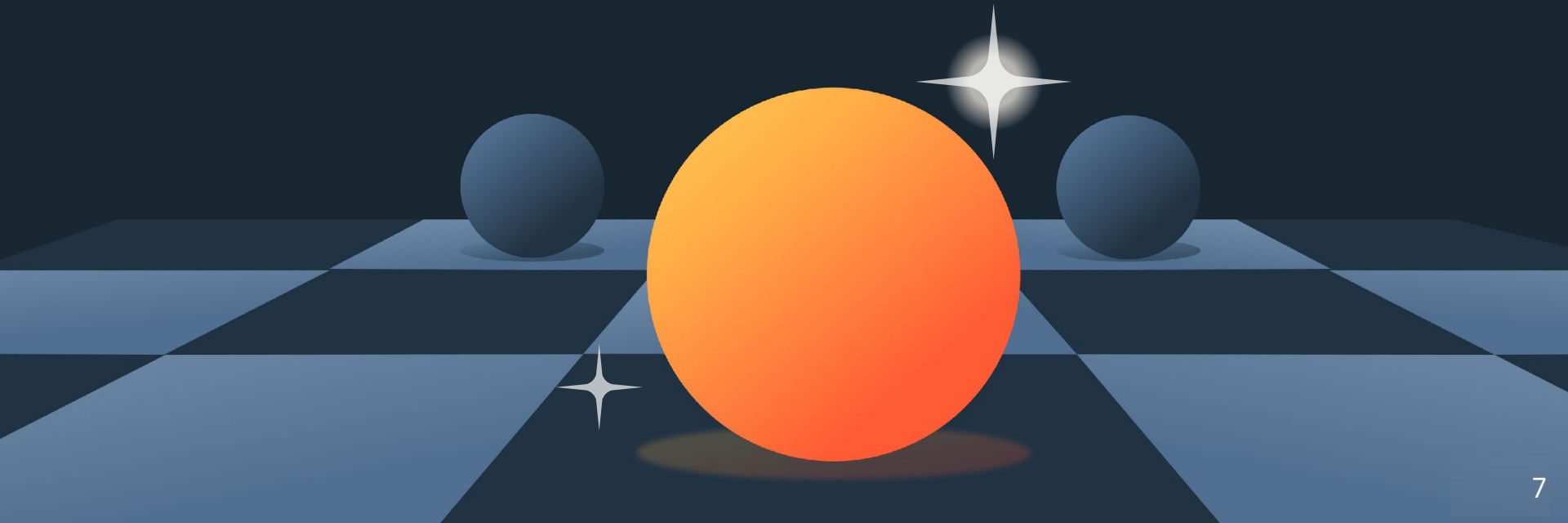
 **What it means**

All your data in one place

 **Why it matters**

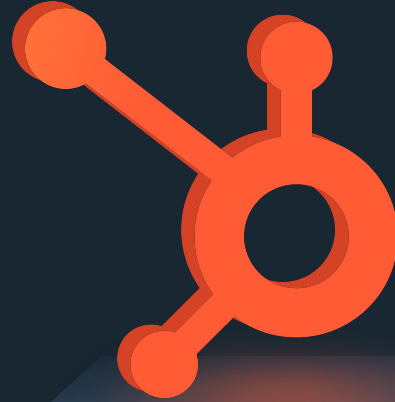
Makes HubSpot more  
accurate and insightful

# Product Strategy



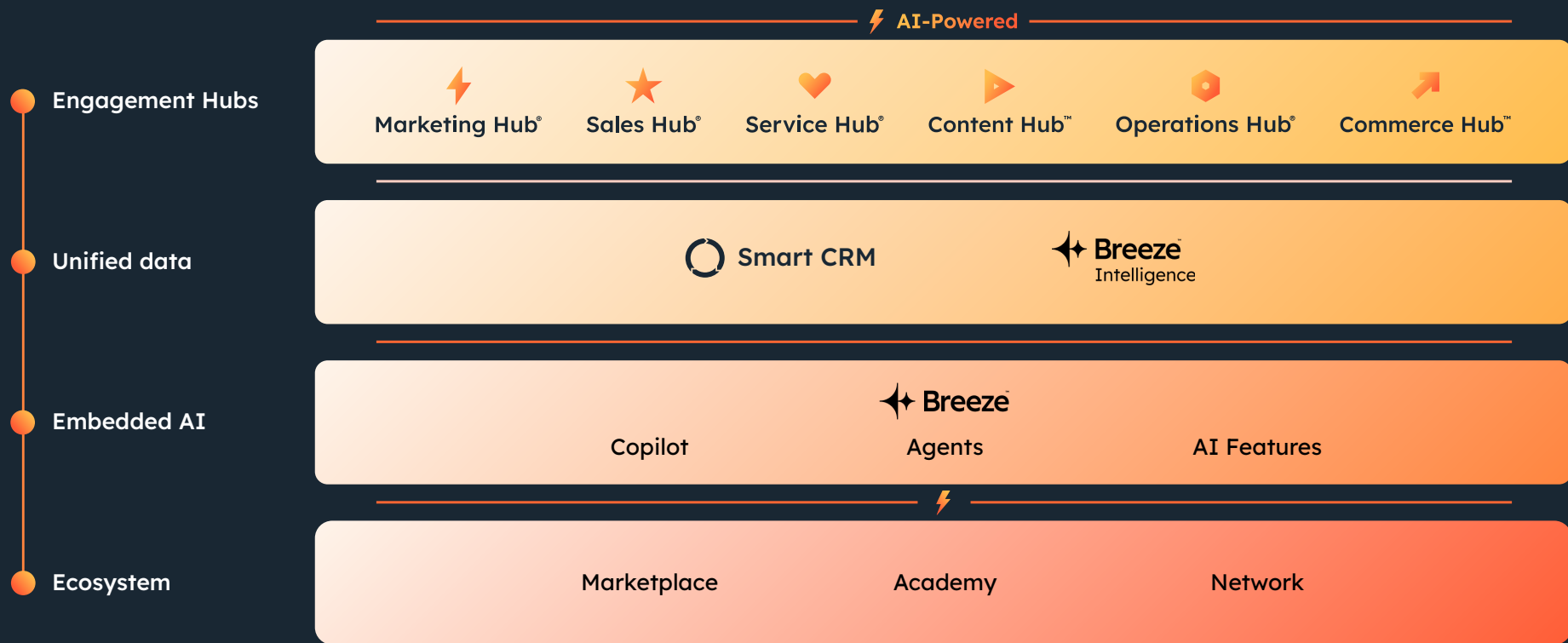
## Our Aspiration

Be the #1 AI-powered  
customer platform  
for scaling companies





# Fueling growth with our Customer Platform



# AI powers the entire Customer Platform



- CRM record summaries
- Company research
- Image generation
- Content creation (email, landing pages, blogs, etc)
- Brand voice
- Call analysis
- Search summaries
- Browser extension
- Mobile app



- Social Agent
- Content Agent
- Prospecting Agent
- Customer Agent



- Campaigns analyze tab
- AI image & clip creator
- Engagement scoring
- AI-assisted reporting & automation
- Data quality
- Data entry suggestions
- Translation for email
- Context-driven AI
- Call sentiment

● GA by end of '24

● Beta by end of '24

# Breeze Intelligence provides our customers with the best possible data about *their* customers



## Company and Contact Enrichment

Enriches over 200M data points within the CRM



## Buyer Intent

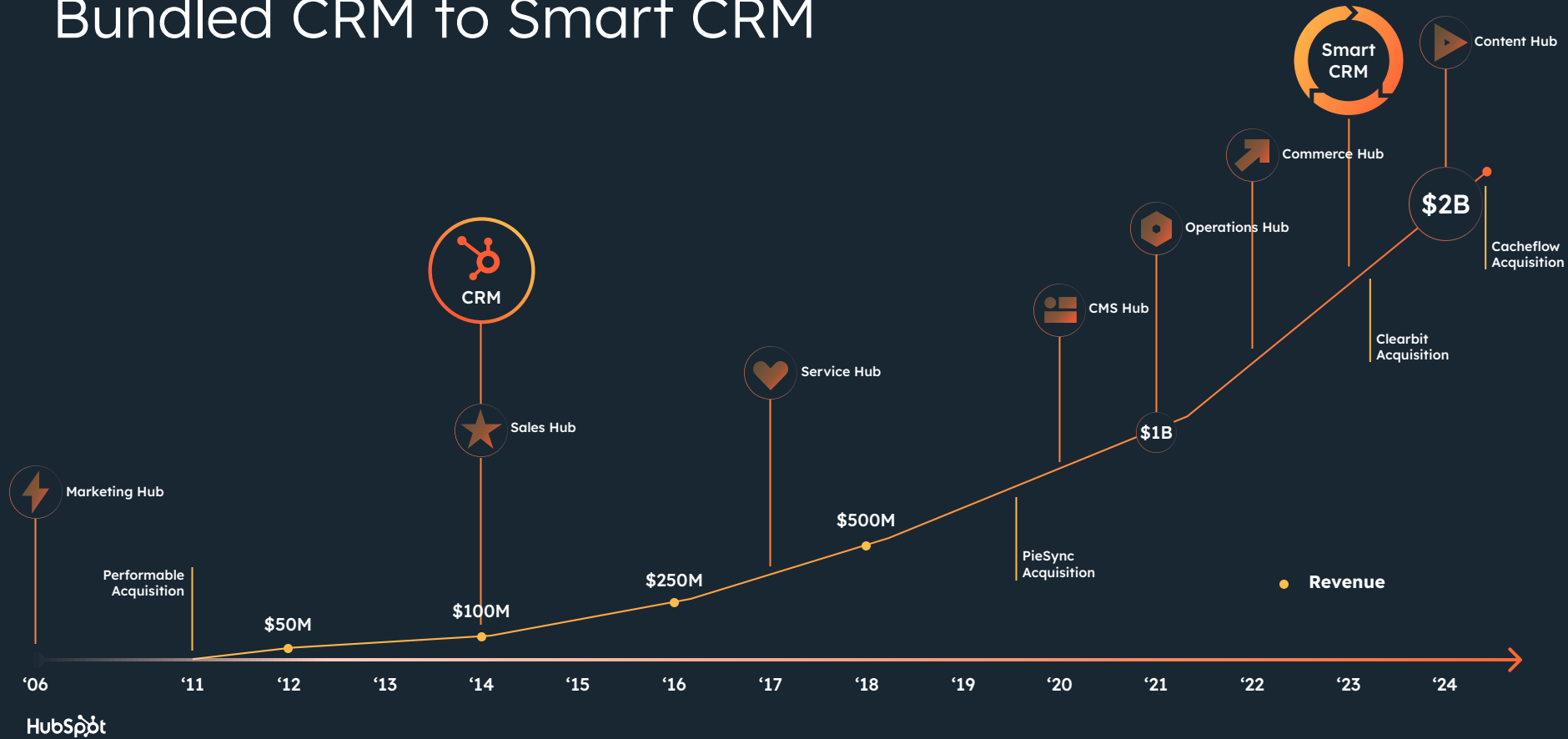
Audience and intent data to identify and prioritize prospects



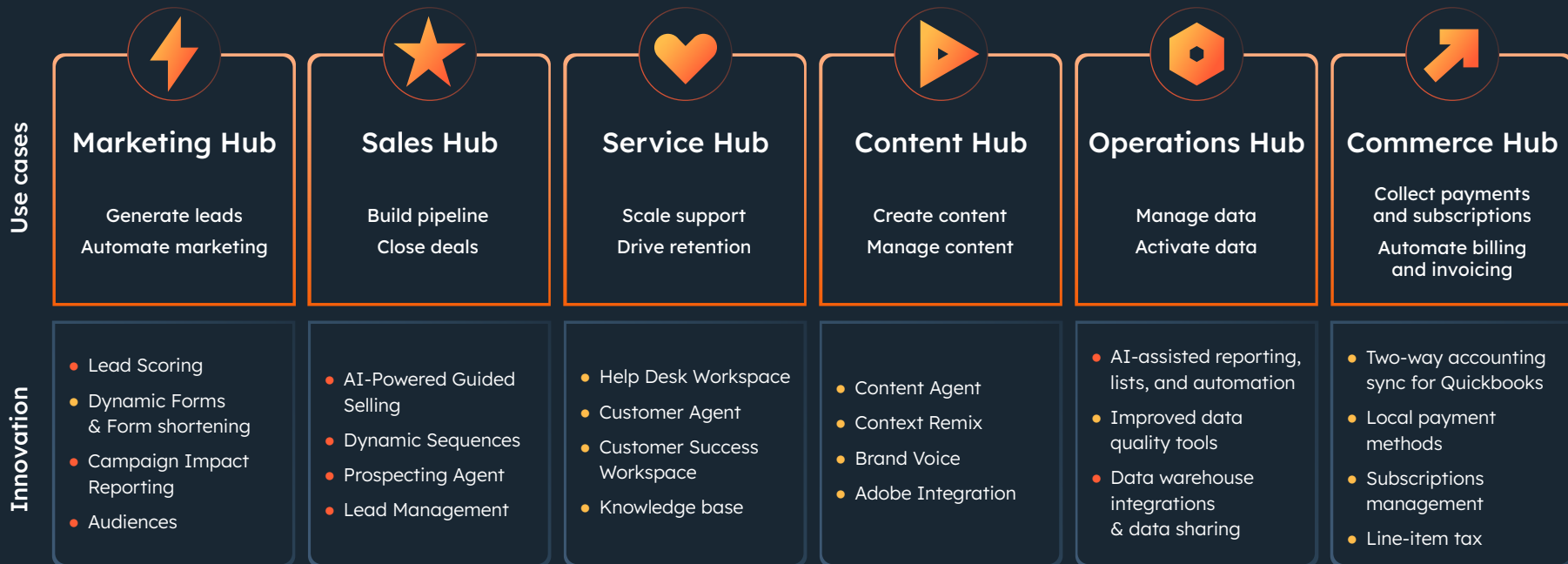
## Form Shortening

Increase conversion rates to connect with the right prospects

# Bundled CRM to Smart CRM



# Building a unified system of engagement for the entire front-office



• GA by end of '24

• Beta by end of '24

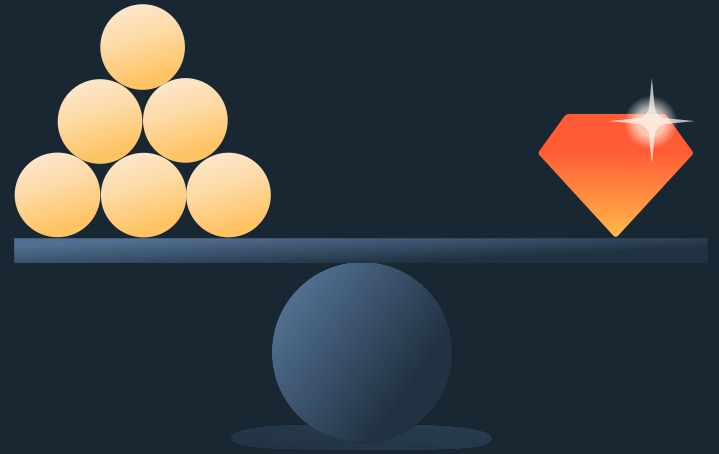
# We are a Customer Platform company

- + Embedded AI
  - + Breeze Intelligence
  - + Strengthened Smart CRM
  - + Best-in-class Engagement Hubs
  - + Thriving and expanding ecosystem
- = **Momentum as Customer Platform**



## GTM Strategy

Be world-class at driving volume at the low-end and value at the high-end



# Scaling Distribution



Digital-driven



Partner-driven



Sales-driven

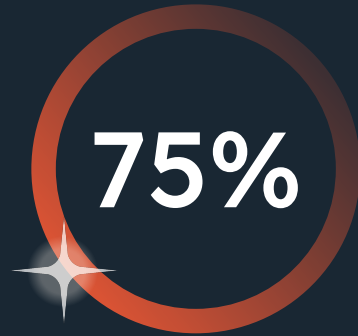


# Digital-driven motion is scaling



# Partner-driven motion is gaining momentum

Acquiring and activating  
more partners



of customers onboarded  
by partners

Scaling with  
partners



growth in co-selling

Driving more value  
with partners



higher ASPs

# Sales-driven motion is scaling effectively

Enhanced Sales  
and Partner Training

Streamlined Sales  
Execution

**38%**

of Pro+ customers  
are 3+ hubs

**28%**

of new ARR  
from larger deals



# Financial Overview

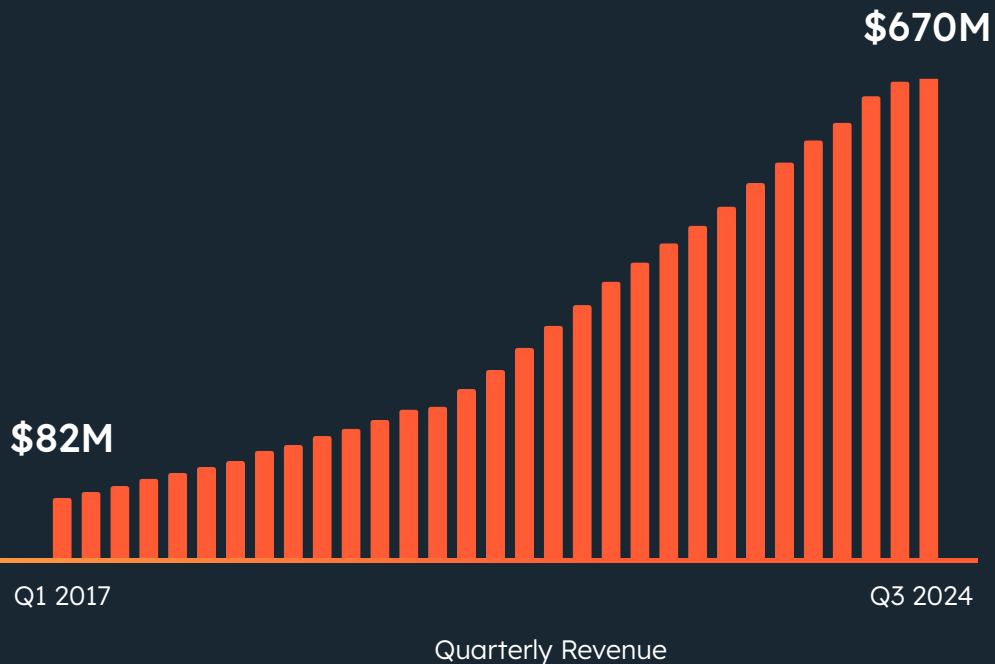
Q3 2024



# Strong **revenue** growth

## 20%<sup>1</sup> Growth

Q3'23 → Q3'24

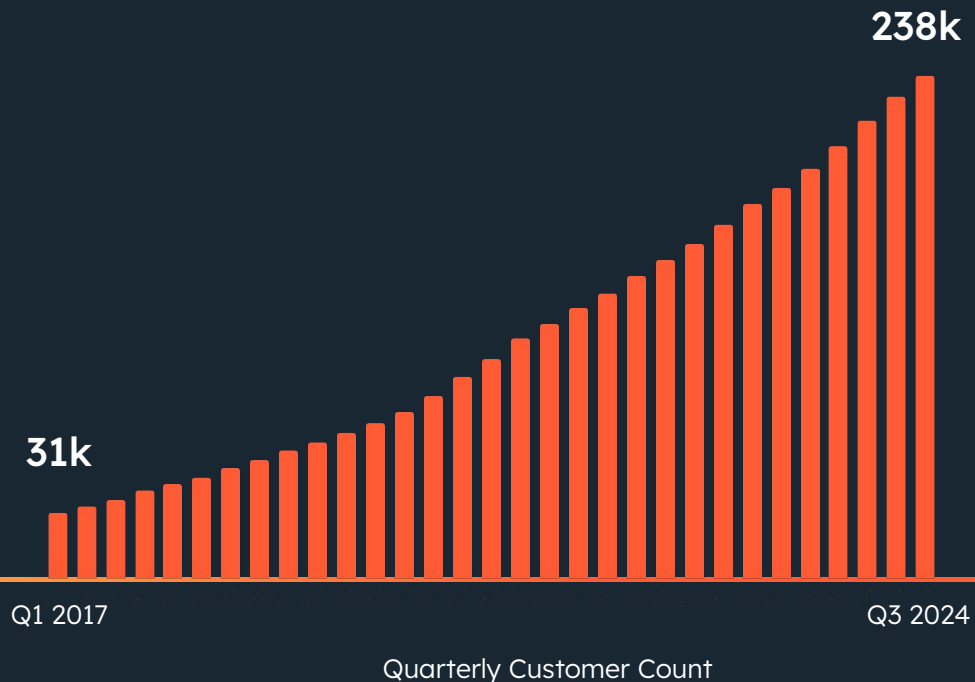


<sup>1</sup> Excludes impact of foreign currency. Q3'24 revenue growth was 20% as reported and 20% in constant currency. Constant Currency is presented by converting current and comparative prior period operating results for entities reporting in currencies other than U.S. Dollars into U.S. Dollars at constant exchange rates rather than actual exchange rates in effect during the respective period.

Strong **customer** growth

**23% Growth**

Q3'23 → Q3'24



# Strong **operating margin** expansion

# 19% Margin

Q3 2024

\$1M

\$125M

Q1 2017

Q3 2024

Quarterly Operating Profit

Operating profit and operating profit margin are non-GAAP metrics. Please refer to the appendix for a reconciliation of GAAP to non-GAAP figures.

# Strong **free cash flow** and balance sheet

**\$2.1b**

cash position

**16% FCF Margin**

Q3 2024

\$14M

\$406M

Q1 2017

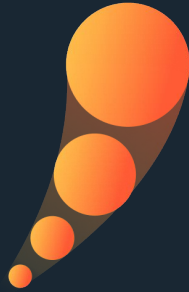
Q3 2024

Trailing Twelve Month Free Cash Flow

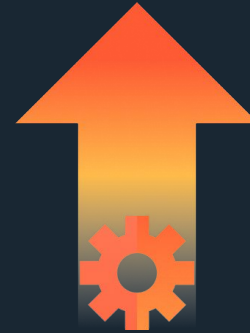
Free cash flow is a non-GAAP metric. Please refer to the appendix for a reconciliation of GAAP to non-GAAP figures.



# Philosophy on balancing growth and profitability



Drive durable revenue growth at scale



Generate operating leverage as we scale toward long-term margin targets

# Confident in our ability to deliver more leverage over time



**20-22%**

2027  
Margin Target



**25%**

Long-Term  
Margin Target

Forward-looking non-GAAP operating profit margin targets reflect our current operating plan as of November 6, 2024 and are subject to change as future events and opportunities arise.

# Key takeaways

1

Platform of choice in  
large and growing TAM

2

Innovation fueling  
durable and diverse  
growth opportunities

3

Delivering strong  
financial results

Thank You



# Appendix

# GAAP to non-GAAP reconciliations

# Non-GAAP Operating Income

	2020		2021		2022		2023		Three Months Ended March 31, 2024		Three Months Ended June 30, 2024		Three Months Ended September 30,			
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues		
<b>Cost of Revenue</b>																
Subscription	130,685	15%	211,152	16%	257,513	15%	290,802	15%	80,725	15%	81,618	15%	85,066	15%	85,066	15%
Stock-based compensation	(4,408)	0%	(6,297)	0%	(9,076)	-1%	(12,652)	-1%	(4,960)	-1%	(5,444)	-1%	(6,408)	-1%	(6,408)	-1%
Amortization of acquired intangibles	(2,340)	0%	(937)	0%	(1,203)	0%	(2,123)	0%	(1,882)	0%	(1,879)	0%	(1,882)	0%	(1,882)	0%
Gain on termination of operating leases	-	0%	395	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	(600)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP subscription	123,957	14%	203,693	16%	247,234	14%	276,027	13%	73,883	12%	74,295	12%	76,776	11%	76,776	11%
Professional services and other	36,274	4%	47,725	4%	56,746	3%	54,687	3%	14,363	2%	13,899	2%	14,258	2%	14,258	2%
Stock-based compensation	(2,536)	0%	(3,092)	0%	(4,393)	0%	(4,958)	0%	(1,086)	0%	(1,128)	0%	(1,113)	0%	(1,113)	0%
Gain on termination of operating leases	-	0%	275	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	(415)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP professional services and other	33,738	4%	44,908	5%	52,353	3%	49,729	2%	13,277	2%	12,771	2%	13,145	2%	13,145	2%
<b>Gross Margin</b>																
Gross margin	716,067	81%	1,041,801	80%	1,416,710	82%	1,824,741	84%	522,326	85%	541,713	85%	570,397	85%	570,397	85%
Stock-based compensation	6,944	1%	9,589	1%	13,469	1%	17,610	1%	6,046	1%	6,572	1%	7,521	1%	7,521	1%
Amortization of acquired intangible assets	2,340	0%	662	0%	1,203	0%	2,123	0%	1,882	0%	1,879	0%	1,882	0%	1,882	0%
Gain on termination of operating leases	-	0%	(670)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	1,015	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	725,351	82%	1,052,197	81%	1,431,382	83%	1,844,474	85%	530,254	86%	550,164	86%	579,800	87%	579,800	87%
<b>Operating Expenses</b>																
Research and development	205,589	23%	301,970	23%	442,022	26%	617,745	28%	175,637	28%	198,180	31%	191,185	29%	191,185	29%
Stock-based compensation	(39,366)	-4%	(61,614)	-5%	(107,517)	-6%	(198,953)	-9%	(50,627)	-8%	(64,693)	-10%	(62,595)	-9%	(62,595)	-9%
Acquisition/disposition related income	(1,287)	0%	(1,152)	0%	300	0%	(255)	0%	(1,046)	0%	(709)	0%	(764)	0%	(764)	0%
Gain on termination of operating leases	-	0%	1,346	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	(2,036)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP research and development	164,936	19%	238,514	18%	334,805	19%	418,537	19%	123,964	20%	132,778	21%	127,826	19%	127,826	19%
Sales and marketing	452,081	51%	649,681	50%	886,069	51%	1,068,560	49%	300,282	49%	293,794	46%	309,928	46%	309,928	46%
Stock-based compensation	(50,552)	-6%	(67,413)	-5%	(107,640)	-6%	(140,362)	-6%	(35,157)	-6%	(36,168)	-6%	(36,218)	-5%	(36,218)	-5%
Amortization of acquired intangible assets	(79)	0%	(389)	0%	(1,426)	0%	(3,153)	0%	(357)	0%	(357)	0%	(357)	0%	(357)	0%
Acquisition related expenses	-	0%	(367)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Gain on termination of operating leases	-	0%	1,839	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	(2,781)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP sales and marketing	401,450	45%	580,570	45%	777,003	45%	925,045	43%	264,768	43%	257,269	40%	273,353	41%	273,353	41%
General and administrative	109,225	12%	144,949	11%	197,720	11%	249,649	12%	68,858	11%	72,597	11%	77,928	12%	77,928	12%
Stock-based compensation	(24,626)	-3%	(28,345)	-2%	(47,223)	-3%	(75,346)	-3%	(19,292)	-3%	(21,561)	-3%	(23,952)	-4%	(23,952)	-4%
Acquisition related expenses	(545)	0%	(568)	0%	-	0%	(3,651)	0%	(506)	0%	(129)	0%	(479)	0%	(479)	0%
Amortization of acquired intangible assets	-	0%	421	0%	-	0%	(35)	0%	(105)	0%	(105)	0%	(105)	0%	(105)	0%
Gain on termination of operating leases	-	0%	(636)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP general and administrative	84,054	10%	115,821	9%	150,497	9%	170,617	8%	48,955	8%	50,802	8%	53,412	8%	53,412	8%
Restructuring charges	-	0%	-	0%	-	0%	96,843	4%	782	0%	1,077	0%	987	0%	987	0%
<b>Loss from Operations</b>																
Loss from operations	(50,828)	-6%	(54,799)	-4%	(109,101)	-6%	(208,056)	-10%	(23,233)	-4%	(23,935)	-4%	(9,631)	-1%	(9,631)	-1%
Stock-based compensation	121,488	14%	166,761	13%	275,849	16%	432,271	20%	111,122	18%	128,994	20%	130,266	19%	130,266	19%
Amortization of acquired intangible assets	2,419	0%	1,326	0%	2,629	0%	5,311	0%	2,344	0%	2,344	0%	2,344	0%	2,344	0%
Acquisition related expenses	1,832	0%	2,087	0%	(305)	0%	3,906	0%	1,552	0%	838	0%	1,243	0%	1,243	0%
Gain on termination of operating leases	-	0%	(4,276)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	6,468	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Restructuring charges	-	0%	-	0%	-	0%	96,843	4%	782	0%	1,077	0%	987	0%	987	0%
Non-GAAP loss from operations	74,911	8%	117,567	9%	169,072	10%	330,275	15%	92,567	15%	109,315	17%	125,209	19%	125,209	19%

# Free cash flow

	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating	88,913	238,728	273,177	350,972	396,990	438,275	508,771
Purchases of property & equipment	(37,318)	(28,726)	(37,426)	(33,718)	(36,290)	(33,611)	(33,900)
Capitalization of software development costs	(21,599)	(33,139)	(44,345)	(66,372)	(72,884)	(77,852)	(83,805)
Payment of restructuring charges	-	-	-	41,572	23,249	16,705	16,946
Free cash flow	79,044	203,291	191,406	292,454	311,065	343,517	408,012



# Definitions

Customers: We define our Customers at the end of a particular period as the number of business entities with one or more paid subscriptions to our CRM Platform either purchased directly with us or purchased from a Solutions Partner. We do not include in Customers business entities with one or more paid subscriptions solely for our legacy Sales Hub (\$10) product or any PieSync product. A single Customer may have separate paid subscriptions to our CRM Platform, but we count these as one Customer if certain Customer-provided information such as company name, URL, or email address indicate that these subscriptions are managed by the same business entity.

Install Base: Refer to definition of Annual Recurring Revenue below.

Net Revenue Retention: Net Revenue Retention is a measure of the percentage of recurring revenue retained from Customers over a given period of time. Our Net Revenue Retention for a given period is calculated by first dividing Retained Subscription Revenue by Retention Base Revenue in the given period, calculating the weighted average of these rates using the Retention Base Revenue for the period, and then annualizing the resulting rates. A definition of each of the key terms used to calculate Net Revenue Retention is included below.

Non-GAAP Operating Income: We define as GAAP operating income or loss plus stock-based compensation, amortization of acquired intangible assets, gain on termination of operating leases, loss on disposal of fixed assets, and acquisition-related expenses.

Free Cash Flow: We define “FCF” as cash and cash equivalents provided by or used in operating activities less purchases of property and equipment, capitalization of software development costs, plus repayments of convertible notes attributable to debt discount and payment of restructuring charges.

Annual Recurring Revenue: We define ARR as the annual value of our Customer subscription contracts as of the specified point in time excluding any commissions owed to our partners. For the purposes of this presentation, this excludes payments revenue and Clearbit revenue. For each Hub, this is the sum of Customer ARR for the Starter, Basic, Professional and Enterprise subscriptions, plus applicable contacts (marketing only), Seats, or Add-Ons (e.g., reporting or ads). For multi-product Customers, their ARR would be distributed across based on the value of each SKU/Hub for which they pay. In 2022, we began including our payments revenue run rate, defined as, on an annualized basis, the trailing three months of payments revenue, into the annual value of our Customer subscription contracts. ARR can differ from revenue due to several factors. ARR is converted into U.S. dollars at fixed rates that are held consistent over time and may vary from those used for revenue or deferred revenue. ARR would exclude any impact for bad debt and partner commissions (as noted above) and would also differ from Revenue due to timing of revenue recognition.

Customer Dollar Retention (C\$R): Customer Dollar Retention is a measure of the percentage of the Customers we retain, weighted by ARR dollars. This is calculated by summing the total dollars that were canceled in a given period, divided by the beginning of period ARR Install Base. We then express the calculated churn inversely as retention and annualize it.