

INBOUND

Analyst Day 2025

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Chuck MacGlashing

SVP, Investor Relations



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 full year 2025 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 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, trade restrictions, 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.

Schedule

Wednesday,
September 3rd

Time	Session	Speakers
11:00 AM	Welcome and Introduction	Chuck MacGlashing SVP, Investor Relations
11:05 AM	HubSpot's Vision for Durable, Efficient Growth in the AI Era	Yamini Rangan Chief Executive Officer
11:35 AM	Delivering Durable, Efficient Growth in the AI Era	Kate Bueker Chief Financial Officer
12:00 PM	Executive Q&A	Yamini Rangan, Dharmesh Shah, and Kate Bueker Moderator: Chuck MacGlashing
1:30 PM	You to the Power of AI (Mainstage Spotlight)	Dharmesh Shah Co-founder & CTO



INBOUND

2025 Analyst Day

September 3, 2025

INBOUND

HubSpot's Vision for Durable, Efficient Growth in the AI Era

Yamini Rangan
Chief Executive Officer

Our industry is evolving
at hyperspeed.



Clarity matters.

Takeaways



Transforming our platform



Rich customer context



Reimagining marketing



Scaling upmarket & downmarket



Transforming into AI-first company

Big Shift

Customers expect outcomes,
not just software.

Unlocks
opportunity
for HubSpot





Limited to software budgets

Fragmented workflows

Fixed market



Expands to work budgets

Augmented workflows

Fast-expanding market

We have a generational opportunity to



Deliver
products that
DO work



Reimagine
marketing,
beyond search



Power millions
of companies to
scale with AI

Our Strategy

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



Agentic customer platform

From

SaaS



To

Agentic



SaaS



Agentic



Action

Hubs



Hubs and agents

Context

Structured data



Structured, unstructured,
and external signals

Collaboration

Across teams



Across humans and agents

Powerful on its
own and even
stronger together.

Action: Where work happens

Context: Know your customer

Powerful on its
own and even
stronger together.

Action: Where work happens

Orchestration: Connect everything

Context: Know your customer

Context

To know your customer

Context: Know your customer

✦ Smart CRM

Structured
Data

Unstructured
Data

External
Data



Action

Where work happens

Action: Where work happens

✦ Hubs

✦ Breeze Assistant

✦ Breeze Agents



Our approach to agents.



Featured Agents

- ✦ Prospecting Agent
- ✦ Customer Agent
- ✦ Data Agent

Our approach to agents.

Featured Agents

- ✦ Prospecting Agent
- ✦ Customer Agent
- ✦ Data Agent

Custom Agents

- ✦ Personalization Agent
- ✦ Knowledge Base Agent
- ✦ Deal Loss Agent
- ✦ Social Post Agent
- ✦ Blog Research Agent

Our approach to agents.

Featured Agents

- ✦ Prospecting Agent
- ✦ Customer Agent
- ✦ Data Agent

Custom Agents

- ✦ Personalization Agent
- ✦ Knowledge Base Agent
- ✦ Deal Loss Agent
- ✦ Social Post Agent
- ✦ Blog Research Agent



Citizen Builder Agents

- ✦ 2M+ users
- ✦ 46,000 agents built

Orchestration

To connect everything

Orchestration: Connect everything

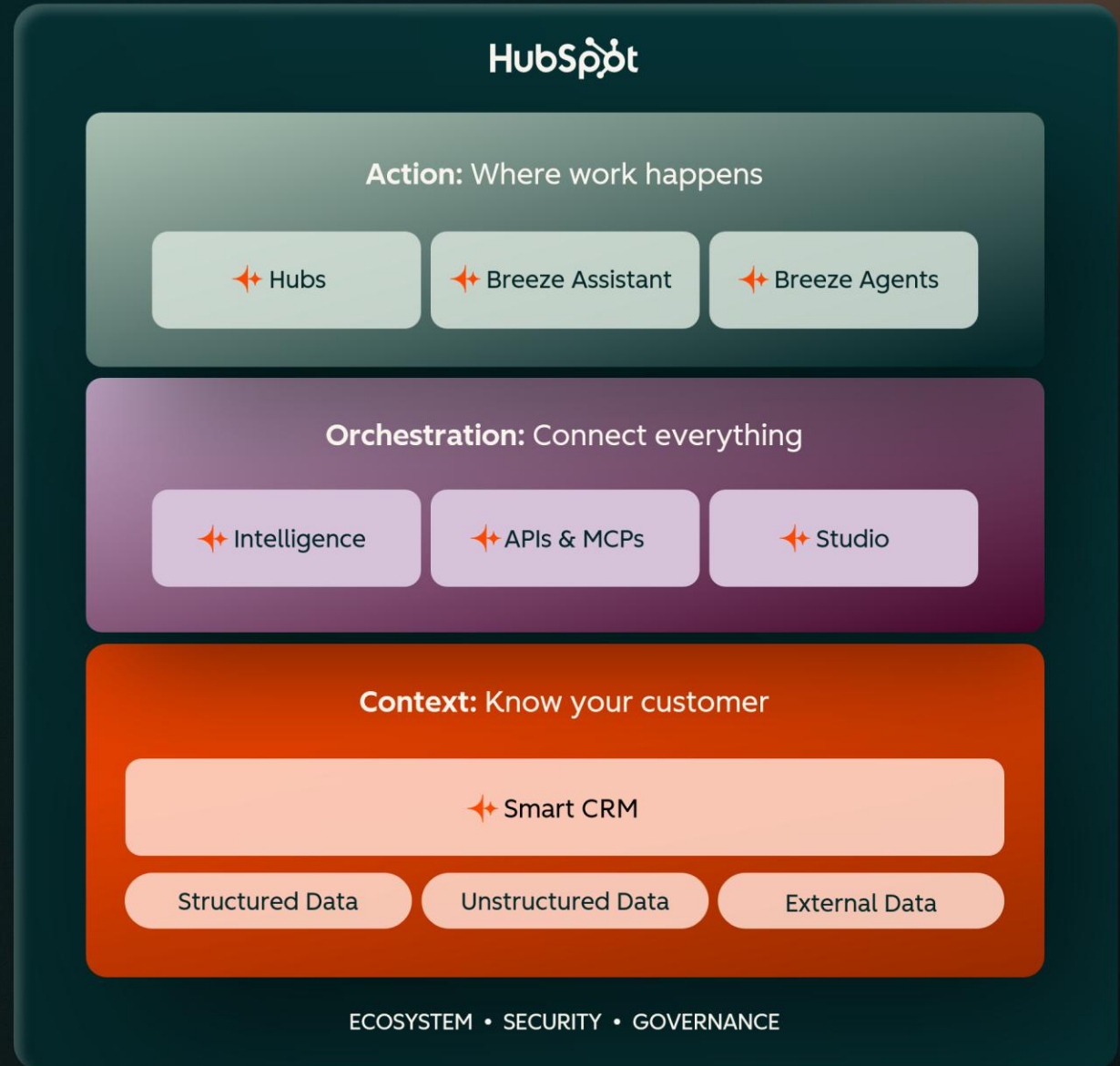
✦ Intelligence

✦ APIs & MCPs

✦ Studio



The AI-powered customer platform.





Product innovation at INBOUND

200+ new features



Product innovation at INBOUND

200+ new features

Data Hub™

Data Studio
Data Quality

Marketing Hub®

Marketing Studio
Segments
Personalization
AI-powered Email
AEO Strategy

Breeze

Customer Agent
Data Agent
Breeze Marketplace
Breeze Studio
Breeze Assistant
Custom Assistants
15+ New Agents

Smart CRM™

Flexible CRM Views
Self-generating
CRM data
Smart Insights
Projects

Commerce Hub™

CPQ

Customer value and momentum

EMBEDDED AI

Content Hub

50% attach rate
164% lead increase YoY

Marketing Hub

83% higher email conversion
167% increase in traffic

Service Hub

13% more tickets closed
12% faster resolution

Sales Hub

65% decrease in time to close
94% increase in deals closed

BREEZE AGENTS

Customer Agent

5k+ customers
65% resolution rate

Prospecting Agent

4k+ customers
682k prospects engaged

Content Agent

20k+ customers
54% higher conversion

BREEZE ASSISTANT & CONNECTORS

Breeze Assistant

342k weekly active users
2.5x CSAT improvement

ChatGPT Connector

Fastest growing app in 5 years
25k+ app installs
67% installs from Pro+ customers

What makes
HubSpot
defensible?

Context

It's what AI needs to do
great work.



No one has richer
customer context
than HubSpot.

Customer context



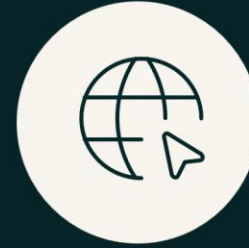
Data Context

270k customers' worth
of GTM interactions



User Context

Who, which team,
what access, what actions



Domain Context

Deep knowledge on
driving growth for SMBs

Upmarket Incumbents

Why we win

Easy. Fast.
Unified context.



Reduced TCO by 80%



Cut costs by 50%

Downmarket Incumbents

Why we win

Depth. Breadth.
Unified context.



Switched to support 2x growth



Replaced 100+ automations

AI upstarts

Why we win

Depth. Breadth.
Unified context.



Customers don't want
point agents or apps



They want one
connected platform

Our pricing philosophy.

Value



Monetization



Our pricing model is hybrid.



Hubs



Seats



Credits



Persona Seats

Access to specific hubs like
Sales Hub and Service Hub

Customers add more hubs
and seats as they grow



Core Seats

2024

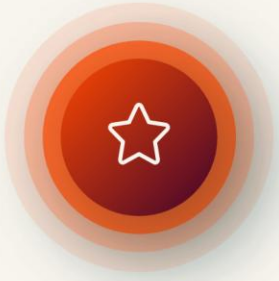
Unlock Platform Value

- \$100M+ ARR since launch

2025+

Unlock AI, Data, and Platform Value

- Unbundled Smart CRM
- Make it essential for every GTM employee



Credits

Usage-based pricing

Tied to work we deliver, not roles

Scales with AI and Data value

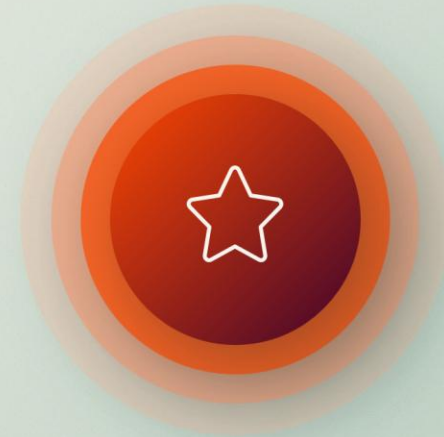
Grows with customer value
and drives durable growth.



Persona Seats



Core Seats



Credits

The shift in marketing
and opportunity ahead



Recap



Search is being **disrupted**



AI is providing new ways to **convert demand**



We launched a new playbook for growth: **Loop**



Customers can execute it with our **products**

Future of marketing.

Humans + AI in loop

It is data-driven

It is AI-powered



Marketing Hub + Data Hub Innovation

Express	Tailor	Amplify	Evolve
Express your taste and voice	Make it personal with AI	Diversify channels and formats	Iterate and evolve
★ Data Hub ★ Marketing Studio - Brand Identity features ★ ChatGPT, Claude, and Gemini connectors - Breeze Assistant to create content	★ Data Agent ★ AI Powered Segmentation ★ Personalization Agent ★ AI Dynamic Email Personalization - Breeze Assistant to draft emails	★ AEO Strategy Tool ★ AEO Grader ★ Marketing Studio ★ AI Powered Ad builder - Content Remix	★ Email Engagement Optimization ★ Smart Digest ★ ChatGPT, Claude, and Gemini connectors ★ Pathfinder



A clear **playbook.**



A powerful **platform.**



A thriving **ecosystem.**

Scaling upmarket and downmarket



Upmarket Strategy

Deliver value to
customers, and grow
the value of customers.

Scaling Upmarket

A playbook that's working



Build
the right product



Grow
the right ecosystem



Execute
the right sales motion

Downmarket Strategy

Drive volume, deliver value, and grow as customers grow.

Scaling Downmarket

Product-led growth that works



Lead
with free



Drive
free-to-paid
conversion

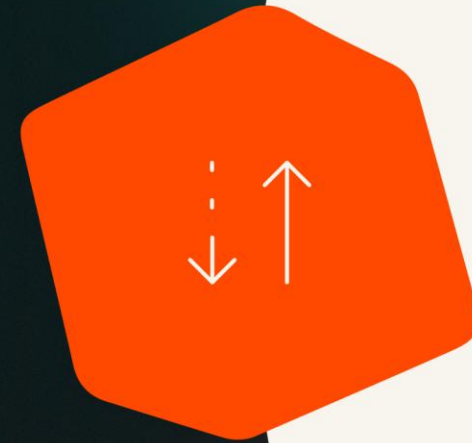


Deliver
compelling value

Scaling upmarket and
downmarket drives
durable growth.



Building an **AI**-first learning culture



HubSpot transformation in action

Building faster

92% of code changes assisted by AI

46% more code shipped per engineer

Working smarter

75% of web chats handled by AI

50% of support tickets resolved by AI

10k meetings/quarter booked with AI

Higher win rates with AI-guided selling

Growing better

HubSpotters use AI every day

20+ days dedicated to AI education

Closing thoughts



Built to win in the AI era

AI-powered customer platform

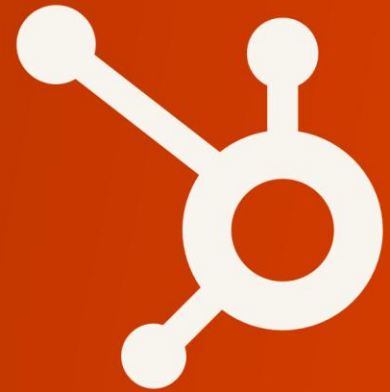
Our customer context is deep

Durable growth levers

Operating at AI speed

People, product, and passion

Thank you



INBOUND

Delivering durable, efficient
growth in the AI era

Kate Bueker
Chief Financial Officer

Agenda



Financial priorities



Levers for growth



Balancing growth
and profitability

Our financial priorities



Growth



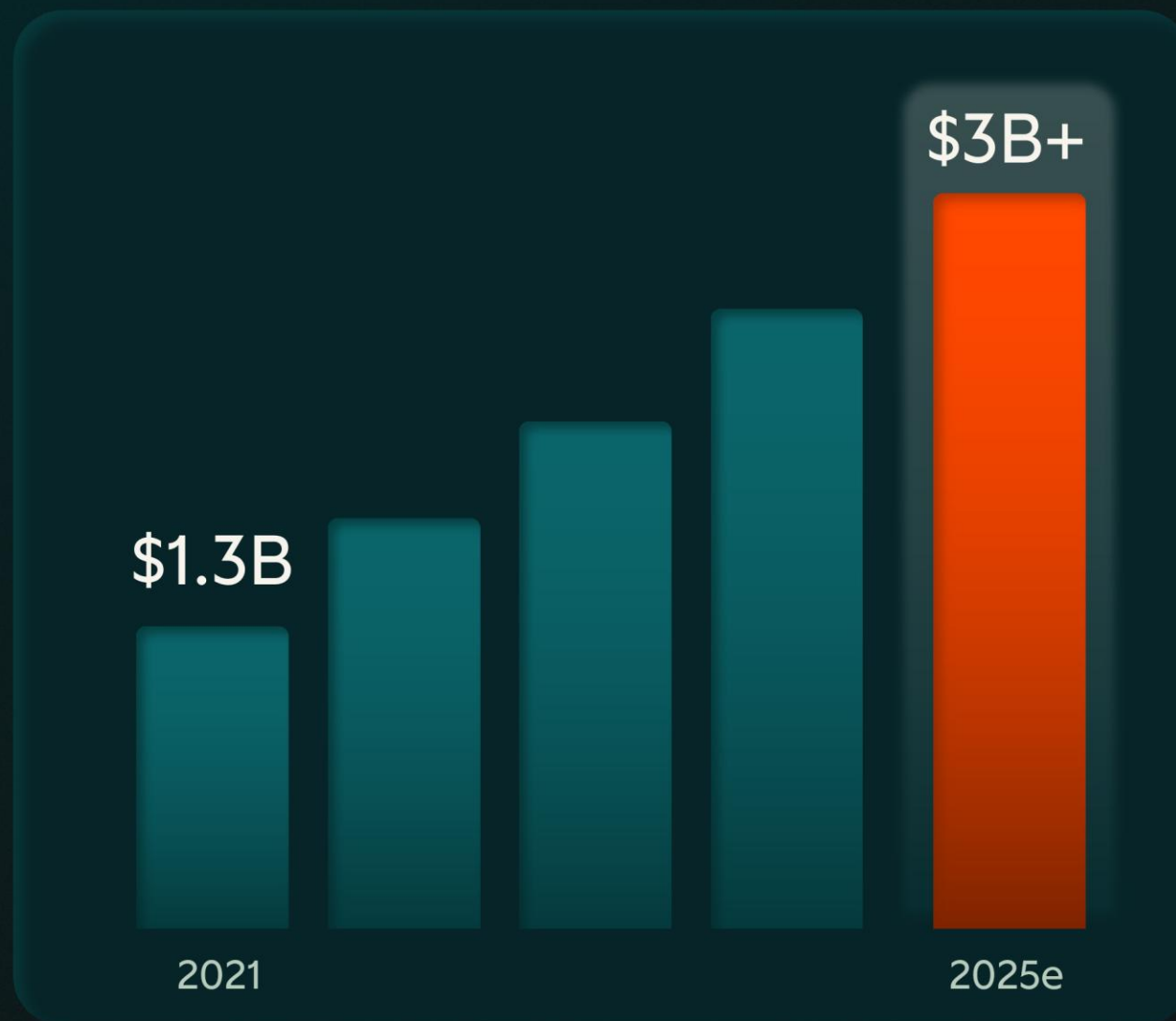
Profitability

Strong revenue growth

2021 → 2025e

24%

CAGR



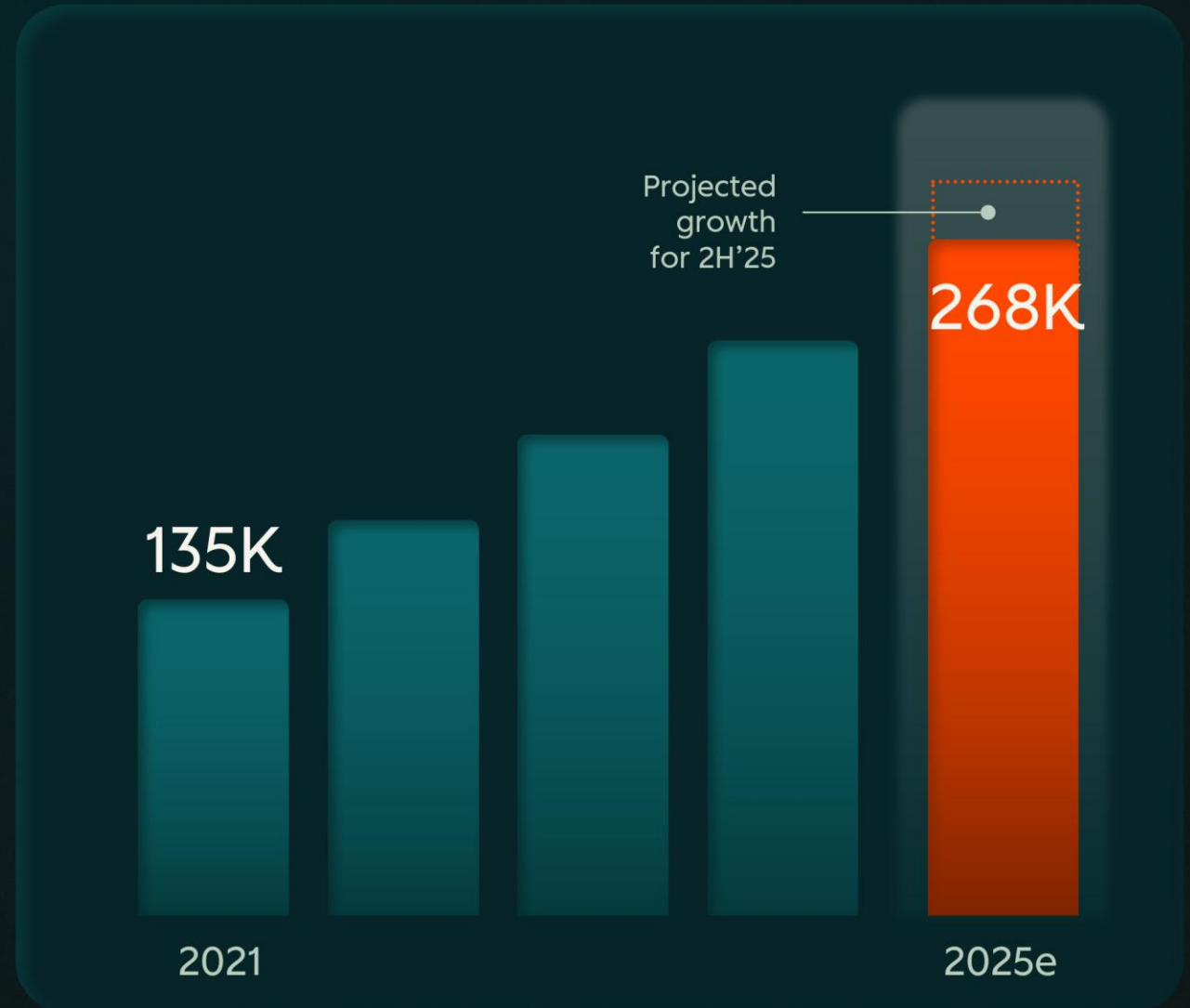
2025e represents the mid-point of FY '25 guidance on an as-reported basis as of August 6, 2025.
CAGR = Compound Annual Growth Rate.

Strong customer growth

2021 → 1H'25

22%

CAGR



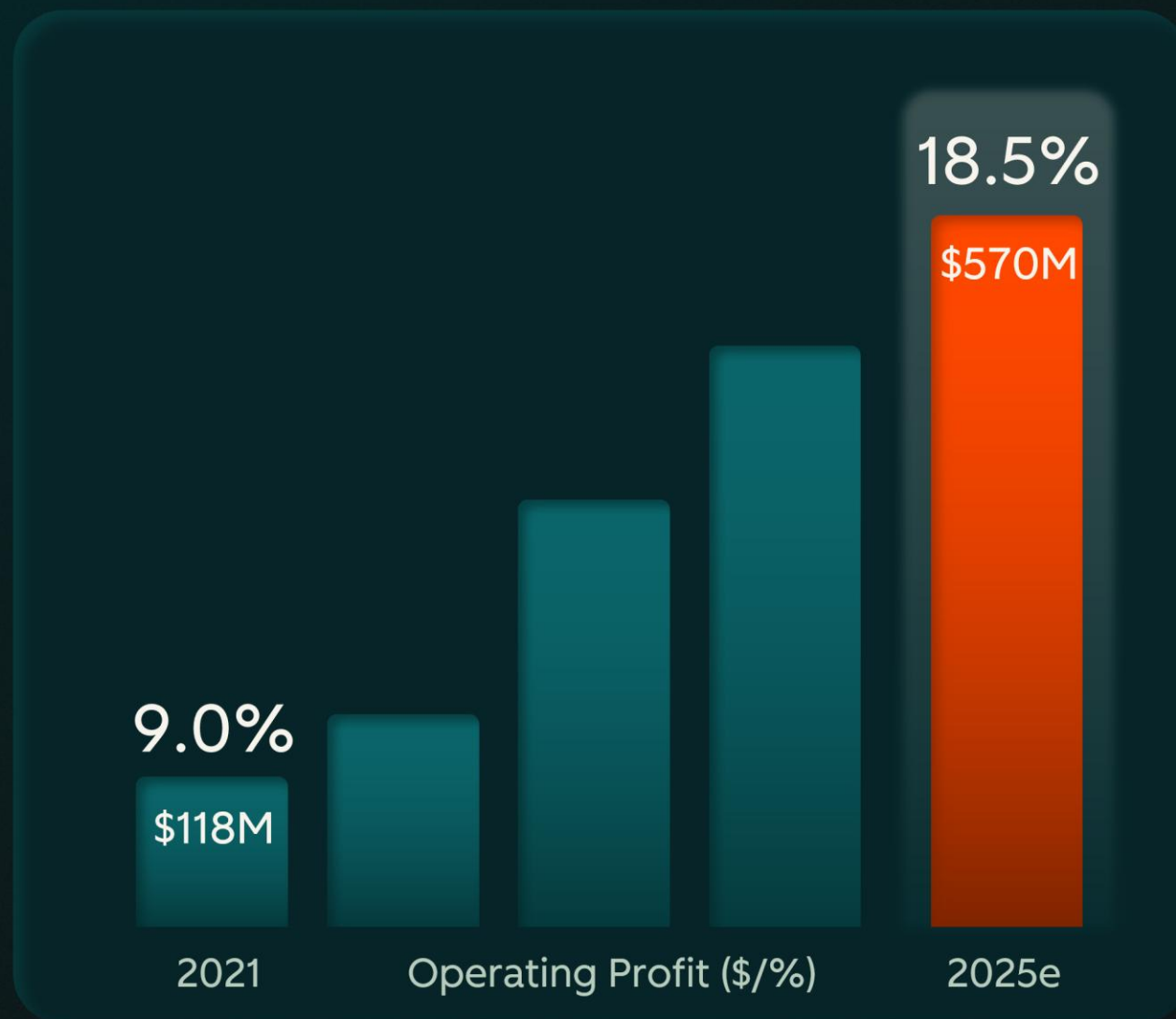
268K represents HubSpot's total customer count through 1H'25. Projected growth for 2H'25 is an estimated illustration of the net new customers we expect to add in the second half of 2025 and is not to scale. CAGR = Compound Annual Growth Rate.

Strong margin expansion

2021 → 2025e

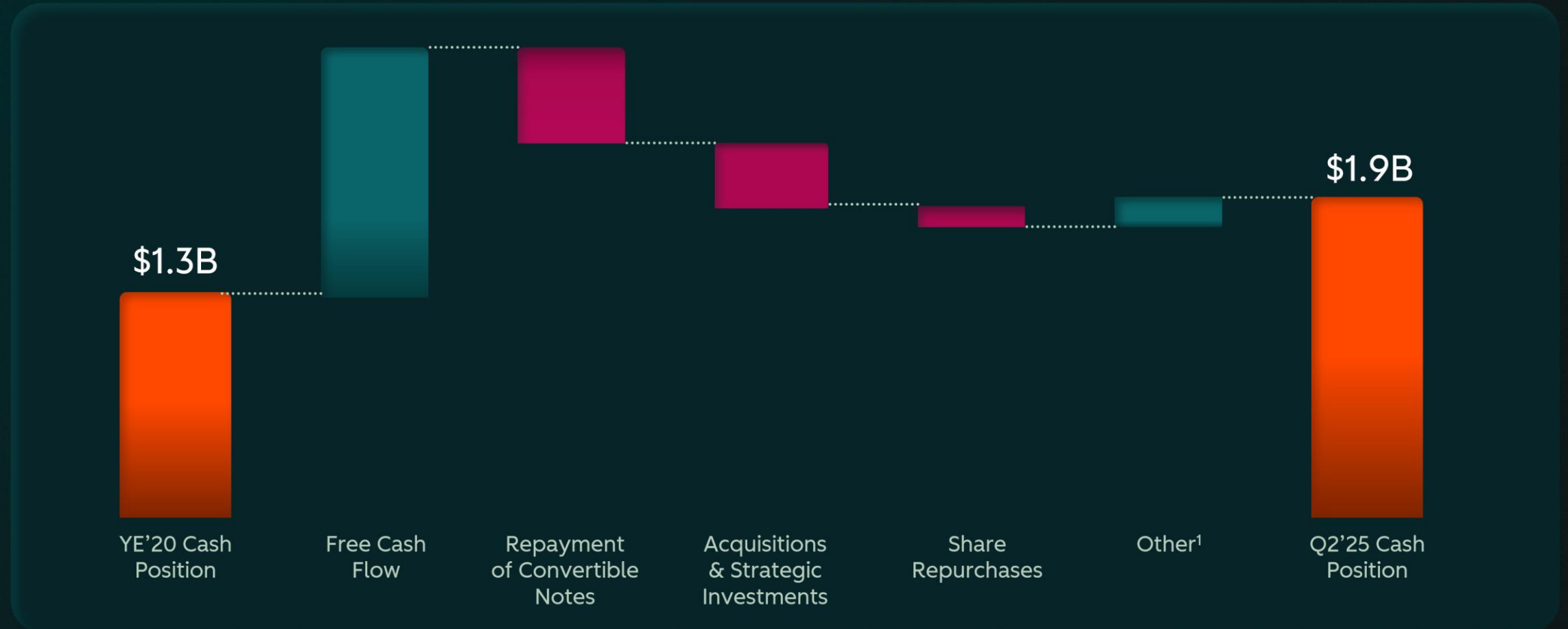
48%

CAGR



Operating profit and operating profit margin are non-GAAP metrics. Please refer to the appendix for a reconciliation of GAAP to non-GAAP figures. 2025e represents the mid-point of FY'25 guidance as of August 6, 2025.
CAGR = Compound Annual Growth Rate.

Strong cash position



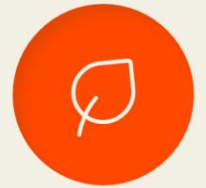
(1) Proceeds from employee stock purchase plan and the exercise of options.
Cash positions include cash, cash equivalents, and investments.

Growth Levers

Current



Emerging



Current

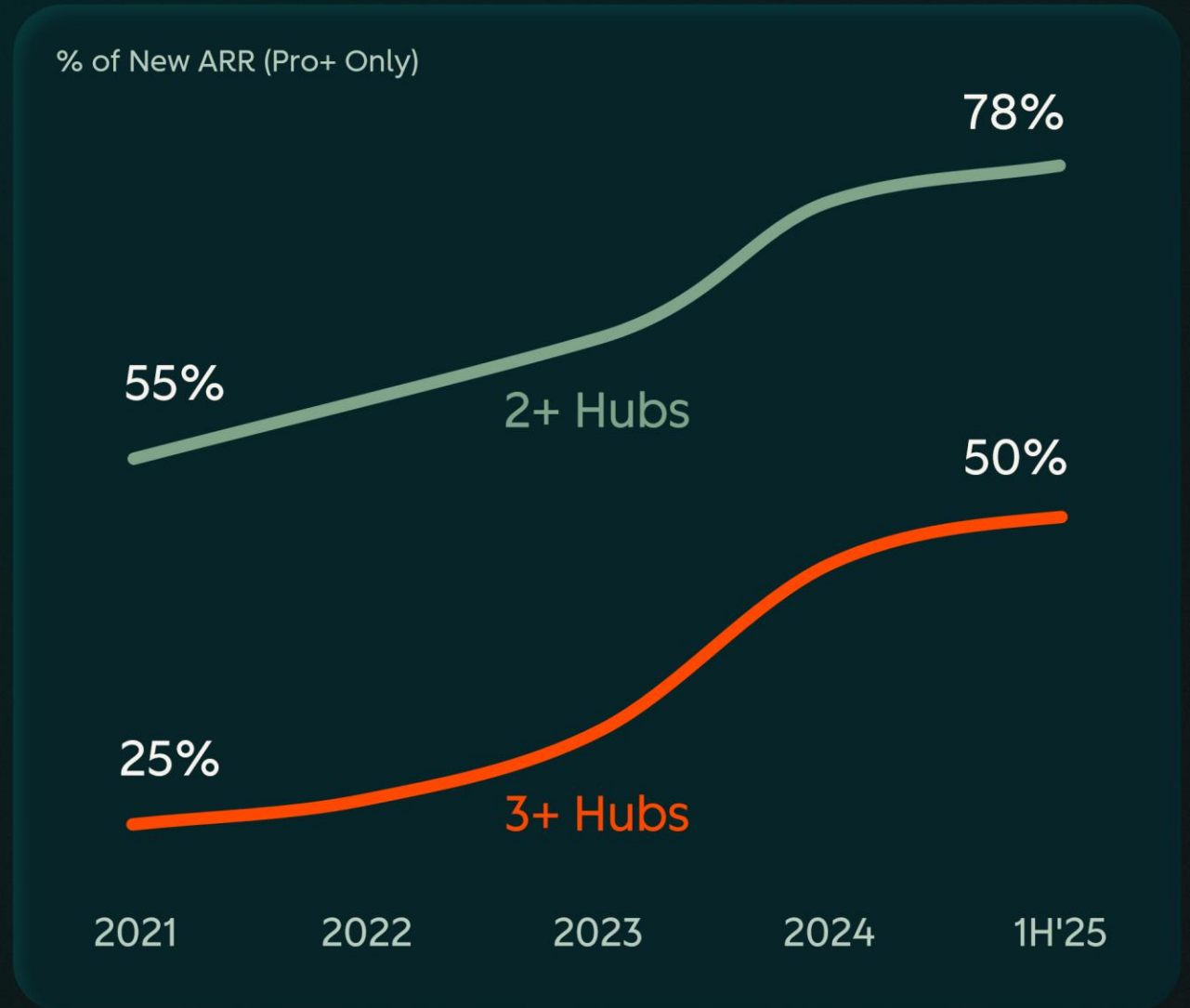


Upmarket momentum and
platform consolidation

Downmarket acquisition
and expansion

Strong retention

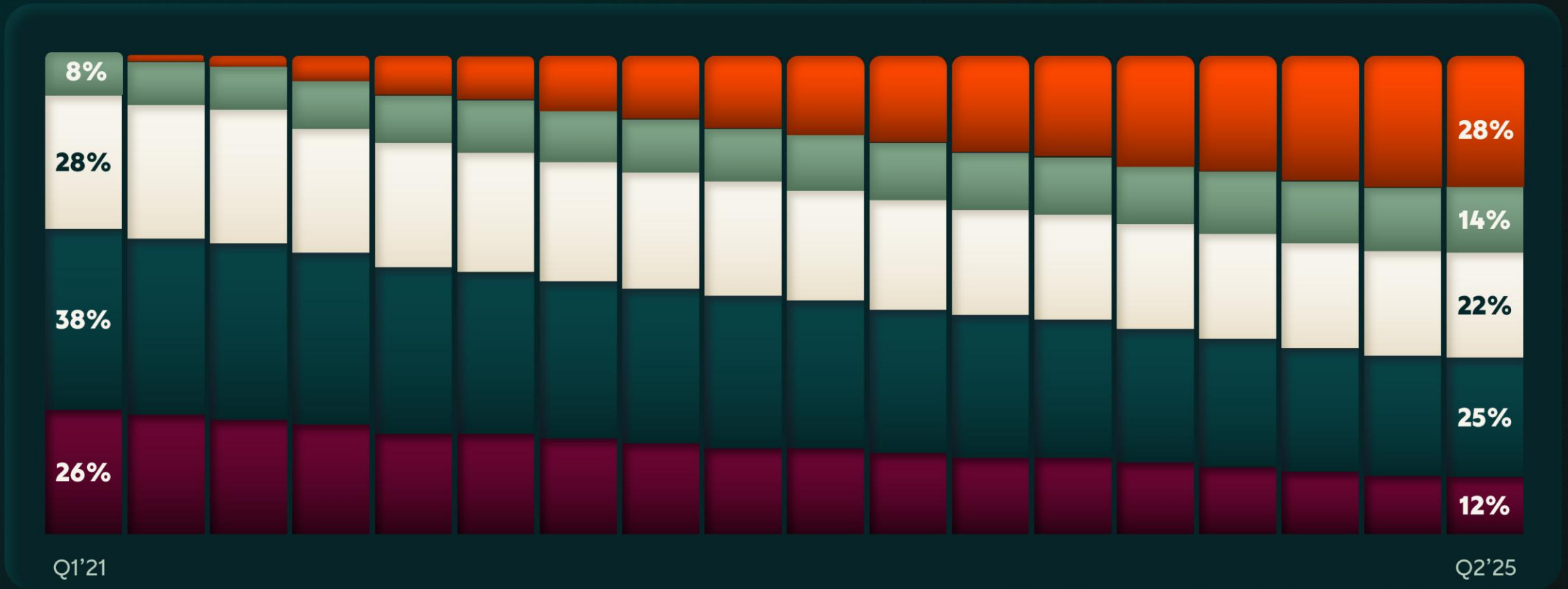
Upmarket customers starting multi-hub



Please refer to the appendix for a definition of ARR.

Increasing platform adoption

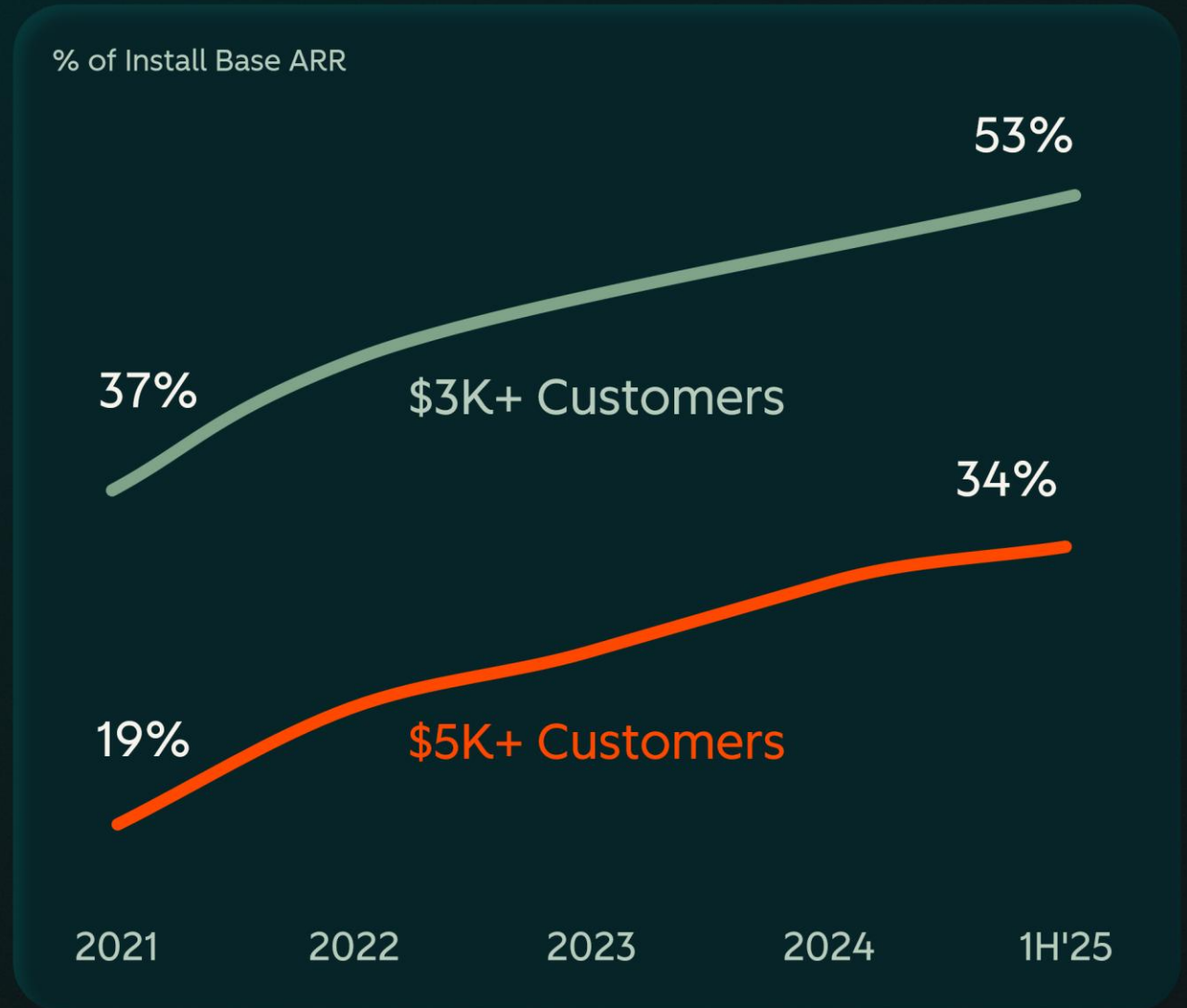
Install Base ARR Mix by Hub Count



1 2 3 4 5+

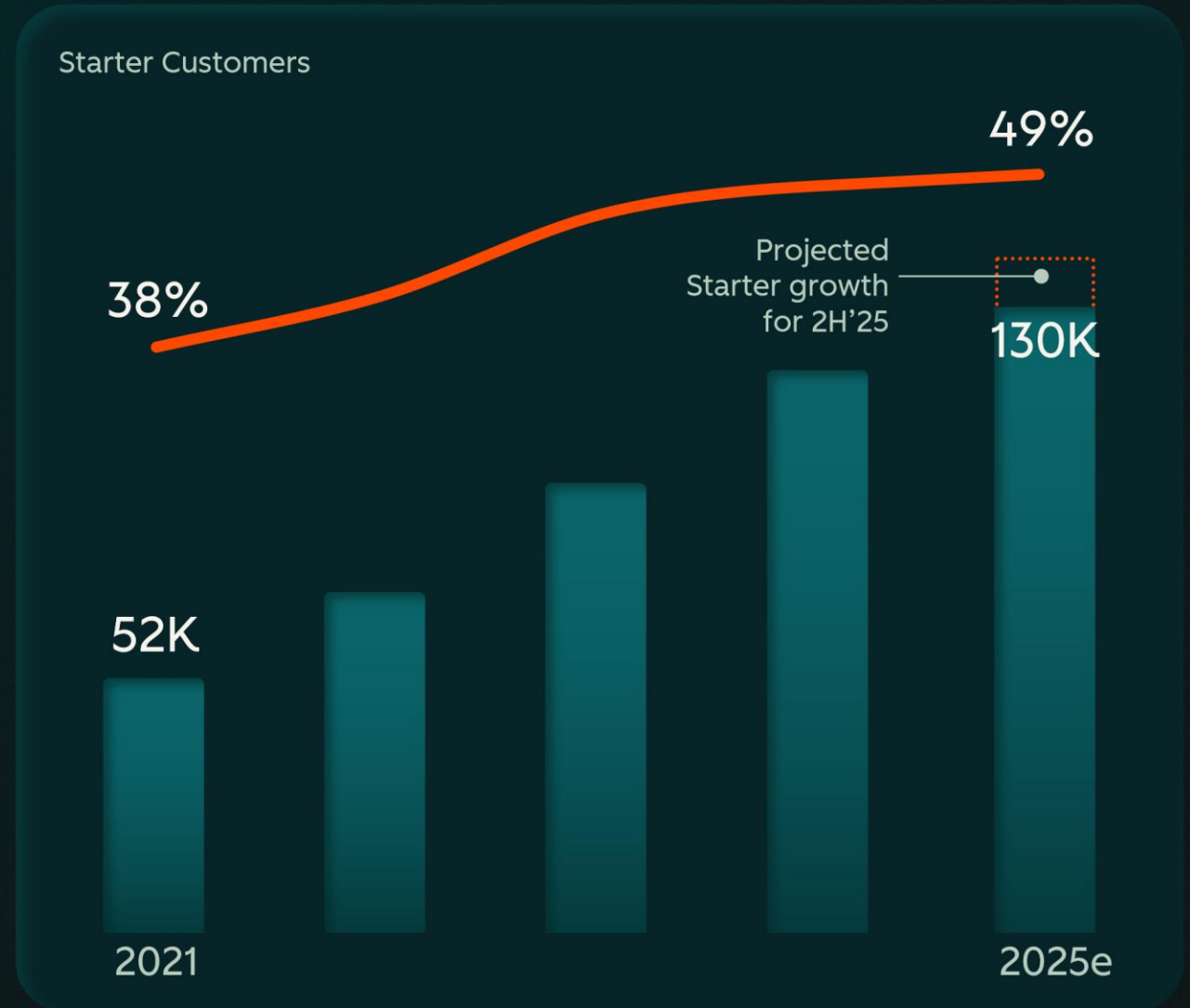
Please refer to the appendix for a definition of ARR.

Upmarket momentum in large deals



Please refer to the appendix for a definition of ARR

Consistent downmarket velocity

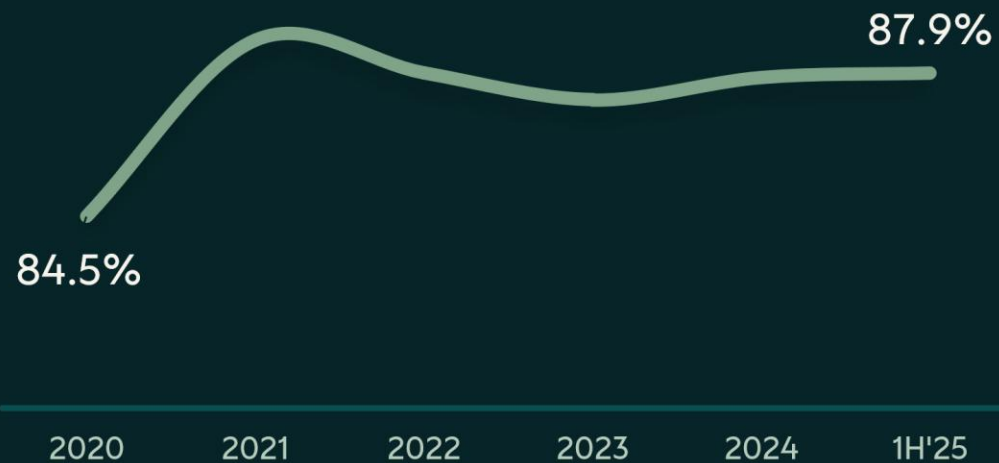


■ % of total customers

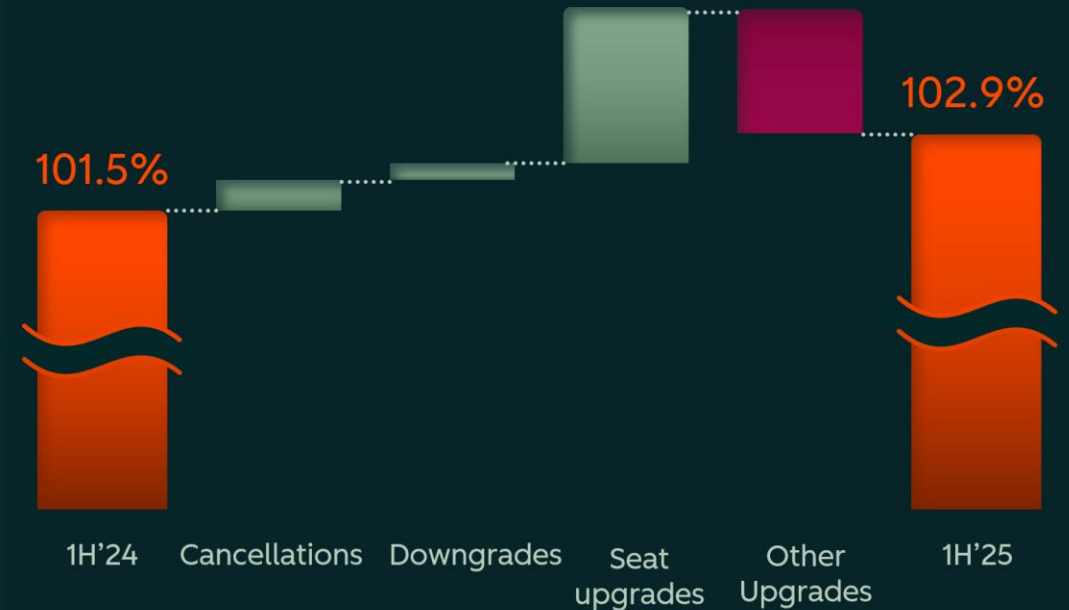
130K represents HubSpot's starter customer count through 1H'25.
Projected growth for 2H'25 is an estimated illustration of the net new starter customers we expect to add in the second half of 2025 and is not to scale.

Platform value driving retention

Customer Dollar Retention (C\$R)

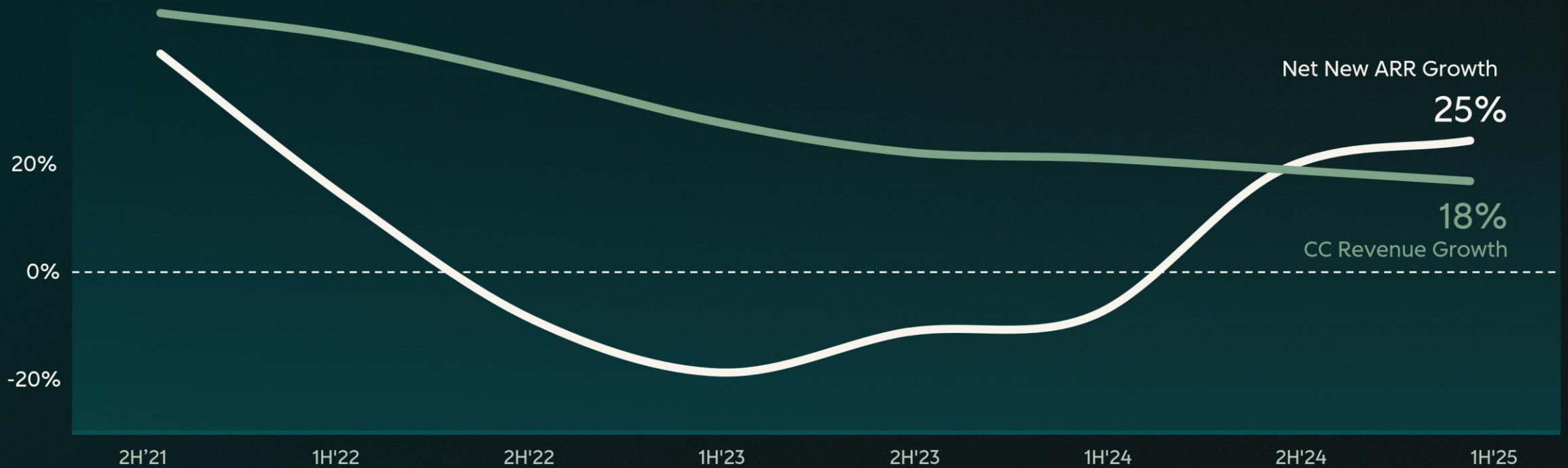


Net Revenue Retention (NRR)



Please refer to the appendix for a definition of C\$R.
Please refer to the appendix for a definition of Net Revenue Retention (NRR).

Business momentum building



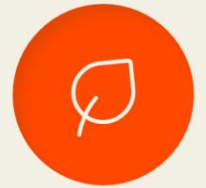
Please refer to the appendix for definition of Net New ARR.
Please refer to the appendix for a definition of Constant Currency (CC) revenue.

Growth Levers

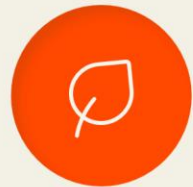
Current



Emerging



Emerging



Seat-based pricing model

Core seat platform value

HubSpot credits

From world-class engagement hubs...



Marketing
Hub

11%



Sales
Hub

24%



Service
Hub

28%



Data
Hub

28%

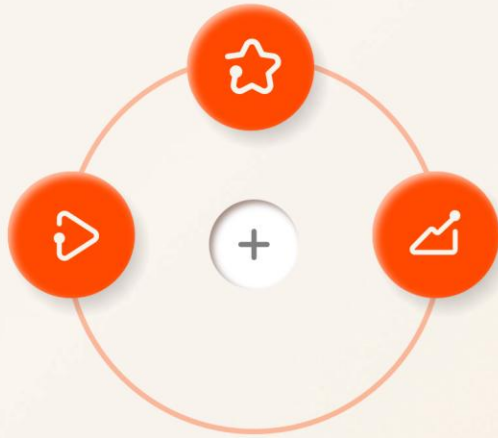


Content
Hub

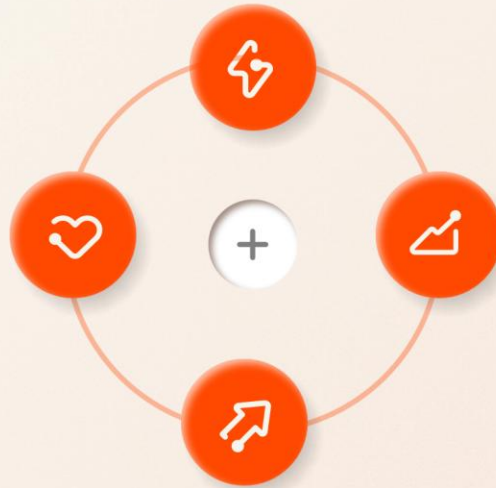
56%

Growth represents Install Base ARR and year-over-year growth rates as of Q2'25 and is presented on the same basis as prior periods. Excludes Apr'25 One-time PC Upgrade. Please refer to the appendix for a definition of ARR. Operations Hub has been renamed Data Hub.

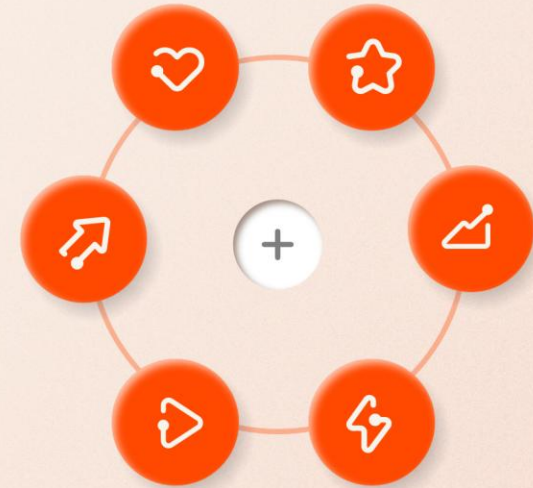
...to world-class platform



Marketing Hub
Data Hub
Content Hub



Sales Hub
Service Hub
Data Hub
+CPQ



5+ Hubs

Seats pricing model impact:

What we said at
Analyst Day 2024



More Customers

Easier to get started

Simpler Starter pricing

No Seat minimums



Better Retention

Buy only what you need

Healthier customer base

Faster upgrade rates

New monetization lever
via Core Seat

We are seeing more customers

More customers

+16%

Increase in
Pro+ portals

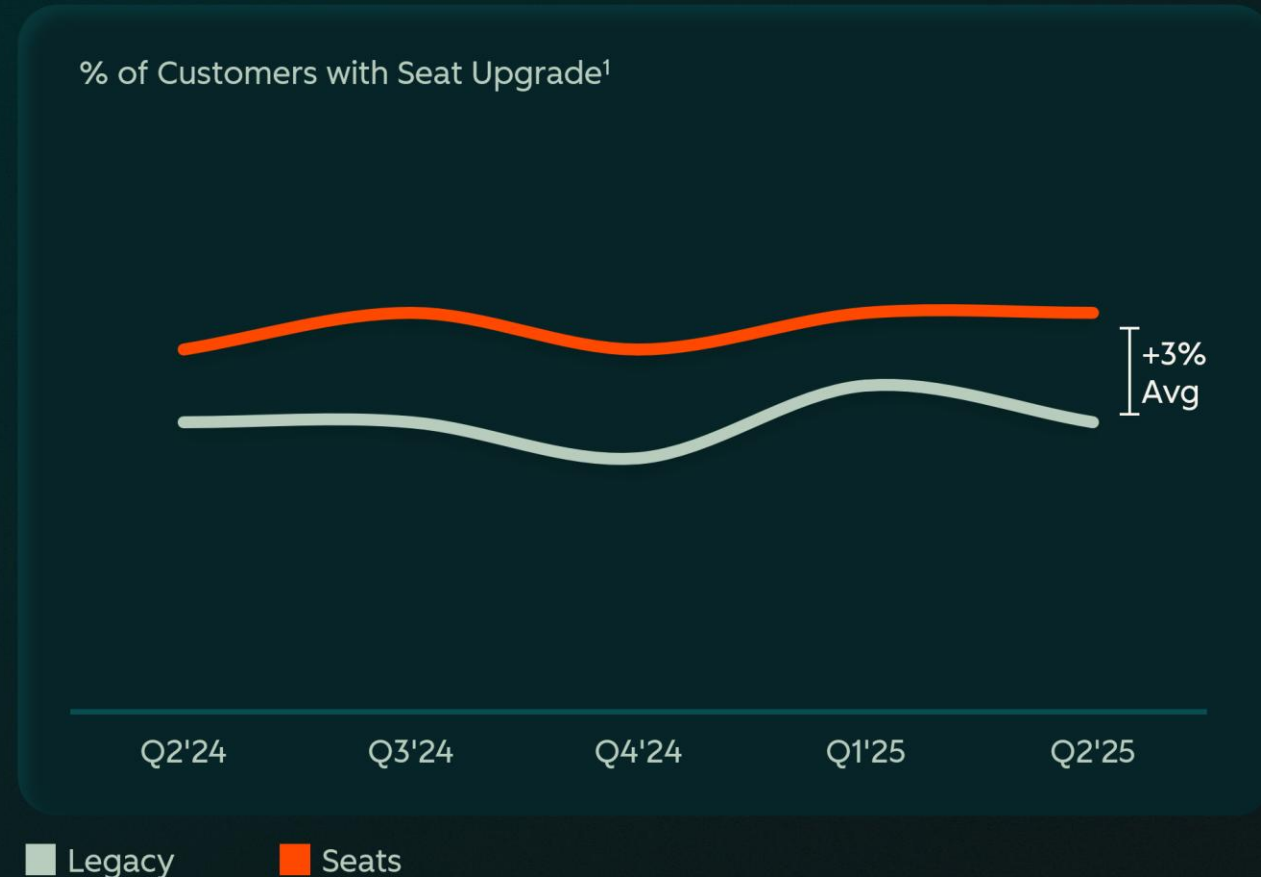
Healthier customers

+8pt

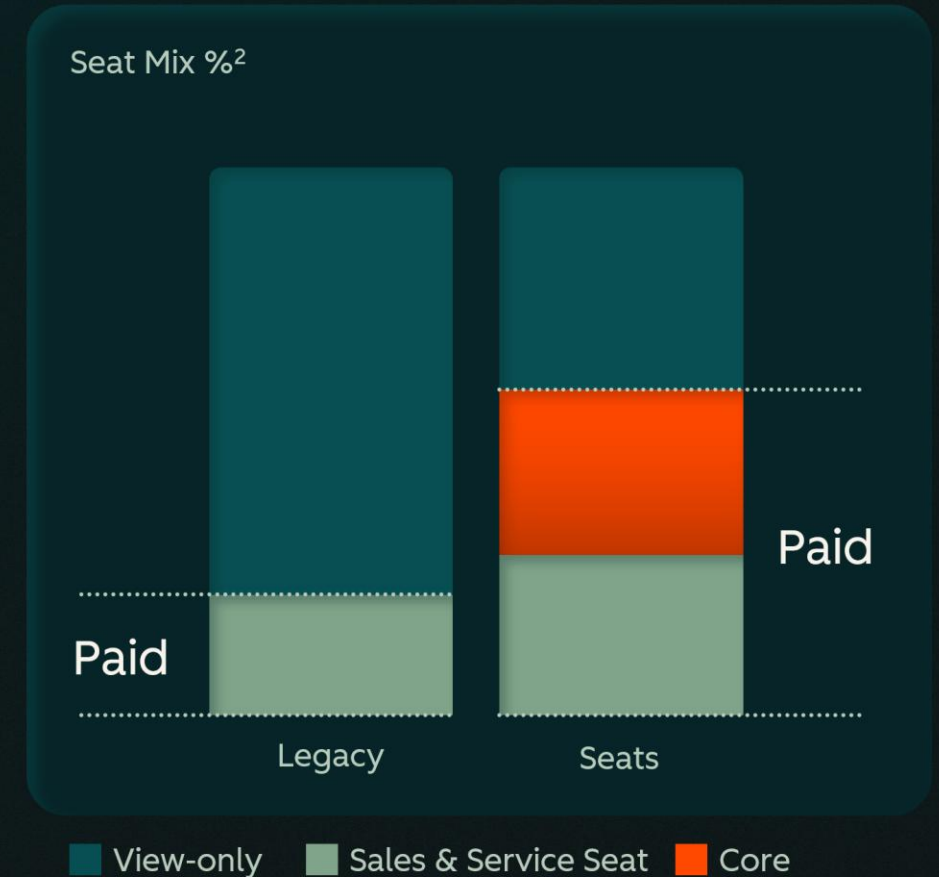
Uplift in seat
assignment

We are seeing better retention

Faster seat upgrades



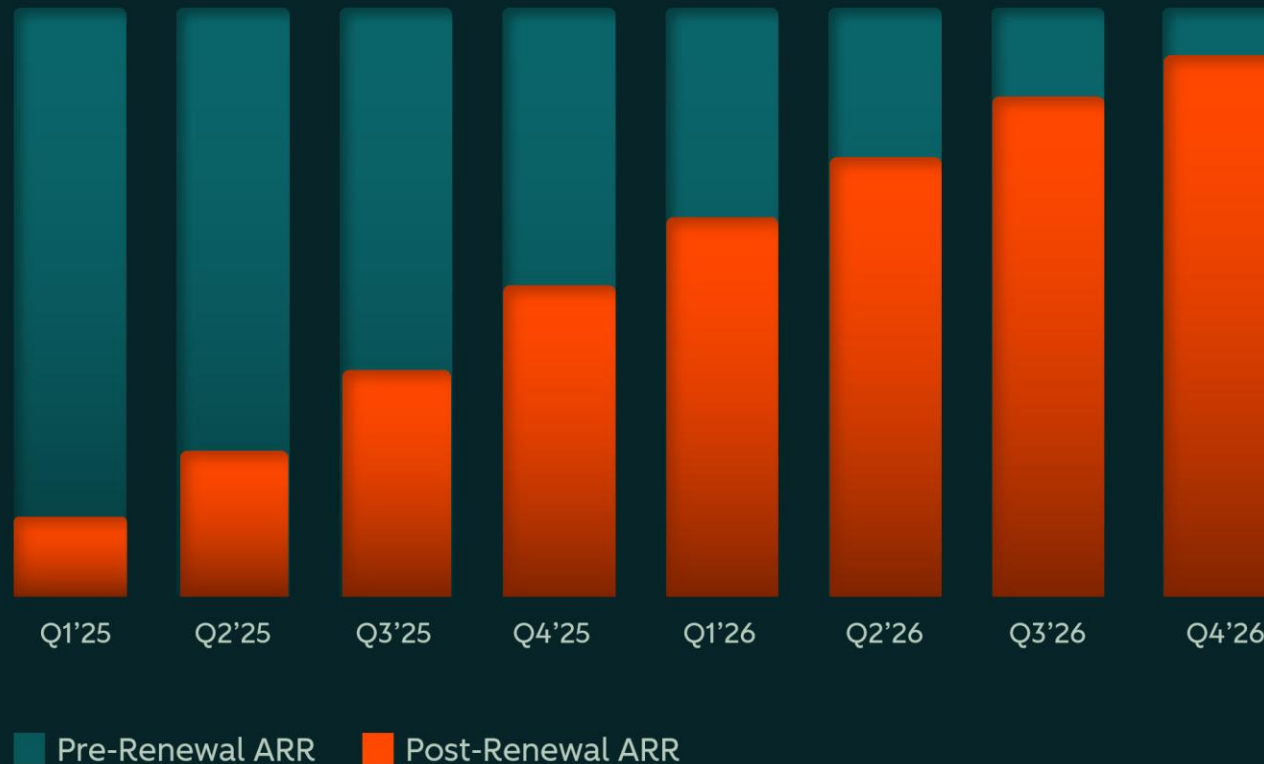
Better monetization



(1) Represents the % of customers with Sales or Service Pro+ seat upgrading number of seats

(2) Represents the composition of seats of Pro+ customers on legacy and seat pricing model as of Q2'25

Seats migrations well under way



~90% migrated
by end of 2025

About half
migrated and
renewed by end
of 2025

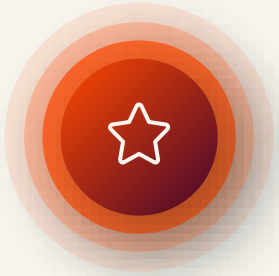
Up to 5% ARR
uplift at renewal

The expected amount of existing ARR on the seats model by Q4'25 is our best estimate as of September 3, 2025. Please refer to the appendix for a definition of ARR.



Core Seat value is growing

	LAST 18 MO	FUTURE
What is the Core Seat?	Customize and extend CRM	Smart Data Enrichment AI Assistants AI-powered Workflows Notetaker Projects
Who is it for?	RevOps	All Go-To-Market
How is it going?	\$100M ARR business and growing fast	

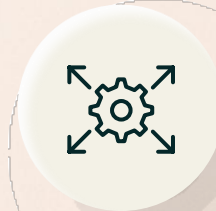


HubSpot Credits

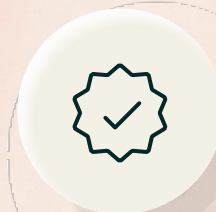
A simple and unified
system that enables
usage-based pricing



Unified
credit system



Scale with your
work delivered



Included in
every portal

Customer Agent gaining traction



5K+

customers



65%

resolution rate



1M+

ticket resolutions

Seats and Credits

Customer Stories



Upmarket AI
Services

+30% of inbound support
resolved by Customer Agent

+60% resolution rate

No seat change
+ Credits

+80% increase in MRR

Seats and Credits

Customer Stories



Downmarket
Fintech

25% of inbound support resolved
by Customer Agent

+50% resolution rate

– 1 service seat
+ 1 core seat
+ Credits

+10% increase in MRR

Recap of growth levers



Current growth levers delivering results

Landing multi-hub and larger deals upmarket

Downmarket acquisition velocity continues

Platform value resulting in strong retention



Emerging growth levers gaining traction

Executing well on pricing model changes

Delivering clear AI value to customers

Monetizing via core seats and credits

Balancing
growth + profitability

On track toward medium and long-term targets for **profitability**



2025e represents the mid-point of FY'25 non-GAAP operating profit margin guidance as of August 6, 2025.

Forward-looking non-GAAP operating profit margin targets reflect our current operating plan as of August 6, 2025 and are subject to change as future events and opportunities arise.

Our AI transformation

Drive Growth

R&D

Faster innovation through more efficient code generation

Sales

Increased rep productivity and higher win rates with AI-enabled selling tools

Drive Leverage

Marketing

AI-enabled content generation and outreach

Support

AI ticket resolution >50%
Flat headcount since 2023

G&A

AI-first hiring practices
Increased employee self-service

← Broad adoption across HubSpot →

Our path to long-term profitability

GM

Incremental AI, data,
and commerce
investment

Core infrastructure
optimization

R&D

Continued strong pace
of innovation

AI-enabled efficiencies

S&M

Drive increased rep
productivity in
upmarket motion

Low end acquisition
and enablement
powered by AI

G&A

Scale over time

Takeaways



Strong business momentum

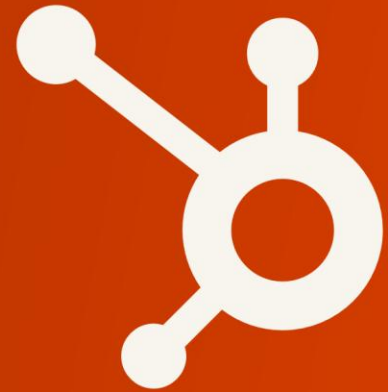


AI creates big new growth opportunities



Clear path for continued leverage

Thank you



INBOUND

Up next:
Executive Q&A

INBOUND

Analyst Day 2025

GAAP to Non-GAAP Reconciliations

Non-GAAP Operating Income

	March 31, 2019		June 30, 2019		September 30, 2019		December 31, 2019		March 31, 2020		June 30, 2020		September 30, 2020		December 31, 2020	
		% of		% of		% of		% of		% of		% of		% of		% of
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues
Operating Income																
GAAP operating loss	(9,036)	-6.0%	(15,725)	-9.6%	(14,072)	-8.1%	(8,158)	-4.4%	(14,102)	-7.1%	(13,625)	-6.7%	(15,461)	-6.8%	(7,641)	-3.0%
Stock-based compensation	21,205	14.0%	28,663	17.6%	23,791	13.7%	24,095	12.9%	27,463	13.8%	31,374	15.4%	31,186	13.7%	31,466	12.5%
Amortization of acquired intangible assets	800	0.5%	800	0.5%	762	0.4%	839	0.5%	900	0.5%	899	0.4%	462	0.2%	159	0.1%
Acquisition related expenses	32	0.0%	32	0.0%	30	0.0%	876	0.5%	333	0.2%	518	0.3%	340	0.1%	640	0.3%
Non-GAAP income from operations	13,001	8.6%	13,770	8.4%	10,511	6.1%	17,652	9.5%	14,594	7.3%	19,166	9.4%	16,527	7.2%	24,624	9.8%
	March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021		March 31, 2022		June 30, 2022		September 30, 2022		December 31, 2022	
		% of		% of		% of		% of		% of		% of		% of		% of
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues
Operating Income																
GAAP operating loss	(15,032)	-5.3%	(16,602)	-5.3%	(14,927)	-4.4%	(8,237)	-2.2%	(11,154)	-2.8%	(52,250)	-12.4%	(32,213)	-7.3%	(13,486)	-2.9%
Stock-based compensation	32,423	11.5%	43,433	14.0%	44,987	13.3%	45,914	12.4%	45,704	11.6%	81,165	19.2%	72,213	16.3%	76,768	16.3%
Amortization of acquired intangible assets	345	0.1%	337	0.1%	326	0.1%	318	0.1%	410	0.1%	752	0.2%	738	0.2%	729	0.2%
Acquisition related expenses	1,195	0.4%	372	0.1%	350	0.1%	170	0.0%	-	0.0%	(281)	-0.1%	-	0.0%	-	0.0%
Gain on termination of operating leases	-	0.0%	-	0.0%	(4,276)	-1.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Loss on disposal of fixed assets	-	0.0%	-	0.0%	6,468	1.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-GAAP income from operations	18,931	6.7%	27,540	8.9%	32,928	9.7%	38,165	10.3%	34,960	8.8%	29,386	7.0%	40,738	9.2%	64,011	13.6%
	March 31, 2023		June 30, 2023		September 30, 2023		December 31, 2023		March 31, 2024		June 30, 2024		September 30, 2024		December 31, 2024	
		% of		% of		% of		% of		% of		% of		% of		% of
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues
Operating Income																
GAAP operating loss	(43,050)	-8.6%	(116,169)	-22.0%	(18,556)	-3.3%	(23,152)	-4.0%	(23,233)	-3.8%	(23,935)	-3.8%	(9,631)	-1.4%	(10,849)	-1.5%
Stock-based compensation	83,037	16.6%	128,003	24.2%	107,506	19.3%	113,726	19.5%	111,122	18.0%	128,994	20.2%	130,266	19.5%	134,388	19.1

Free cash flow

	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by operating activities	118,972	88,913	238,728	273,177	350,972	598,599
Purchases of property & equipment	(40,372)	(37,318)	(28,726)	(37,426)	(33,718)	(37,939)
Capitalization of software development costs	(13,474)	(21,599)	(33,139)	(44,345)	(66,372)	(89,636)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	49,048	26,428	-	-	-
Payment of restructuring charges		-	-	-	41,572	17,027
Free cash flow	65,126	79,044	203,291	191,406	292,454	488,051

	March 31, 2025	June 30, 2025
	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by operating activities	633,081	679,615
Purchases of property & equipment	(45,402)	(53,227)
Capitalization of software development costs	(98,423)	(112,418)
Payment of restructuring charges	17,342	16,809
Free cash flow	506,598	530,779

Forecasted Non-GAAP operating income and income per share

	September 30, 2025	December 31, 2025
	\$ '000s	
Operating Income		
GAAP operating income (loss) range	\$7,660-\$8,660	(\$8,238)-(\$4,238)
Stock-based compensation	135,889	529,730
Amortization of acquired intangible assets	3,058	12,036
Acquisition related expense	8,283	30,066
Restructuring charges	1,110	4,406
Non-GAAP operating income range	\$156,000-\$157,000	\$568,000-\$572,000
	September 30, 2025	December 31, 2025
	\$ '000s	
Net Income		
GAAP net income range	\$16,310-\$17,560	\$30,214-\$33,964
Stock-based compensation	135,889	529,730
Amortization of acquired intangible assets	3,058	12,036
Acquisition related expense	8,283	30,066
Non-cash interest expense for amortization of debt issuance c	-	577
Restructuring charges	1,110	4,406
Loss on strategic investments, net	-	(269)
Income tax effects of non-GAAP items	(29,150)-(29,400)	(100,760)-(101,510)
Non-GAAP net income range	\$135,500-\$136,500	\$506,000-\$509,000
GAAP net income (loss) per basic and diluted share	\$0.31-\$0.33	\$0.57-\$0.65
Non-GAAP net income per diluted share	\$2.56-\$2.58	\$9.47-\$9.53
Weighted average common shares used in computing GAAP basic and diluted net income (loss) per share:	52,759	52,650
Weighted average common shares used in computing non-GAAP diluted net income (loss) per share:	52,980	53,424

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 cancelled 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.

Constant Currency: Constant currency amounts are presented to provide a framework for assessing our operating performance excluding the effect of foreign exchange rate fluctuations. To exclude the effect of foreign currency rate fluctuations, current period results for entities reporting in currencies other than U.S. Dollars (“USD”) are converted into USD at the average exchange rates for the comparative period rather than the actual average exchange rates in effect during the respective periods.

Net New Annual Recurring Revenue (NNARR): NNARR represents the period-over-period change in ARR. For the purposes of this presentation NNARR excludes one-time Partner Commission events and all Clearbit revenue to provide a normalized view of recurring subscription growth.