



HubSpot Overview

Q3 2022



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 for future financial and operational performance and operational expenditures, expected growth, foreign currency movement, and business outlook, including our long-term financial framework; statements regarding our positioning for future growth and market leadership; statements regarding expected market trends, future priorities and related investments, and market opportunities; statements regarding our focus on profitable growth, cash flow and margin improvement expectations; statements regarding, our product plans, strategies, and trends; statements regarding our ability to expand our total addressable market; statements regarding our position to execute on our growth strategy and related growth drivers; and statements regarding our opportunities in international markets; and statements regarding our ability to expand our leadership position and market opportunity for our CRM platform. 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 differentiate our platform from competing products and technologies; our ability to manage our growth effectively to maintain our high level of service; our ability to maintain and expand relationships with our solutions partners; our ability to successfully recruit and retain highly-qualified personnel; the price volatility of our common stock; the impact of geopolitical conflicts, inflation, foreign currency movement, macroeconomic instability, and the COVID-19 pandemic 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; 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 is a leading **Customer Relationship Management platform** for scaling companies.

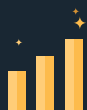
Our mission is to help millions of organizations **grow better**.

HubSpot at a Glance

Q3 2022

\$1.6B

TTM Revenue



38%

YoY growth

\$197M

TTM FCF



12%

margin

~160K

customers



120+

countries

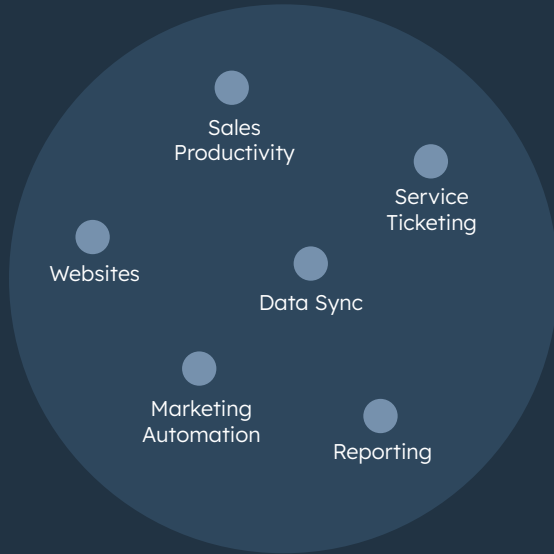
7.4K+

employees



13

office locations



Disconnected point solutions

The SMB market is underserved



Cobbled enterprise solutions

HubSpot is well positioned to solve this problem



Disconnected point solutions



Cobbled enterprise solutions

Our customers are challenged by a crisis of disconnection



Disconnected systems

Disconnected point solutions
are not the solution

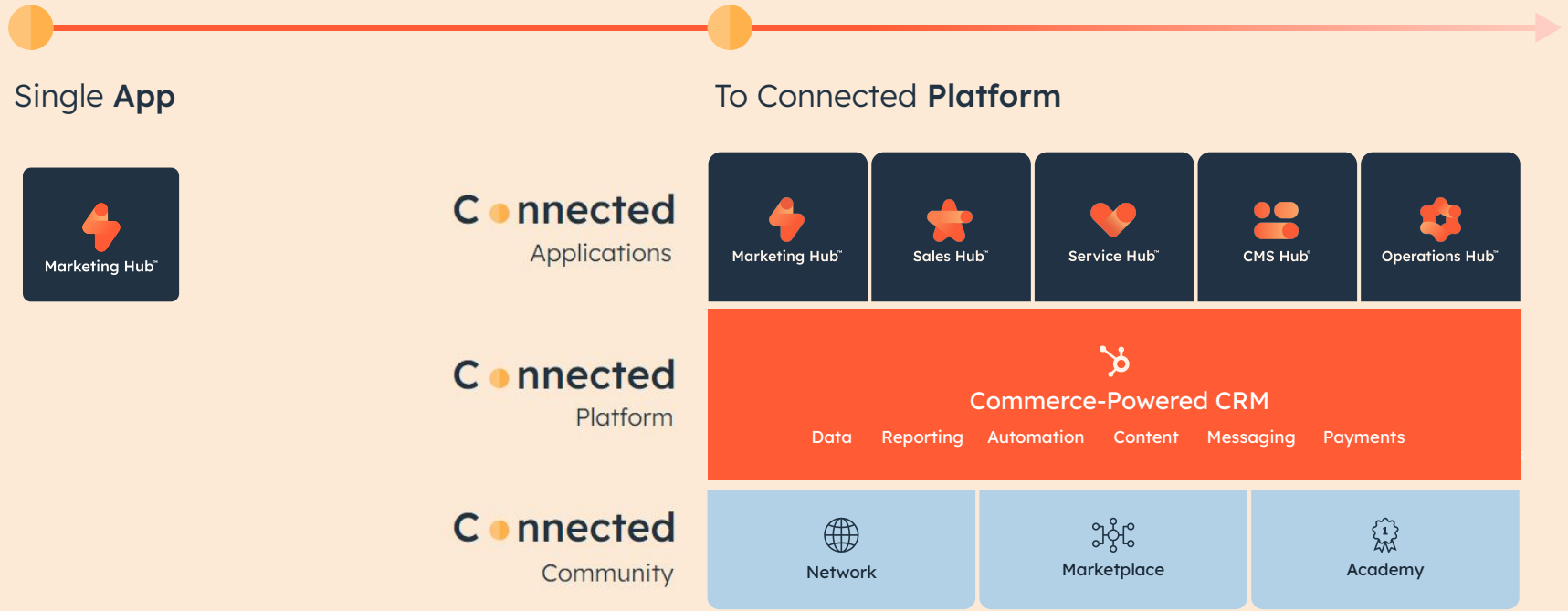
Disconnected people

People need more than software to thrive
and crave community

Disconnected customers

Old GTM strategies will
NOT work in this new world

To Help our Customers Make Connections, We've Transformed From A Single App To Platform



We help customers scale across all stages of their digital journey



Newer to digital

VIESSMANN

Industrials
Marketing Hub



Early to digital

PayPlug

Software
Marketing, Sales, CMS Hubs

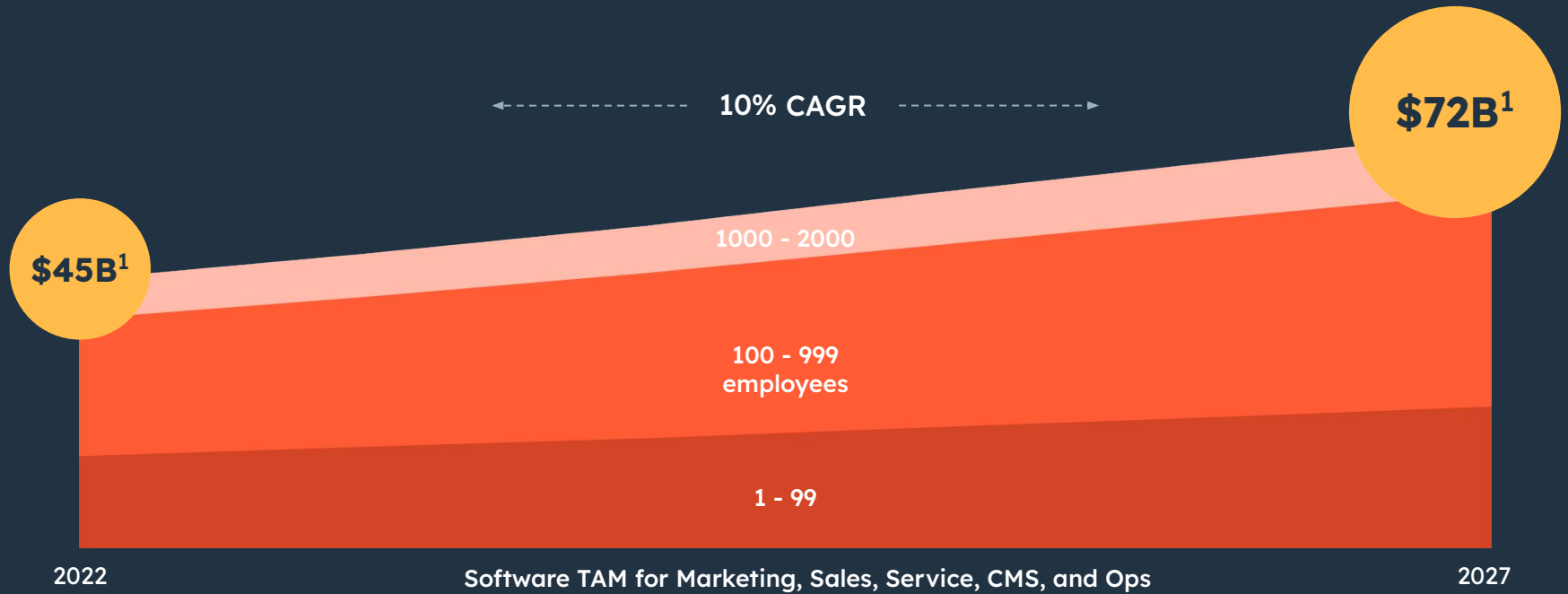


Digitally Mature

WyreStorm

Electronics Manufacturing
Marketing, Sales, Service Hubs

Our TAM is large and expanding



1. Includes Total Addressable Market for software in HubSpot's core product groups including Marketing Hub, Sales Hub, Service Hub, Operations Hub and CMS Hub. Does not include Commerce and Payments TAM. Source: IDC and HubSpot estimates.

Wide Breadth of Distribution



Award Winning Culture



**#2 Best Place to
Work in 2022** by
Glassdoor



**#1 Best CEOs for
Women** by
Comparably

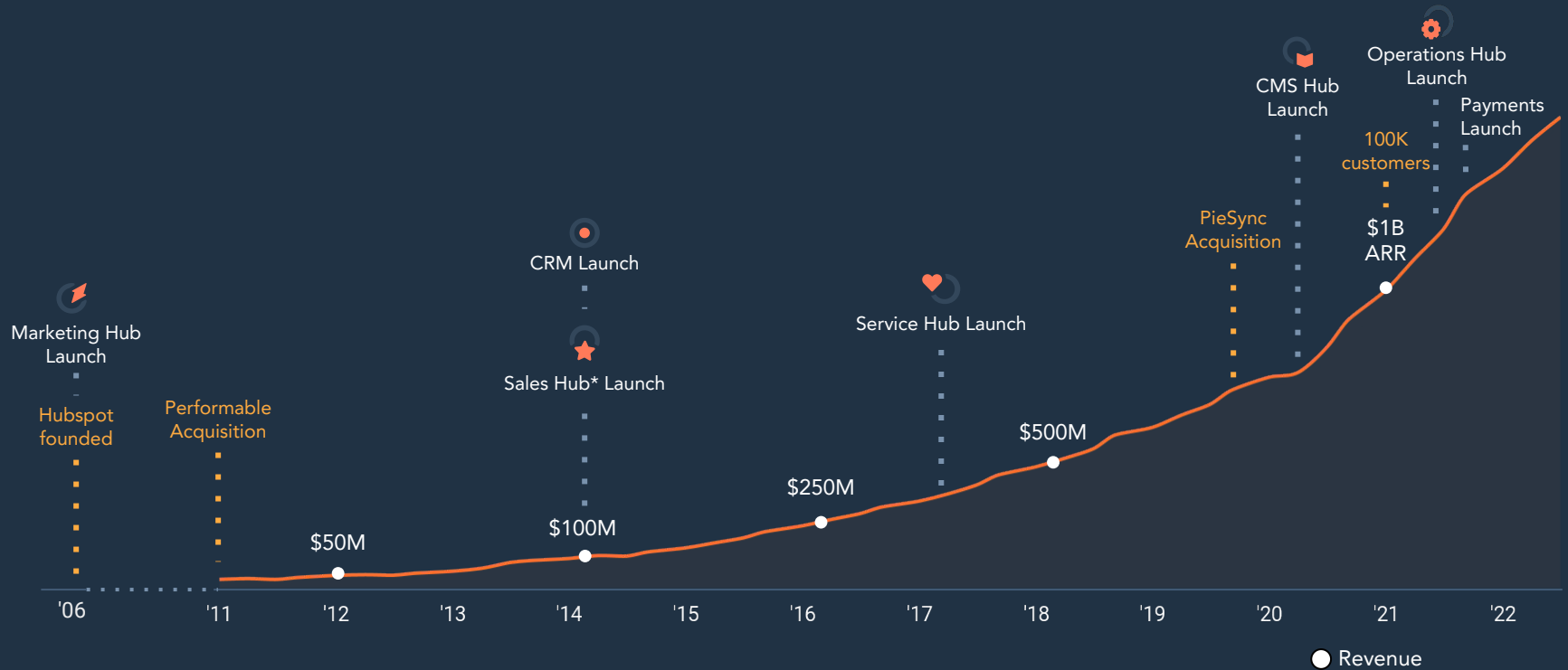


**100 Best
Companies to
Work For®** by
Great Places to
Work



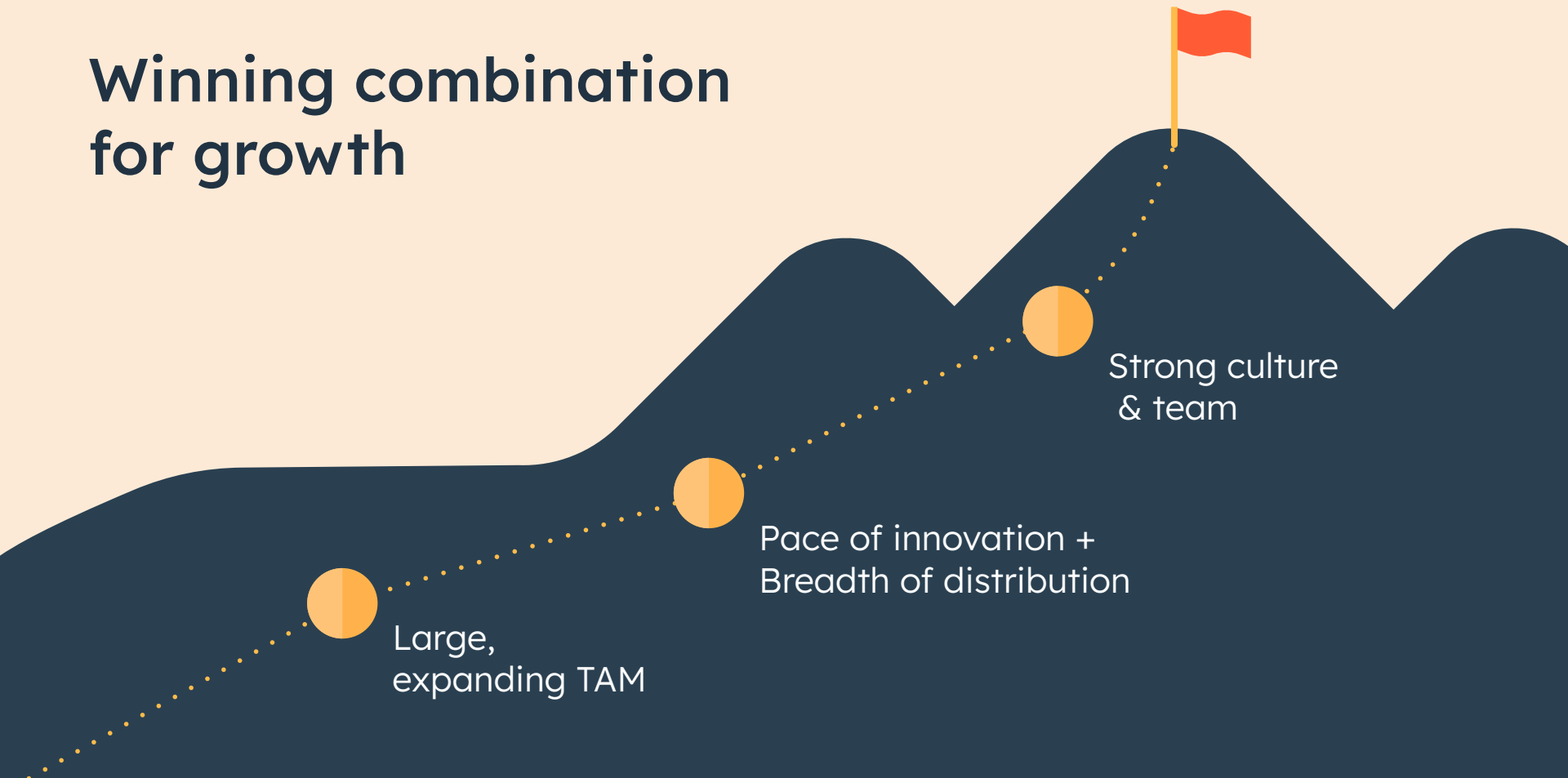
**Best Workplaces
for Millennials™**
by Great Places to
Work

The HubSpot Journey



* Originally launched and branded as "Sidekick"

Winning combination for growth

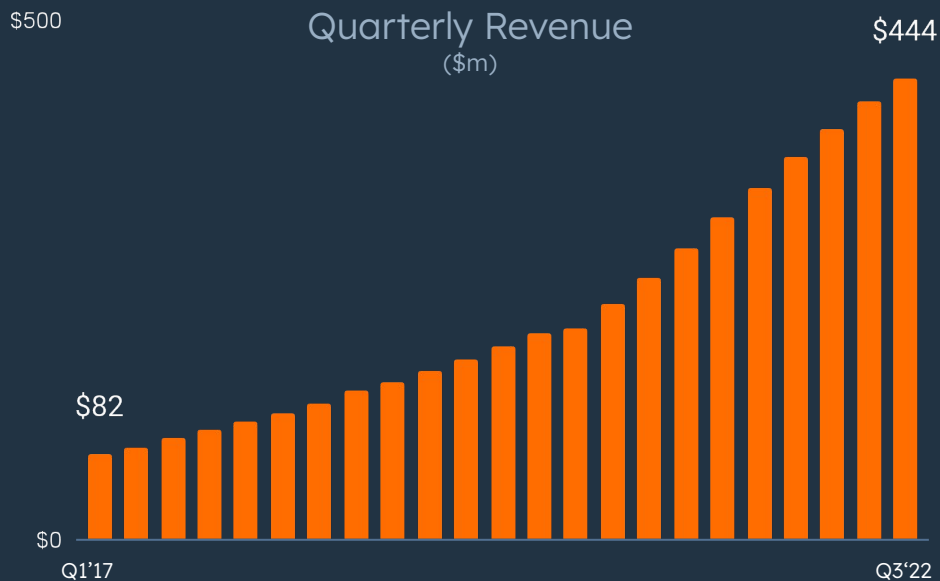


Financial Overview

Q3 2022



Strong Revenue Growth



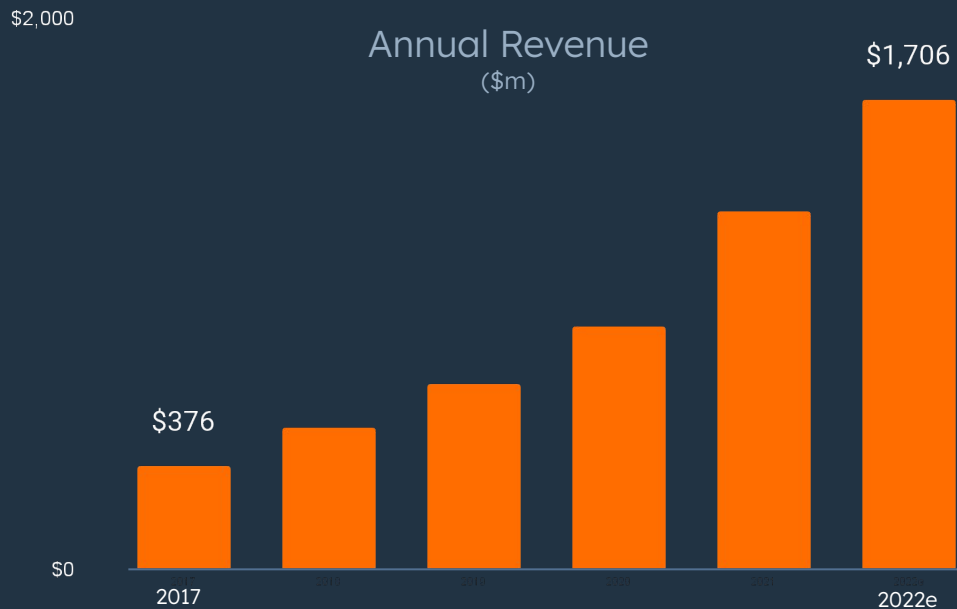
Q3'22

revenue **\$444m**

revenue growth yoy **31%¹**

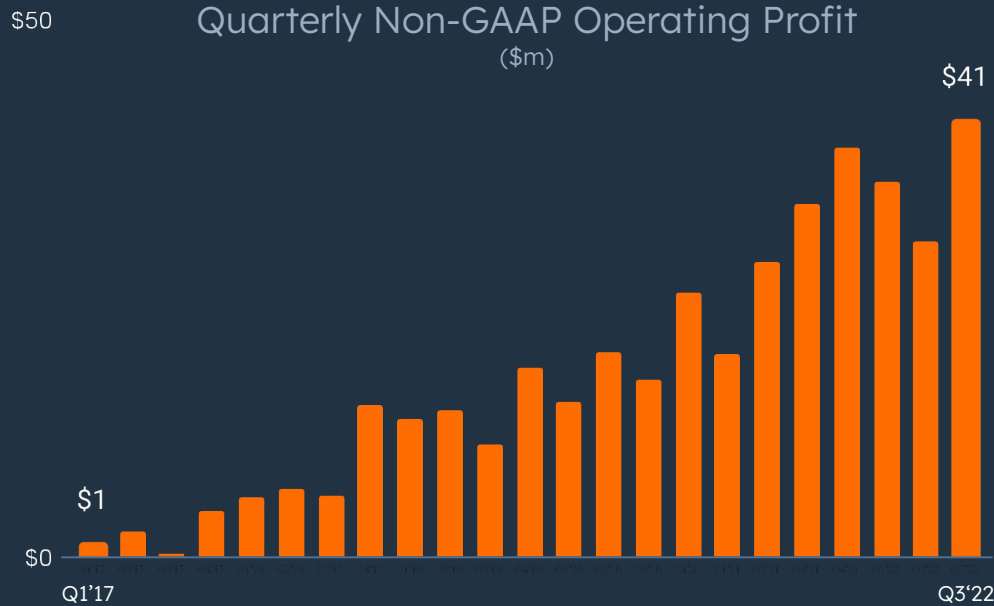
1. Q3'22 revenue growth was 31% as reported and 38% in constant currency. Constant Currency is presented by converting current and comparative prior period operating results for entities reporting in currencies other than U.S. Dollars into U.S. Dollars at constant exchange rates rather than actual exchange rates in effect during the respective period.

Strong Revenue Growth



35% CAGR
2017 → 2022e

Growing Profitability with Scale

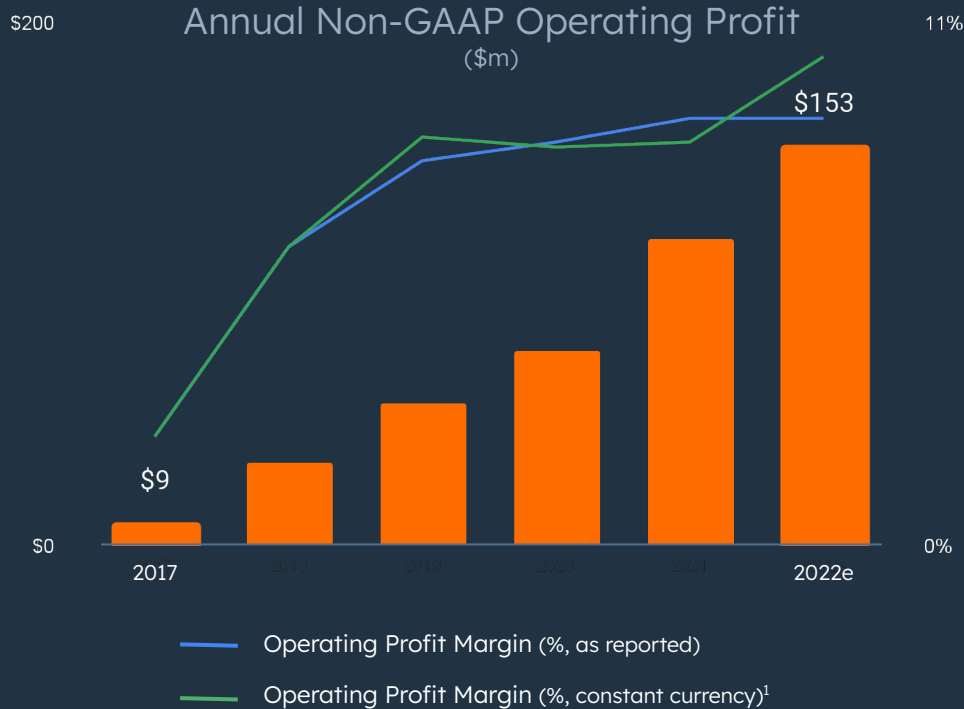


Q3'22

operating profit **\$41m**

operating profit margin **9.2%**

Strong Profitability, FCF + Cash

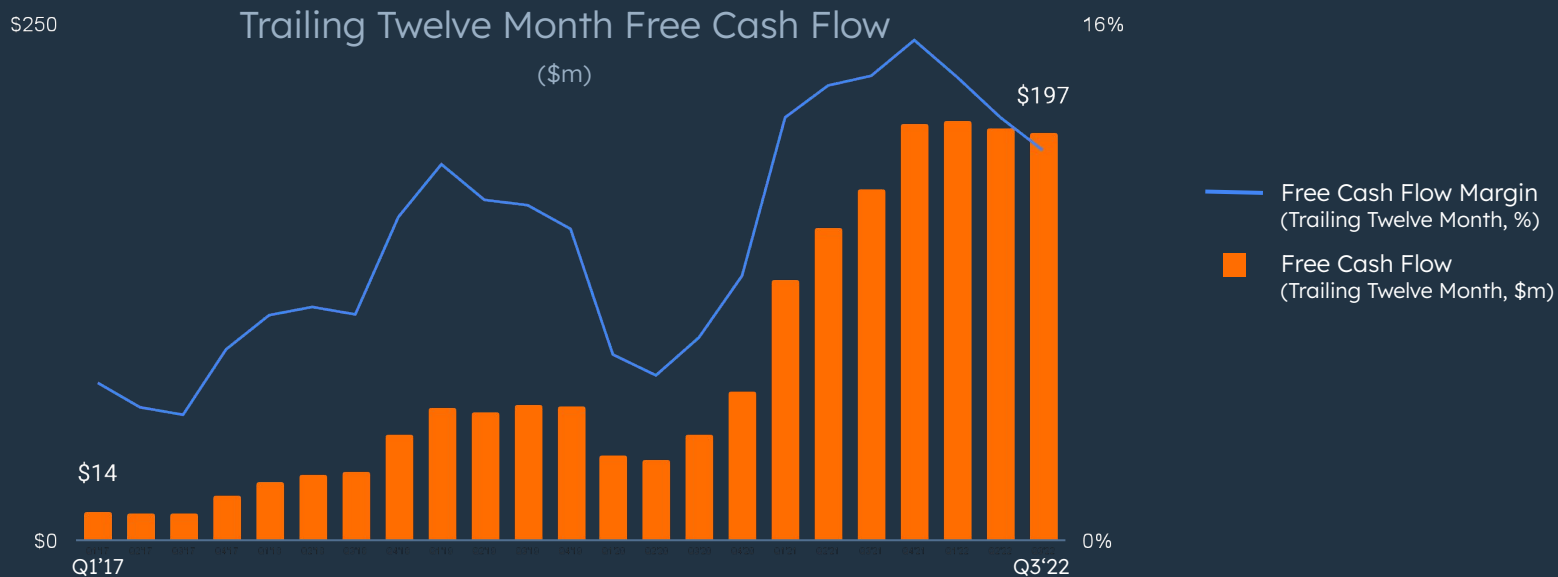


\$195 million
FCF, 2022e

\$1.4+ billion
in cash, Q3'22

1. Excludes the impact of foreign currency fluctuations and 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. 2022e: based on midpoint of 2022 full year operating profit and free cash flow guidance of \$153 million and \$195 million, respectively. See definitions and reconciliations of non-GAAP operating income and free cash flow in appendix.

Increasing Free Cash Flow Generation



Free cash flow is a non-GAAP metric. Free cash flow is defined as cash and cash equivalents provided by (used in) operating activities less purchases of property and equipment and capitalization of software development costs. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures.

Long Term Financial Framework Focused on Profitable Growth

	High Growth	Growth	Moderate Growth
Revenue Growth	> 30%	≈ 30%	< 30%
Operating Margin %*	1% - 2% increase per year	2% - 3% increase per year	3% - 4% increase per year
Operating Cash Flow	≈ Revenue Growth		

Long Term Financial Targets

	2017	2018	2019	2020	2021	Q1'22	Q2'22	Q3'22	Long Term Target
Gross Margin	81%	82%	82%	82%	81%	82%	82%	82%	81% - 83%
R&D % of revenue	15%	18%	18%	19%	18%	19%	21%	19%	18% - 20%
S&M % of revenue	52%	46%	45%	45%	45%	46%	45%	45%	30% - 35%
G&A % of revenue	12%	11%	11%	10%	9%	9%	9%	9%	8% - 9%
Operating Margin	2%	6%	8%	8%	9%	9%	7%	9%	20% - 25%

These estimates reflect our current operating plan as of 11/2/2022 and are subject to change as future events and opportunities arise. All percentages are non-GAAP and exclude expenses associated with stock based compensation, amortization of acquired intangible assets and acquisition related expenses. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures.

GAAP to Non-GAAP Reconciliations

GAAP to Non-GAAP Reconciliations

	2018		2019		2020		2021		Three Months Ended March 31, 2022		Three Months Ended June 30, 2022		Three Months Ended September 30,	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Cost of Revenue														
Subscription	69,718	14%	98,510	15%	130,685	15%	211,132	16%	59,384	15%	64,431	15%	67,648	15%
Stock-based compensation	(1,476)	0%	(3,127)	0%	(4,408)	0%	(6,297)	0%	(1,823)	0%	(2,383)	-1%	(2,311)	-1%
Amortization of acquired intangibles	(1,394)	0%	(3,201)	0%	(2,340)	0%	(937)	0%	(321)	0%	(306)	0%	(292)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	395	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(600)	0%	-	0%	-	0%	-	0%
Non-GAAP subscription	66,848	13%	92,182	14%	123,937	14%	203,693	16%	57,240	14%	61,742	15%	65,045	15%
Professional services and other	30,639	6%	31,448	5%	36,274	4%	47,725	4%	13,552	3%	14,500	3%	14,479	3%
Stock-based compensation	(2,924)	-1%	(2,829)	0%	(2,536)	0%	(3,092)	0%	(835)	0%	(1,248)	0%	(1,168)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	275	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(415)	0%	-	0%	-	0%	-	0%
Non-GAAP professional services and other	27,715	5%	28,619	4%	33,738	4%	44,908	3%	12,717	3%	13,252	3%	13,311	3%
Gross Margin														
Gross margin	412,623	80%	544,902	81%	716,067	81%	1,041,801	80%	322,663	82%	342,824	81%	361,831	82%
Stock-based compensation	4,400	1%	5,956	1%	6,944	1%	9,389	1%	2,858	1%	3,631	1%	3,479	1%
Amortization of acquired intangible assets	1,394	0%	3,201	0%	2,340	0%	662	0%	321	0%	306	0%	292	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	(670)	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	1,015	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	418,417	82%	554,059	82%	725,351	82%	1,052,197	81%	325,642	82%	346,761	82%	365,602	82%
Operating Expenses														
Research and development	117,603	23%	158,237	23%	205,589	23%	301,970	23%	92,736	23%	118,914	28%	114,038	26%
Stock-based compensation	(23,328)	-5%	(33,748)	-5%	(39,366)	-4%	(61,614)	-5%	(16,986)	-4%	(31,698)	-8%	(28,585)	-6%
Acquisition/disposition related income	(2,696)	-1%	(357)	0%	(1,287)	0%	(1,152)	0%	-	0%	300	0%	-	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	1,346	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(2,036)	0%	-	0%	-	0%	-	0%
Non-GAAP research and development	91,579	18%	124,132	18%	164,936	19%	238,514	18%	75,750	19%	87,516	21%	85,453	19%
Sales and marketing	267,444	52%	340,685	50%	452,081	51%	649,681	50%	197,134	50%	224,262	53%	229,541	52%
Stock-based compensation	(31,099)	-6%	(36,599)	-5%	(50,552)	-6%	(67,413)	-5%	(16,869)	-4%	(32,183)	-8%	(28,060)	-6%
Amortization of acquired intangible assets	-	0%	-	0%	(79)	0%	(389)	0%	(89)	0%	(446)	0%	(446)	0%
Acquisition related expenses	-	0%	-	0%	-	0%	(367)	0%	-	0%	-	0%	-	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	1,839	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(2,781)	0%	-	0%	-	0%	-	0%
Non-GAAP sales and marketing	236,345	46%	304,086	45%	401,450	45%	580,570	45%	180,176	46%	191,633	45%	201,035	45%
General and administrative	75,834	15%	92,971	14%	109,225	12%	144,949	11%	43,947	11%	51,898	12%	50,465	11%
Stock-based compensation	(17,434)	-3%	(21,451)	-3%	(24,626)	-3%	(28,345)	-2%	(9,191)	-2%	(13,653)	-3%	(12,089)	-3%
Acquisition related expenses	-	0%	(552)	0%	(545)	0%	(568)	0%	-	0%	(19)	0%	-	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	421	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(636)	0%	-	0%	-	0%	-	0%
Non-GAAP general and administrative	58,400	11%	70,968	11%	84,054	10%	115,821	9%	34,756	9%	38,226	9%	38,376	9%

GAAP to Non-GAAP Reconciliations

	Three Months Ended March 31, 2017		Three Months Ended June 30, 2017		Three Months Ended September 30, 2017		Three Months Ended December 31, 2017		Three Months Ended March 31, 2018		Three Months Ended June 30, 2018	
	\$ '000s	% of Revenue	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Gross Margin												
Gross margin	65,180	79%	70,502	79%	78,716	81%	85,485	80%	92,179	80%	97,725	80%
Stock-based compensation	564	1%	844	1%	754	1%	823	1%	967	1%	1,163	1%
Amortization of acquired intangible assets	9	0%	-	0%	38	0%	50	0%	50	0%	50	0%
Non-GAAP gross margin	<u>65,753</u>	80%	<u>71,346</u>	80%	<u>79,508</u>	81%	<u>86,358</u>	81%	<u>93,196</u>	81%	<u>98,938</u>	81%

Loss from Operations

Loss from operations	(8,000)	-10%	(10,577)	-12%	(12,126)	-12%	(9,433)	-9%	(11,324)	-10%	(14,052)	-11%
Stock-based compensation	9,303	11%	13,006	15%	12,110	12%	12,898	12%	16,046	14%	19,675	16%
Amortization of acquired intangible assets	16	0%	-	0%	38	0%	50	0%	50	0%	50	0%
Acquisition/disposition related income (expense)	-	0%	-	0%	439	0%	827	1%	802	1%	802	1%
Non-GAAP loss from operations	<u>1,319</u>	2%	<u>2,429</u>	3%	<u>461</u>	0%	<u>4,342</u>	4%	<u>5,574</u>	5%	<u>6,475</u>	5%

	Three Months Ended September 30, 2018		Three Months Ended December 31, 2018		Three Months Ended March 31, 2019		Three Months Ended June 30, 2019		Three Months Ended September 30, 2019		Three Months Ended December 31, 2019	
	\$ '000s	% of Revenue	\$ '000s	% of Revenue	\$ '000s	Revenue	\$ '000s	% of Revenue	\$ '000s	% of Revenue	\$ '000s	% of Revenue
Gross Margin												
Gross margin	106,061	80%	116,658	81%	#####	81%	132,113	81%	140,358	81%	150,211	81%
Stock-based compensation	1,194	1%	1,076	1%	1,633	1%	1,488	1%	1,468	1%	1,367	1%
Amortization of acquired intangible assets	494	0%	800	1%	800	1%	800	0%	762	0%	839	0%
Non-GAAP gross margin	<u>107,749</u>	82%	<u>118,534</u>	82%	<u>#####</u>	82%	<u>134,401</u>	82%	<u>142,588</u>	82%	<u>152,417</u>	82%

Loss from Operations

Loss from operations	(15,050)	-11%	(7,832)	-5%	(9,036)	-6%	(15,725)	-10%	(14,072)	-8%	(8,158)	-4%
Stock-based compensation	19,612	15%	20,927	15%	21,205	14%	28,663	18%	23,791	14%	24,095	13%
Amortization of acquired intangible assets	494	0%	800	1%	800	1%	800	0%	762	0%	839	0%
Acquisition/disposition related income (expense)	802	1%	289	0%	32	0%	32	0%	30	0%	814	0%
Non-GAAP loss from operations	<u>5,858</u>	4%	<u>14,184</u>	10%	<u>13,001</u>	9%	<u>13,770</u>	8%	<u>10,511</u>	6%	<u>17,590</u>	9%

GAAP to Non-GAAP Reconciliations

	Three Months Ended March 31, 2020		Three Months Ended June 30, 2020		Three Months Ended September 30, 2020		Three Months Ended December 31, 2020		Three Months Ended March 31, 2021		Three Months Ended June 30, 2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenue	\$ '000s	% of Revenue
	Gross Margin											
Gross margin	160,683	81%	164,831	81%	185,782	81%	204,771	81%	226,631	81%	247,911	80%
Stock-based compensation	1,505	1%	1,703	1%	1,792	1%	1,945	1%	2,007	1%	2,408	1%
Amortization of acquired intangible assets	880	0%	879	0%	442	0%	139	0%	239	0%	236	0%
Non-GAAP gross margin	<u>163,068</u>	82%	<u>167,413</u>	82%	<u>188,016</u>	82%	<u>206,855</u>	82%	<u>228,877</u>	81%	<u>250,555</u>	81%
Loss from Operations												
Loss from operations	(14,102)	-7%	(13,625)	-7%	(15,461)	-7%	(7,641)	-3%	(15,032)	-5%	(16,602)	-5%
Stock-based compensation	27,463	14%	31,374	15%	31,186	14%	31,466	12%	32,423	12%	43,433	14%
Amortization of acquired intangible assets	900	0%	899	0%	462	0%	159	0%	345	0%	337	0%
Acquisition/disposition related income (expenses)	333	0%	518	0%	340	0%	640	0%	1,195	0%	372	0%
Non-GAAP loss from operations	<u>14,594</u>	7%	<u>19,166</u>	9%	<u>16,527</u>	7%	<u>24,624</u>	10%	<u>18,931</u>	7%	<u>27,540</u>	9%

	Three Months Ended September 30, 2021		Three Months Ended December 31, 2021		Three Months Ended March 31, 2022		Three Months Ended June 30, 2022		Three Months Ended September 30, 2022	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
	Gross Margin									
Gross margin	269,589	79%	297,670	81%	322,663	82%	342,824	81%	361,831	82%
Stock-based compensation	2,408	1%	2,563	1%	2,658	1%	3,631	1%	3,479	1%
Amortization of acquired intangible assets	234	0%	228	0%	321	0%	306	0%	292	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%
Gain on termination of operating leases	(670)	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	1,015	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>272,576</u>	80%	<u>300,461</u>	81%	<u>325,642</u>	82%	<u>346,761</u>	82%	<u>365,602</u>	82%
Loss from Operations										
Loss from operations	(14,927)	-4%	(8,237)	-2%	(11,154)	-3%	(52,250)	-12%	(32,213)	-7%
Stock-based compensation	44,987	13%	45,914	12%	45,704	12%	81,165	19%	72,213	16%
Amortization of acquired intangible assets	326	0%	318	0%	410	0%	752	0%	738	0%
Acquisition/disposition related income (expenses)	350	0%	170	0%	-	0%	(281)	0%	-	0%
Gain on termination of operating leases	(4,276)	-1%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	6,468	2%	-	0%	-	0%	-	0%	-	0%
Non-GAAP loss from operations	<u>32,928</u>	10%	<u>38,165</u>	10%	<u>34,960</u>	9%	<u>29,386</u>	7%	<u>40,738</u>	9%

GAAP to Non-GAAP Reconciliations

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	35,279	35,364	37,893	49,614	57,244	62,018	65,734
Purchases of property & equipment	(14,983)	(15,592)	(17,528)	(20,276)	(20,680)	(20,514)	(21,875)
Capitalization of software development costs	(5,925)	(6,577)	(6,882)	(7,071)	(8,077)	(9,537)	(10,491)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	-	-	-	-	-	-
Free cash flow	14,371	13,195	13,483	22,267	28,487	31,967	33,368

	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	84,851	95,845	96,041	104,193	118,972	104,267	56,880
Purchases of property & equipment	(22,305)	(20,331)	(23,051)	(26,814)	(40,372)	(47,249)	(48,257)
Capitalization of software development costs	(11,168)	(11,373)	(10,690)	(11,581)	(13,474)	(15,422)	(18,309)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	-	-	-	-	-	48,675
Free cash flow	51,378	64,141	62,300	65,798	65,126	41,596	38,989

	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	75,878	88,913	128,602	200,483	204,469	238,728	258,254
Purchases of property & equipment	(46,972)	(37,318)	(30,143)	(30,123)	(26,920)	(28,726)	(29,805)
Capitalization of software development costs	(19,979)	(21,599)	(24,171)	(27,857)	(31,593)	(33,139)	(35,520)
Repayment of 2022 Convertible Notes attributable to the debt discount	48,675	49,048	58,853	13,401	24,830	26,428	16,623
Free cash flow	57,602	79,044	133,141	157,904	170,786	203,291	209,552

	June 30, 2022	September 30, 2022
	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	260,984	278,395
Purchases of property & equipment	(31,358)	(37,817)
Capitalization of software development costs	(36,649)	(38,851)
Repayment of 2022 Convertible Notes attributable to the debt discount	13,400	1,971
Free cash flow	206,377	203,698

* All amounts are trailing twelve months