

The background is a dark blue gradient with abstract wavy lines in orange and yellow. The HubSpot logo is in the top left, and the text 'Analyst Day' is below it.

HubSpot
Analyst Day

Financial Analyst Day

Chuck MacGlashing

Vice President, 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 for future financial and operational performance and operating expenditures, expected growth, and business outlook, including our long-term financial framework; our focus on profitable growth; cash flow and margin improvement expectations; our product plans, strategies, and trends; our ability to expand our total addressable market; our position to execute on our growth strategy and related growth drivers; our opportunities in international markets; and 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 the announced leadership changes, impact of COVID-19 on our business, the broader economy, and our ability to forecast our future financial performance as a result of COVID-19; our history of losses, our ability to retain existing customers and add new customers, the continued growth of the market for an inbound 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, and other risks set forth under the caption “Risk Factors” in our Quarterly Report on Form 10-Q filed on August 4, 2021 and our other 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.

Agenda

Tuesday, October 12, 2021

Time (ET)	Subject	Presenter(s)
10:25a - 10:30a	Welcome	Chuck MacGlashing VP, Investor Relations
10:30a - 11:30a	Thought Leadership Piece Product + Customers HubSpot Spotlight	Dharmesh Shah CTO HubSpot Product Leadership Team Yamini Rangan CEO & Brian Halligan Executive Chairman
Short Break		
11:40a - 12:05p	CEO Overview	Yamini Rangan
12:05p - 12:30p	Finance Overview	Kate Bueker CFO
Short Break		
12:40p - 1:15p	Executive Q&A	Yamini Rangan Brian Halligan Dharmesh Shah Kate Bueker Moderator: <i>Chuck MacGlashing</i>

Housekeeping



Two short breaks
between sessions



Submit questions starting
now using Q&A field
below



Non-GAAP reconciliations
for financials we discuss
posted on ir.hubspot.com



Thank you

Helping Companies Win in the Age of the Connected Customer

Yamini Rangan
CEO

Agenda



Year in Review



Key Customer Trends
Driving Modern CRM



HubSpot's
Strategic Pillars

HubSpot: Year in Review

Strong Financial Performance

FY'21*

Y/Y Growth

\$1.27B
Revenue

+44%

\$108M
Operating Profit

+44%

121K+
Customer Count

+40%

* Revenue and operating profit represents current mid-point of FY'21 guidance. Customer count is as of Q2'21

** Solutions Partner YoY growth as of Q2'21

Powerful Platform; Thriving Ecosystem

5

Powerful & Easy Hubs

900+

App Integrations

47%+

Solutions Partner
ARR Growth**



World-Class Talent

~5,000

Employees

13

Global Offices



We are in the age of the customer



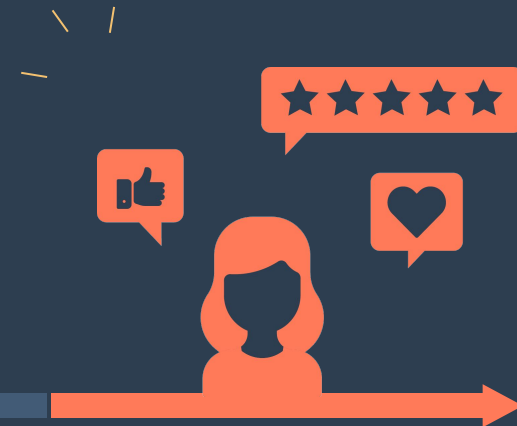
Manufacturing



Distribution



Information



Customer

▲
NOW

Winning in the age of the connected customer



How companies **win** in the age of the customer



Bring consumer-like
buying process into B2B



Connect
teams and insights



Be able to
pivot and adapt

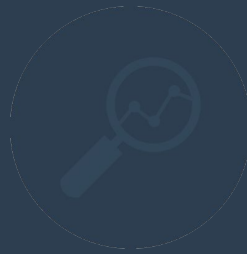


How companies win in the age of the customer

Bring consumer-like
buying process into B2B



Connect
teams and insights



Be able to
pivot and adapt



77%

of B2B buyers said latest
purchase was difficult

How companies win in the age of the customer

Bring consumer-like
buying process into B2B



Connect
teams and insights



Be able to
pivot and adapt



50 SaaS apps

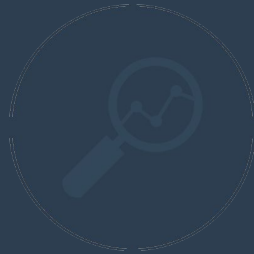
Average size of our target
customers' technology stack

How companies win in the age of the customer

Bring consumer-like
buying process into B2B



Connect
teams and insights



Be able to
pivot and adapt



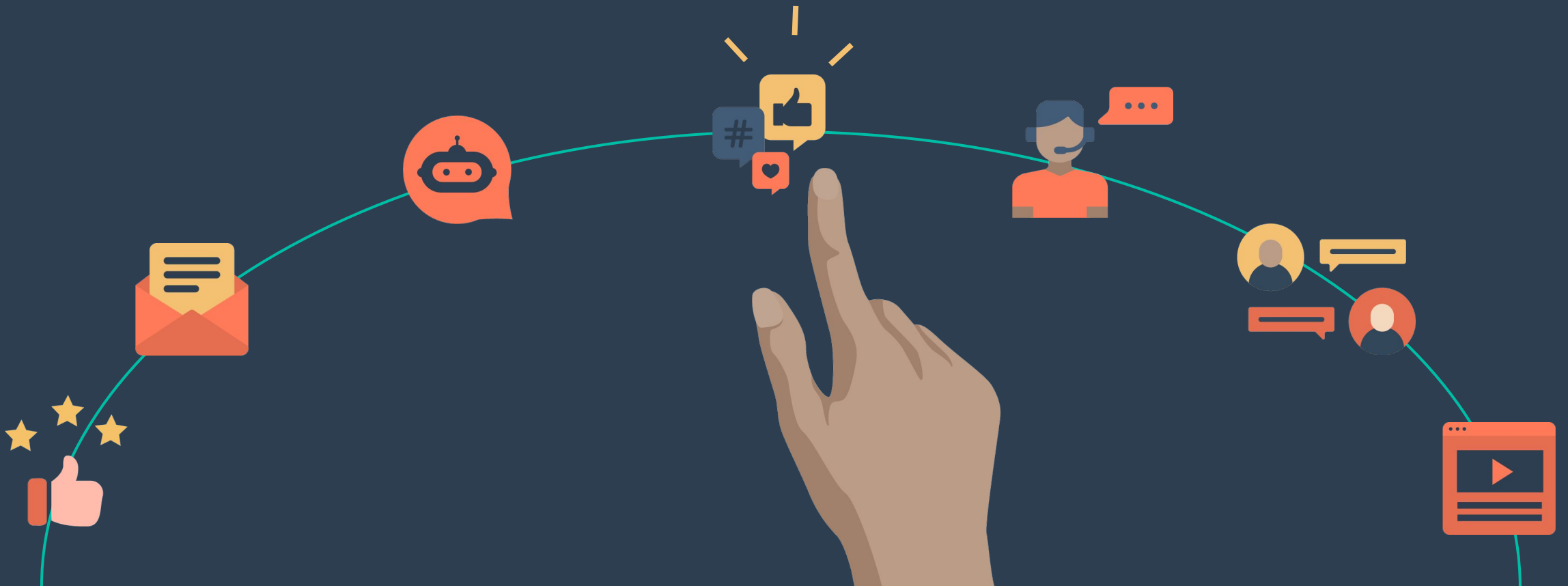
72%

of companies with effective
response to COVID-19
experimented with new tech

From building fitness centers
to enabling fitness anywhere.



Now more than ever, companies need
a **modern CRM platform** to win



Modern CRM is...



Customer-centric



Built for sellers



Built for buyers



Connected



Cobbled



Crafted



Customizable



Adds complexity



Powers innovation

HubSpot's **modern CRM** is right for scaling businesses



Payments

First step in enabling B2B companies to deliver consumer-grade buying



Customer-centric

Operations Hub Enterprise

Connects teams to each other and to the customer experience



Connected

Sandboxes + Admin Features

Enables companies to stay agile and continually innovate



Customizable

Agenda



Year in Review



Key Customer Trends
driving Modern CRM



**HubSpot's
Strategic Pillars**

Our Path to Becoming **#1 CRM Platform** for Scaling Companies



1

Deliver a
World-Class
Front-Office Platform

2

Strengthen
Segmentation
Approach

3

Invest in B2B
Commerce
and Payments

4

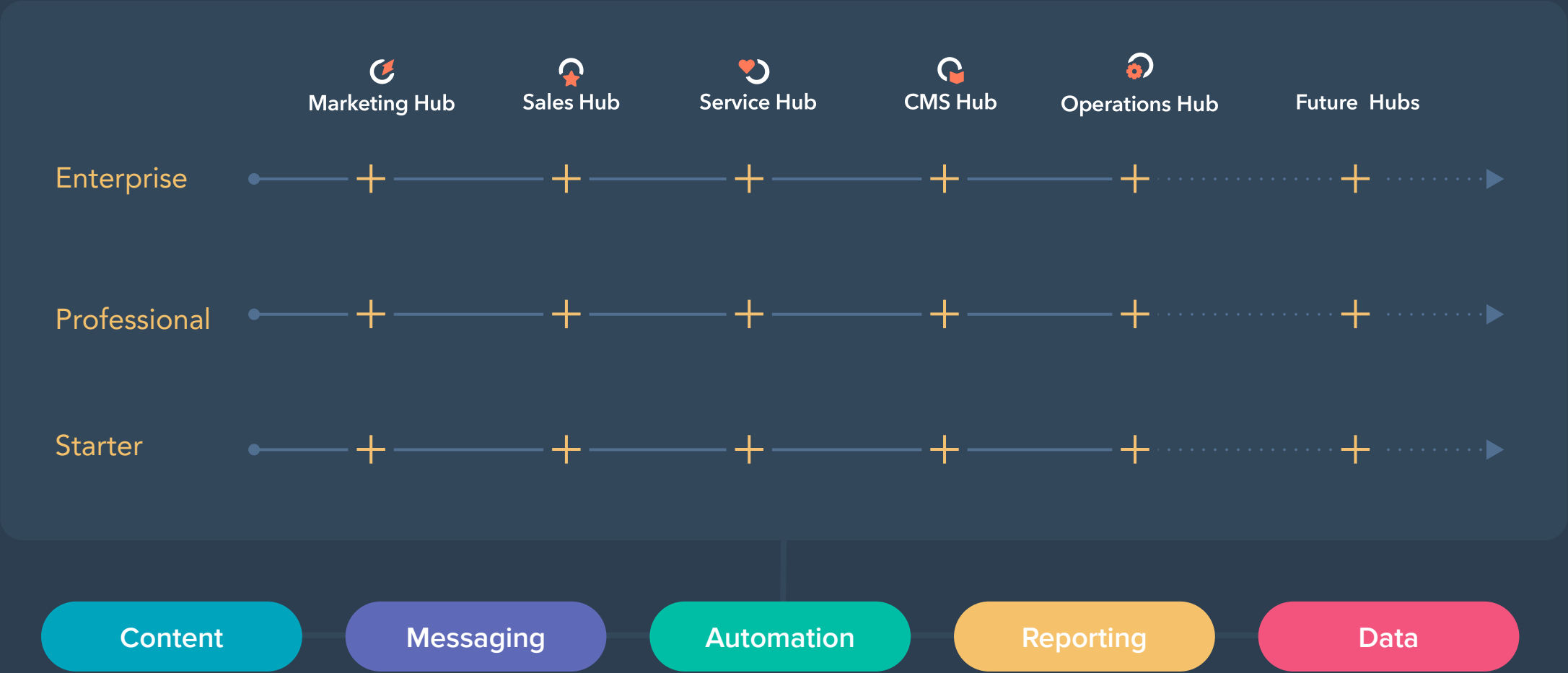
Continue to Scale
HubSpot

Strategic Pillar 1

Deliver a World-Class Front-Office Platform



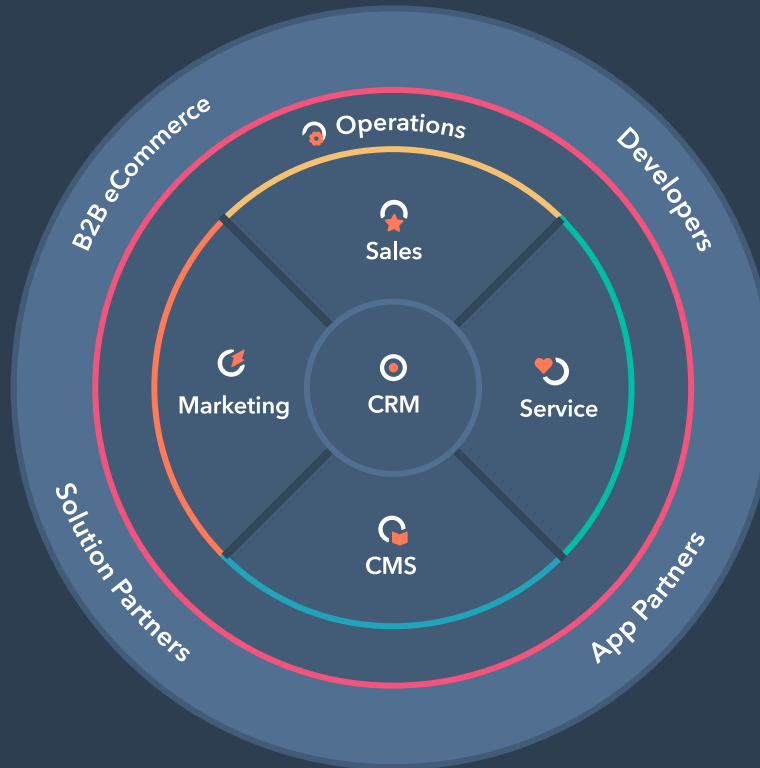
The path to world-class front-office platform is clear



Our strategy is simple

Invest in **Platform**

1. For Users
2. For Ops
3. For Developers

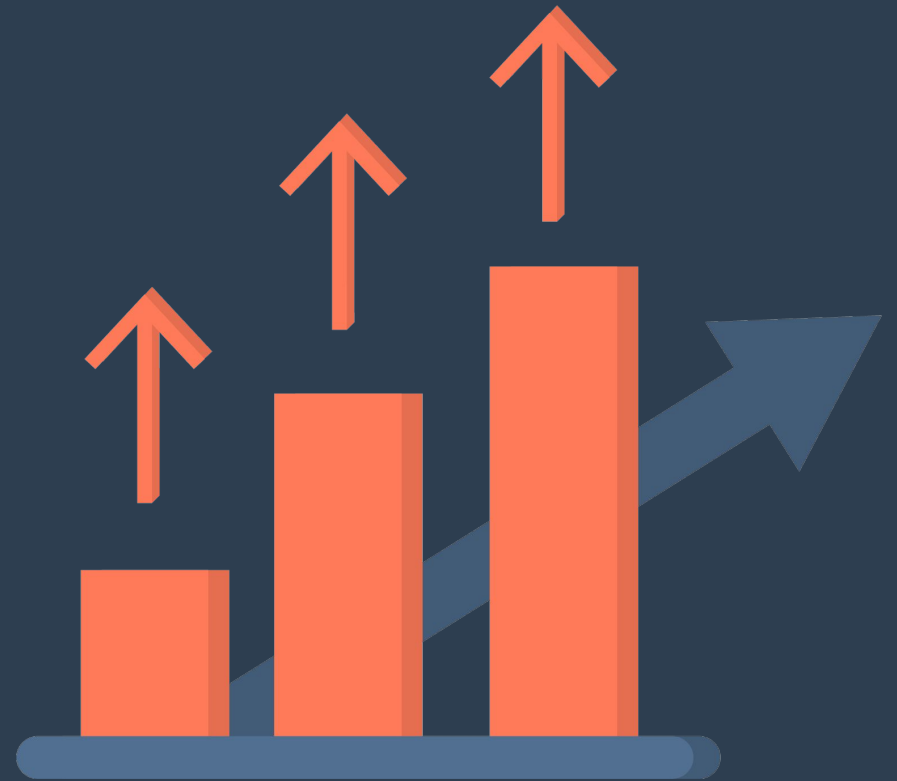


Invest in **Hubs**

1. Continue Investing in Anchor Hubs
2. Accelerate Emerging Hubs
3. Launch New Hubs

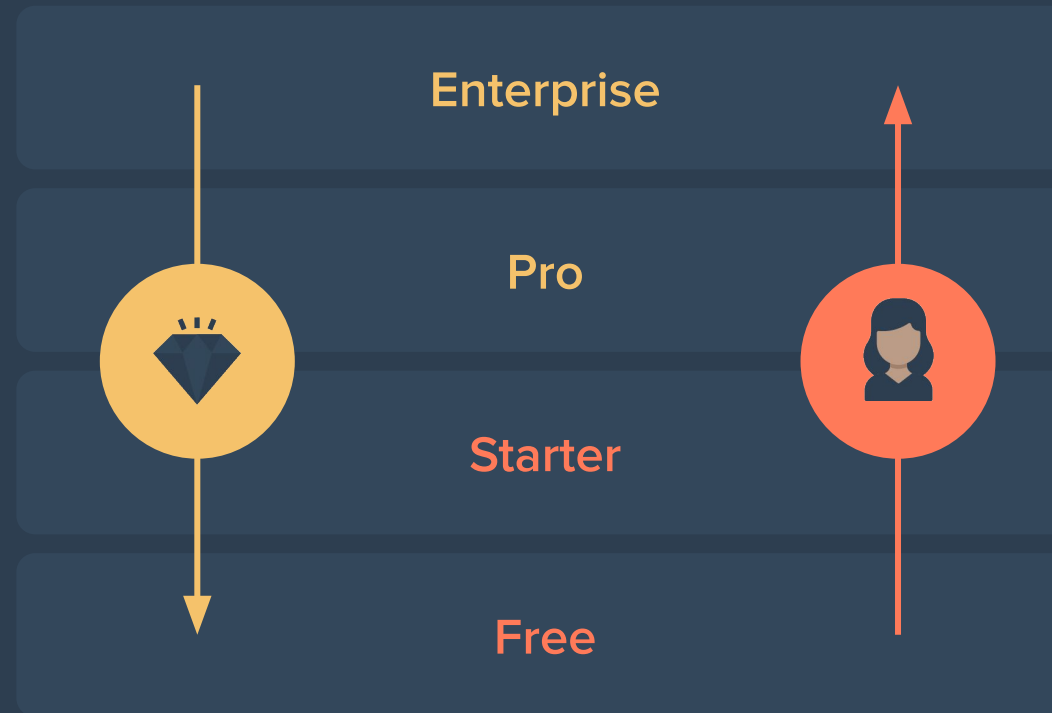
Strategic Pillar 2

Strengthen Segmentation Approach



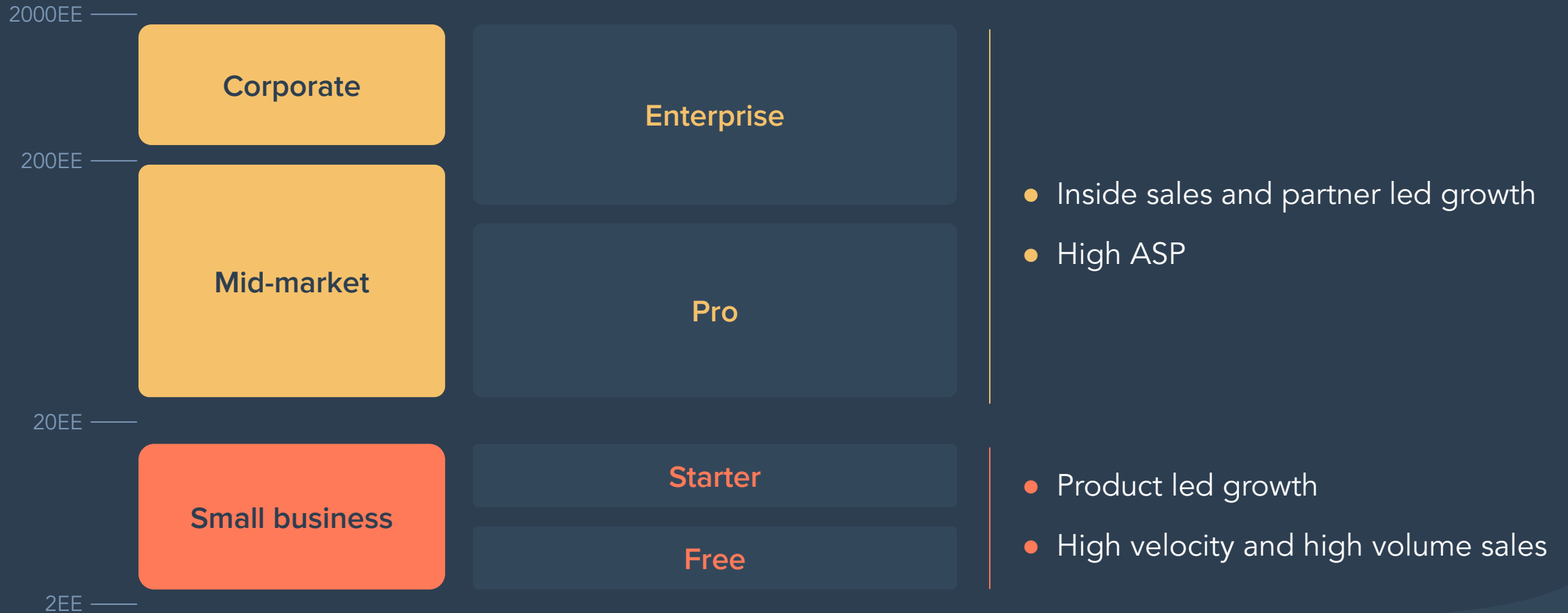
Segmentation approach drives product innovation

High-end, Enterprise features to Starter and Freemium

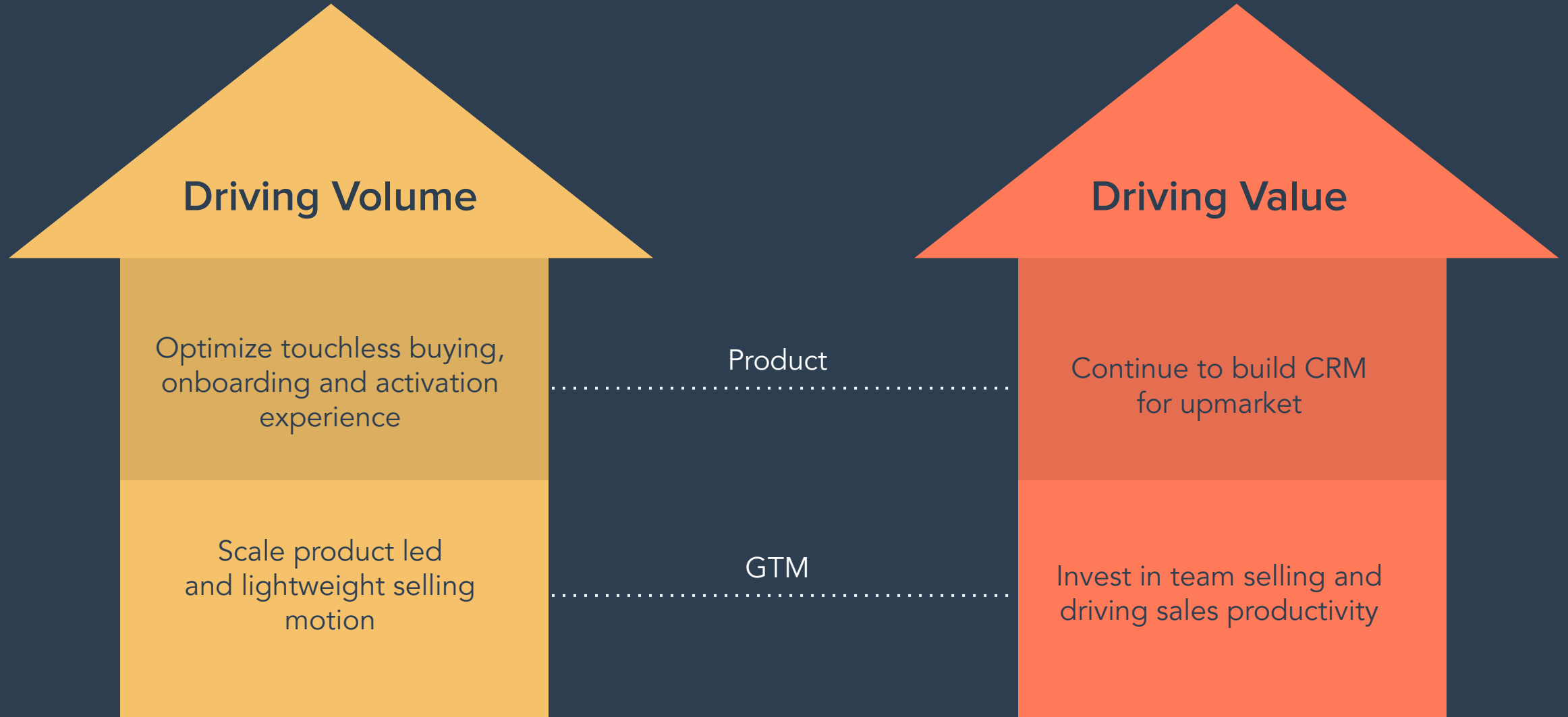


Human-friendly product and purchasing experience to Enterprise and Pro

Product + Pricing + Go-to-Market are **aligned**



Where we plan to **invest**



Strategic Pillar 3

Invest in B2B Commerce and Payments





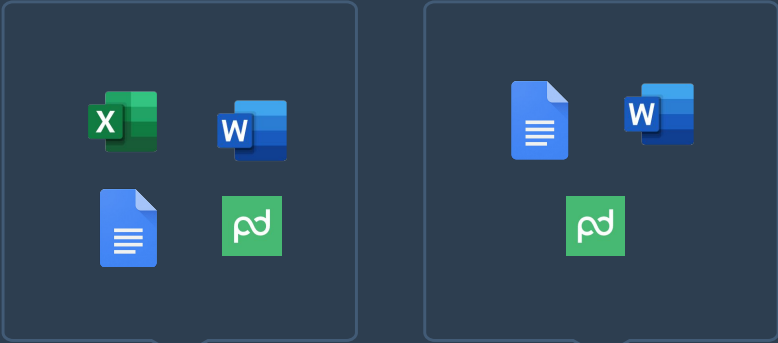
The rep-assisted sale
(Quote to Cash) is a
Cobbled mess



The touchless sale
(B2B Commerce)
isn't happening

Commerce has been orphaned

BACK OFFICE



QUOTING

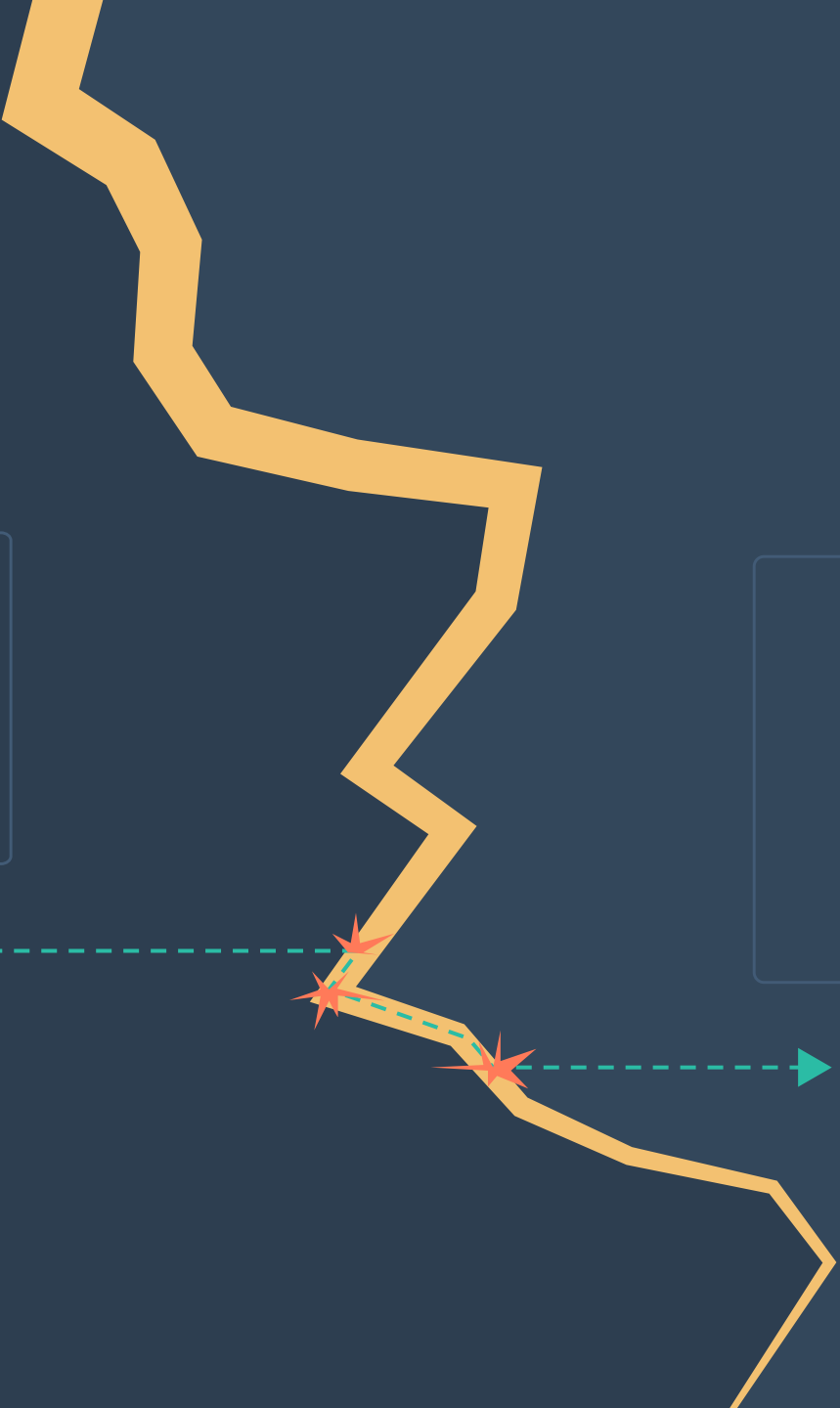
CONTRACTS

FRONT OFFICE



BILLING

PAYMENTS



Commerce-enabled CRM



Ability to sell online



Better rep-assisted experience



Complete customer journey

Strategic Pillar 4

Continue to
Scale HubSpot



Our priorities to scale sustainably are clear

**Build a diverse and
inclusive culture**

15.4% increase

in BIPOC employee representation at
HubSpot in the U.S. since 2017

**Invest in
climate action**

Offset ~80,000 Mt

from 2006-2020 making HubSpot
carbon neutral

**Double down on
customer trust**

Doubled

our investment in teams
dedicated to Trust since 2020

Key Takeaways



In the age of the customer, **delightful customer experience** wins



New buyer expectations are defining modern CRM



HubSpot's modern CRM is right for scaling businesses



We have the right **strategy**, the right **investments** and the right **team** to win

HubSpot
Analyst Day

Finance Overview

Kate Bueker

Chief Financial Officer



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Agenda



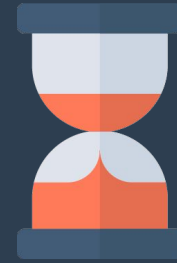
1.

Strong and
Durable Business



2.

Strategic Pillars
for Growth



3.

Long-Term
Financial Model

Agenda



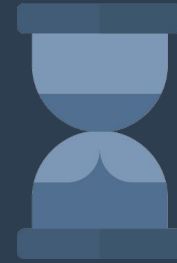
1.

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Financial Model

15 Years of Continuous Growth

2021

Today

2014

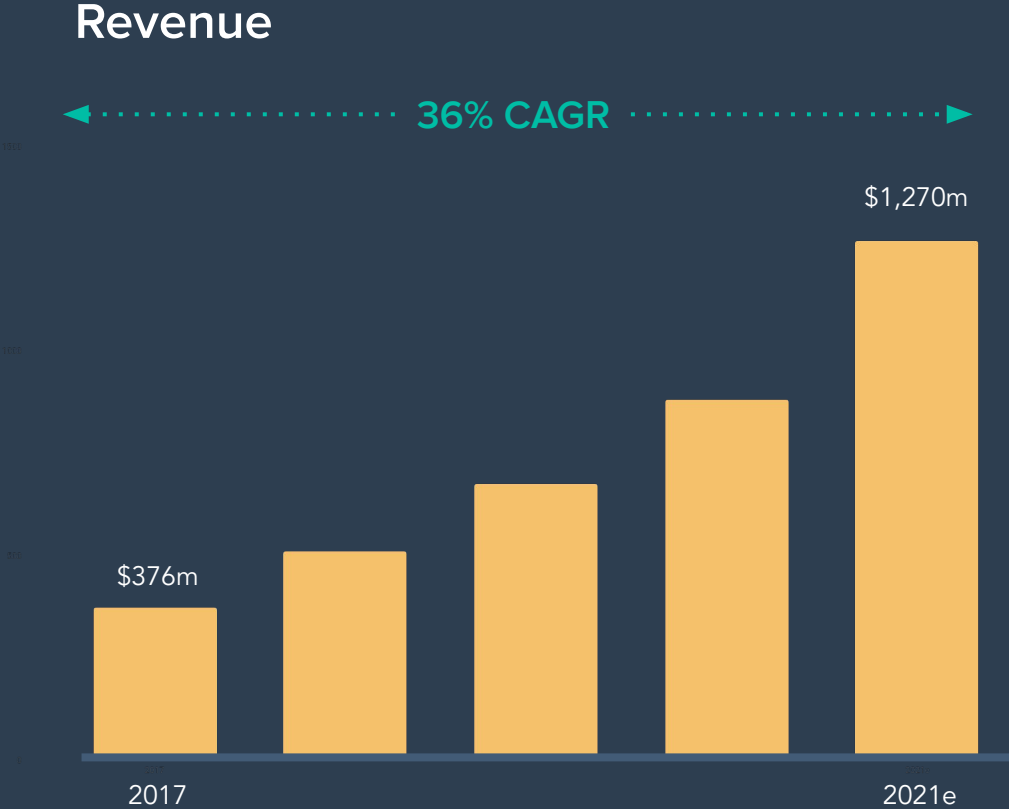
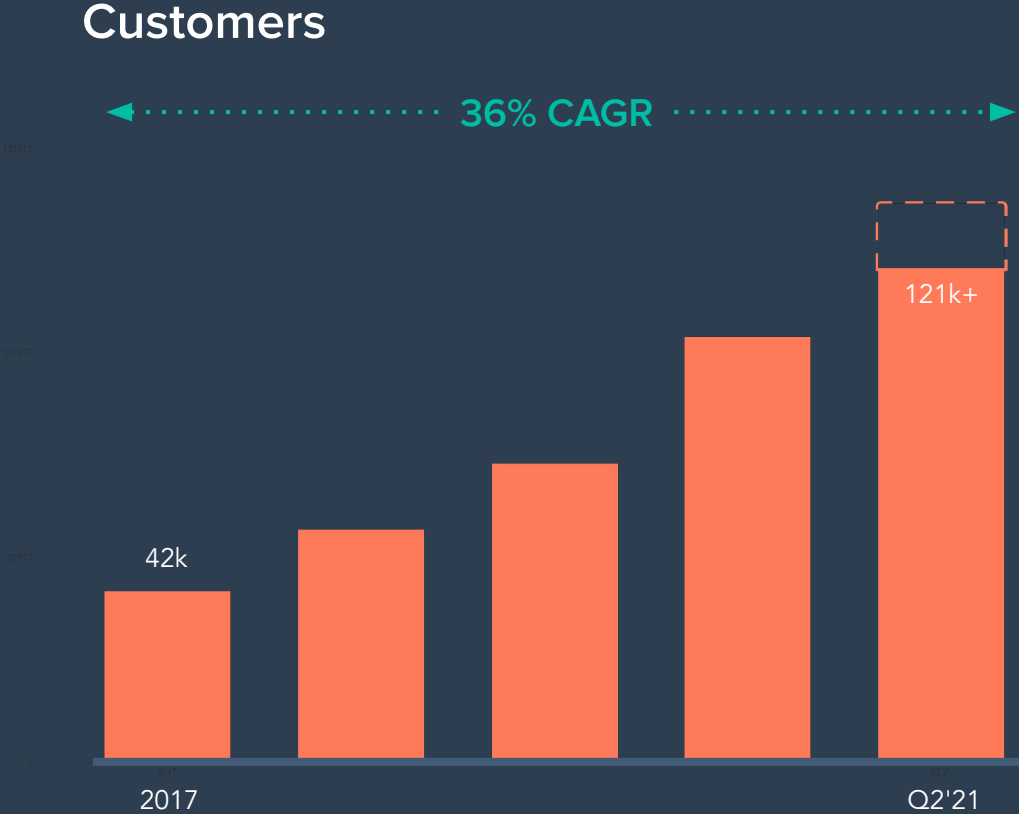
IPO

2006

Founding



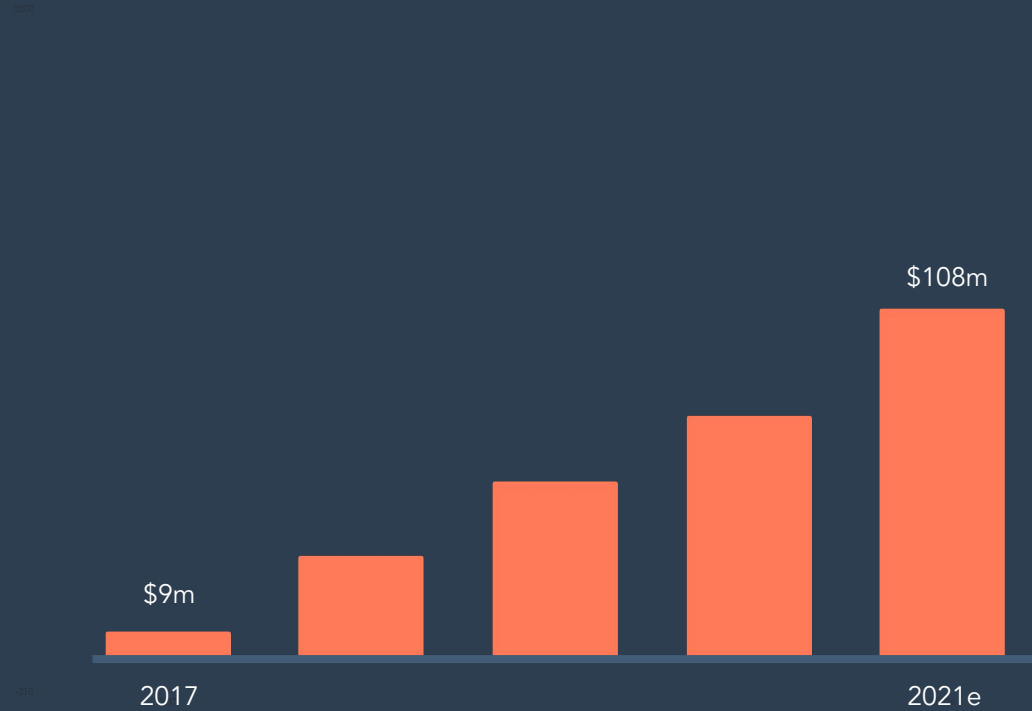
Strong Customer + Revenue Growth



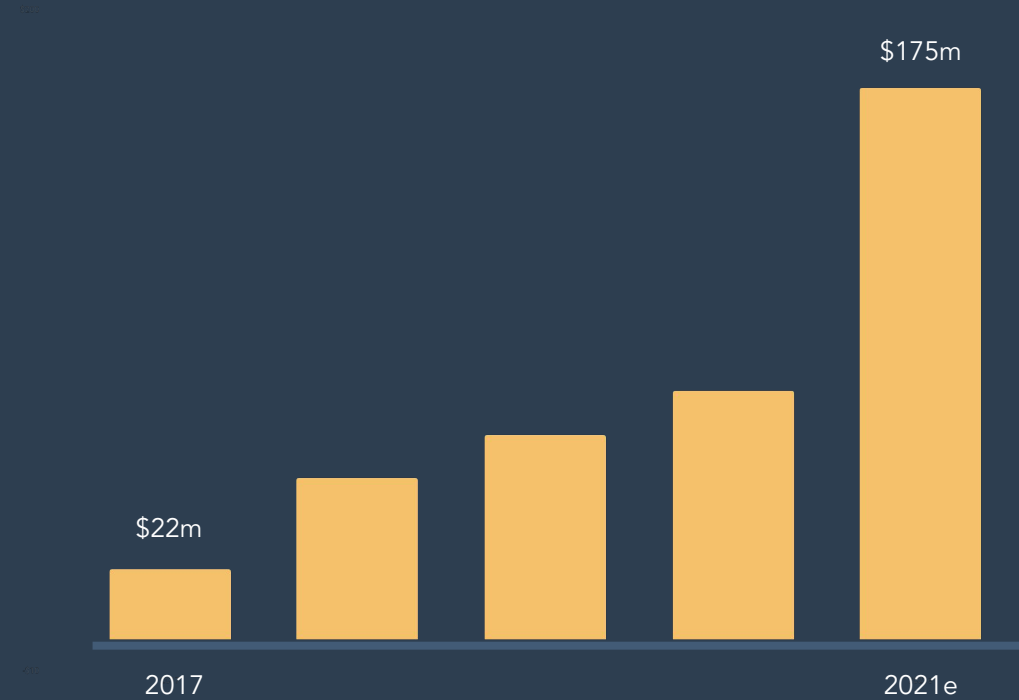
2021e: Represents current mid-point of FY'21 guidance.
CAGR: compound annual growth rate. Customer CAGR based off of Q4 2017 to Q2 2021. Revenue CAGR based off of 2017 to 2021e.
Dotted box: We expect to continue to add net new customers in 2H'21. The dotted lines are an estimated illustration of these additional customers and is not to scale.
See definition of Total Customers in appendix.

Strong Profitability, FCF + Balance Sheet

Operating Profit



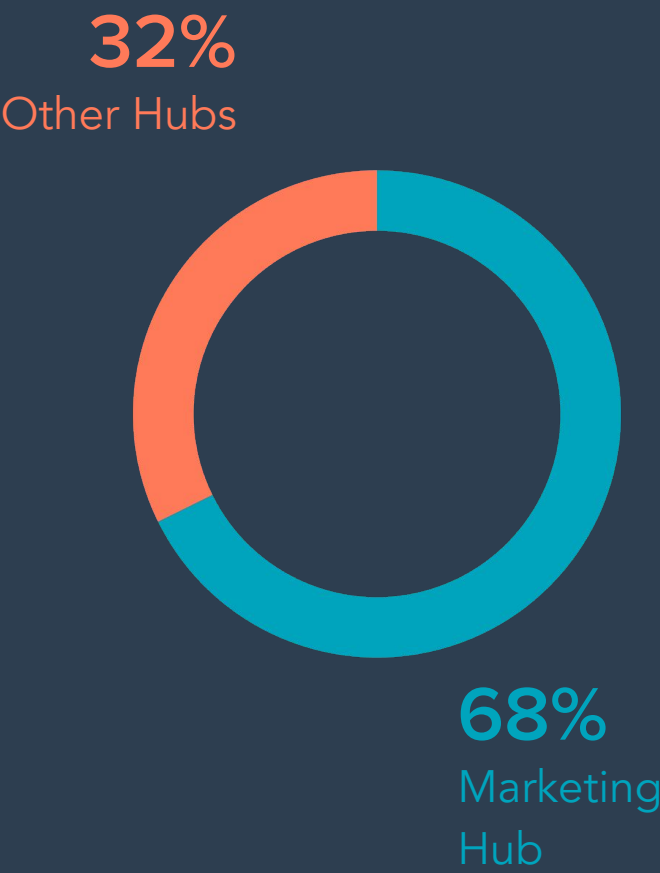
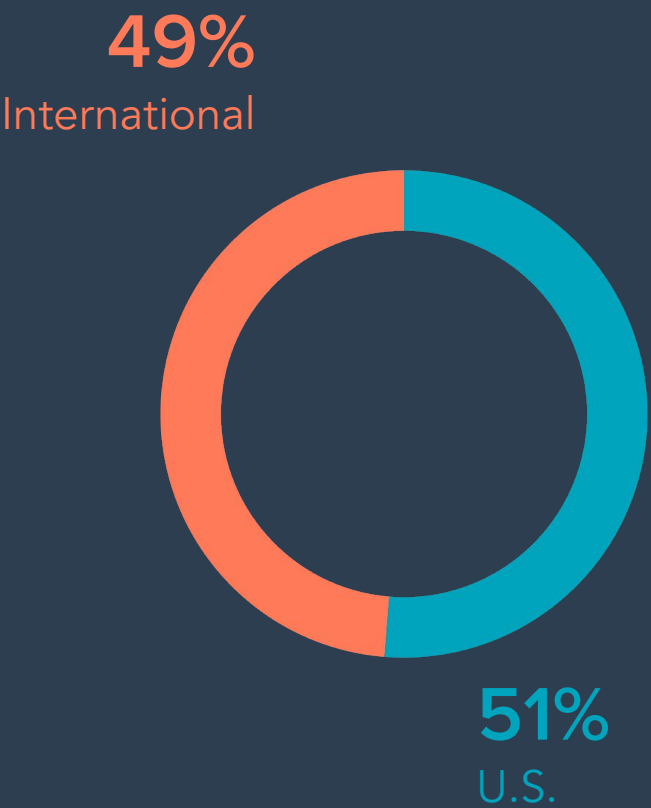
Free Cash Flow



Ended Q2'21 with **\$1+ billion** in cash and investments

2021e: Represents current mid-point of FY'21 guidance.
See definition and reconciliation of non-GAAP operating income and free cash flow in appendix.

Diverse Growth Drivers



U.S. vs. International; Direct vs. Solutions Partners; and Marketing vs. Sales, Service, CMS and Operations Hub are calculated based on a % of Install Base as of the end of Q2'21. See definition of Install Base in appendix.

Agenda



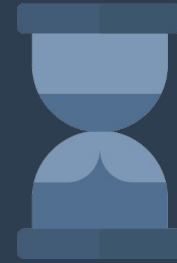
1.

Strong and
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Strategic Pillars
for Growth



3.

Long-Term
Financial Model

Strategic Pillars



1

Deliver a
World-Class
Front-Office Platform

2

Strengthen
Segmentation
Approach

3

Invest in B2B
Commerce
and Payments

4

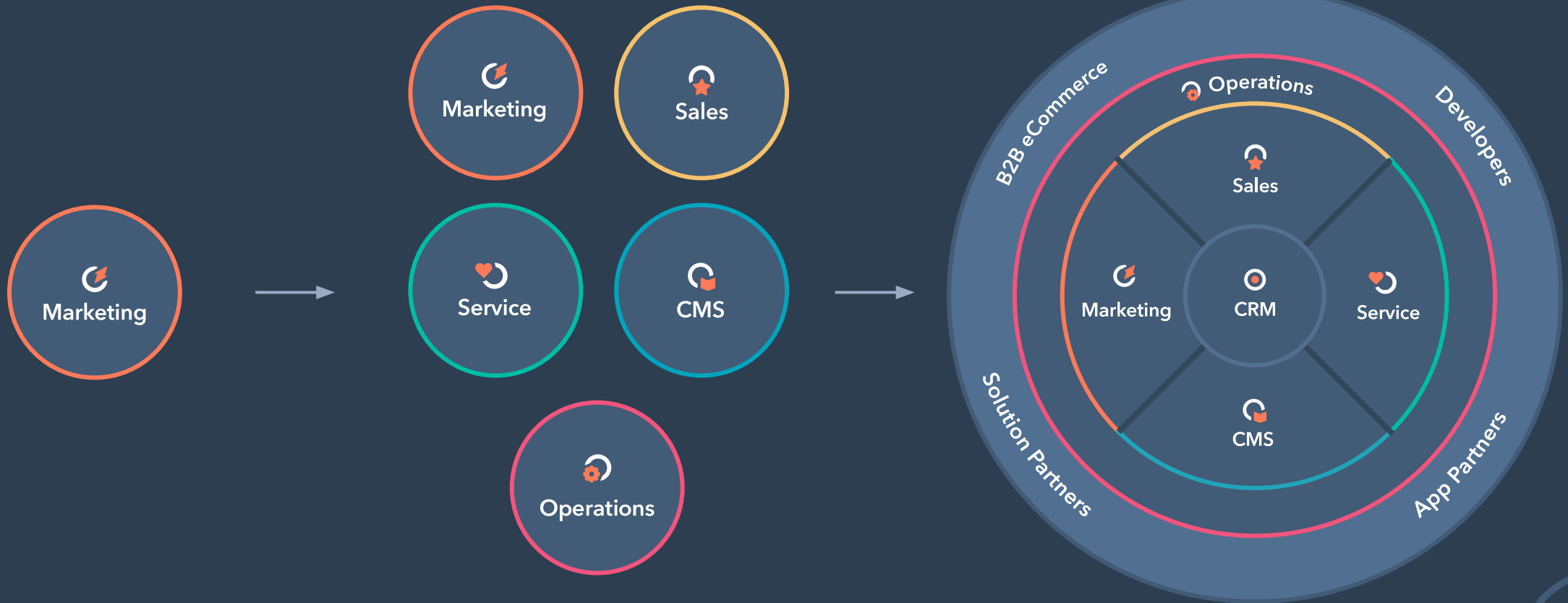
Continue to Scale
HubSpot

Strategic Pillar 1

Deliver a World-Class Front-Office Platform



HubSpot's Platform Evolution



Began as an **App**

Became a **Suite**

Becoming a **Platform**

World-Class Front-Office Suite

Marketing Hub

\$840m

ARR Install Base

Mid-to-high 30s%

YoY Growth

Sales Hub

\$290m

ARR Install Base

70+%

YoY Growth

Service Hub

\$60m

ARR Install Base

80+%

YoY Growth

CMS Hub

\$45m

ARR Install Base

55+%

YoY Growth



Operations Hub

ARR

\$8m

Install Base

Growing... **fast**

Recent Milestones

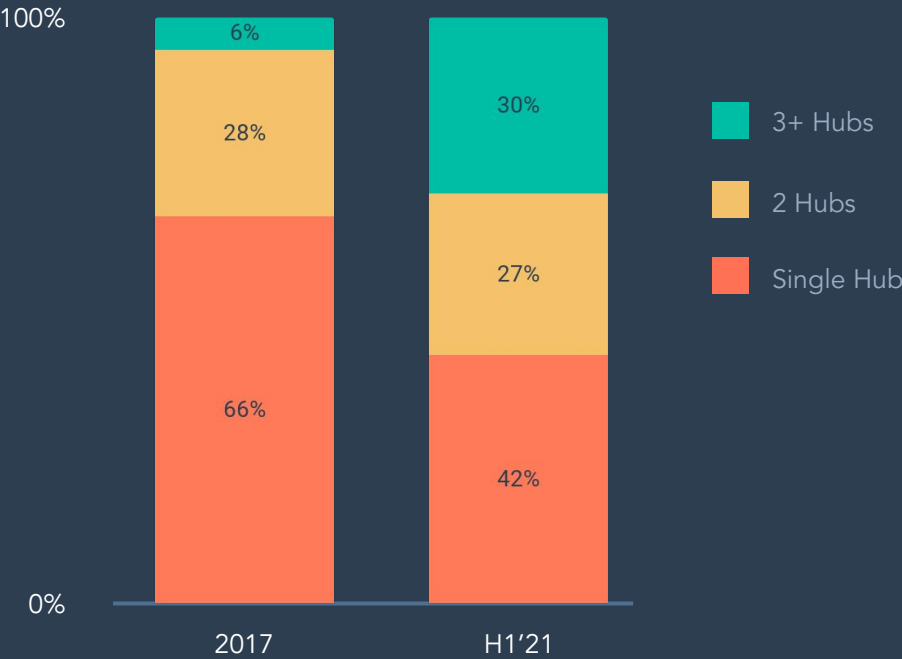
- Launched **Operations Hub Enterprise**
- Data sync is in **top three most-used** free features
- **60+ integrations** since launch

Future Opportunity

- **Rise** of RevOps persona
- Increase new sales through improvements to **reporting, automation and integrations**
- **ASP improvements** with suite expansion

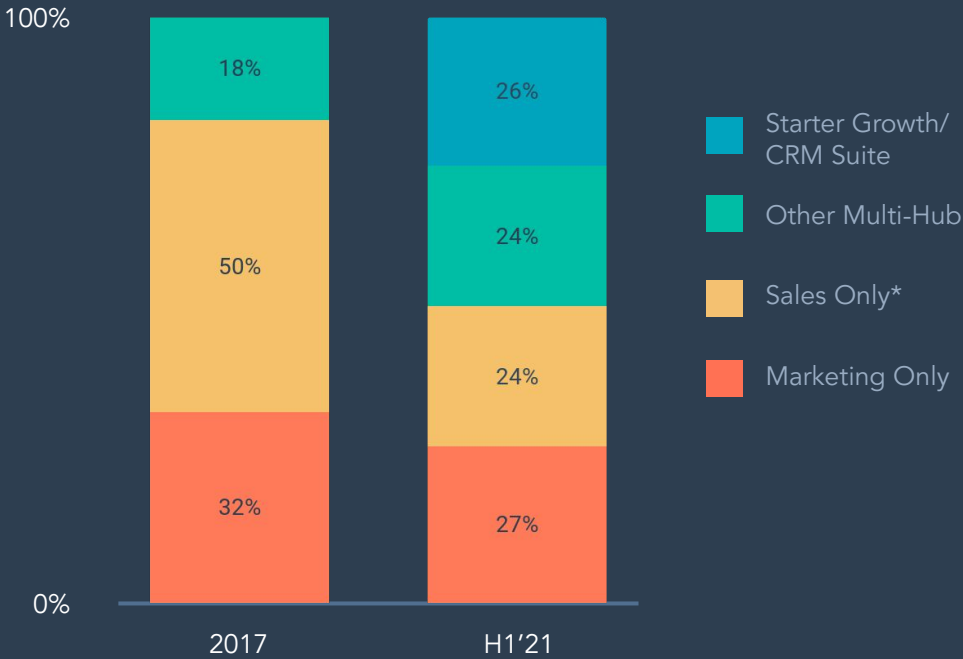
Increasing Adoption of HubSpot as Platform

Customer Adoption



<35% Multi Hub → 57% Multi Hub

Customer First Purchase



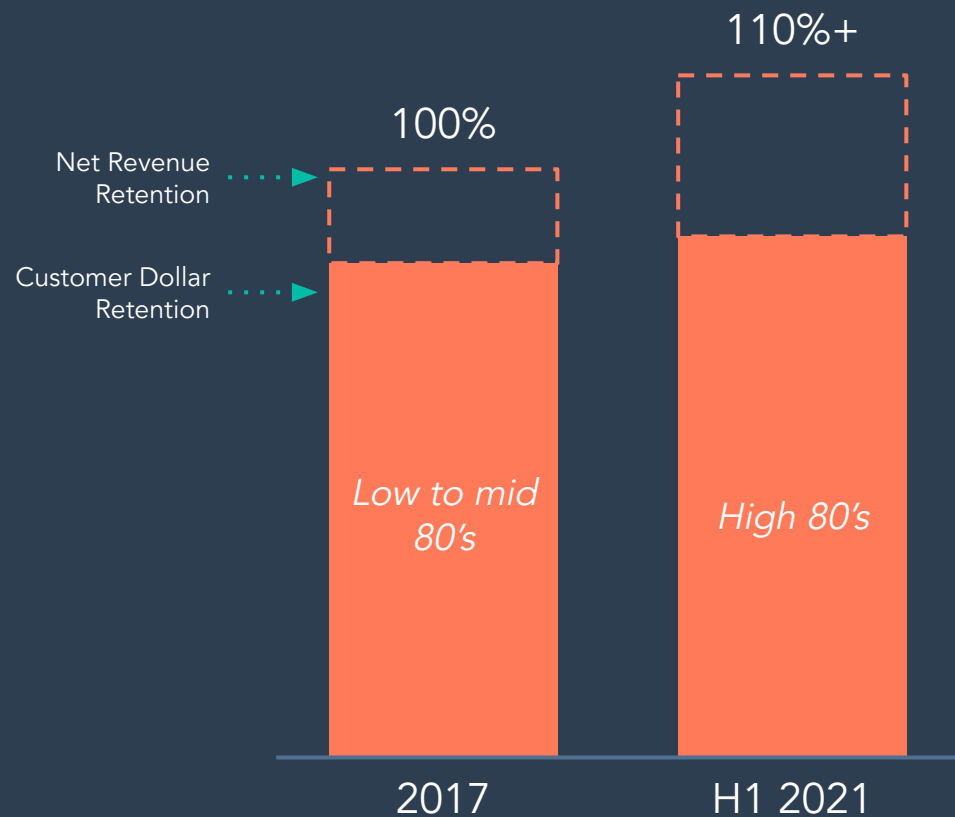
<20% Multi Hub → 50% Multi Hub

Multi-product customers are customers who have subscriptions to any product on two or more distinct product hubs. (Marketing, Sales, Service, CMS, Operations). Data as of 6/30/21.

Starter Growth/CRM Suite = Customers who bought MHS+SHS+SvHS or MHS+SHS+SvHS+OHS upfront
Other Multi-Hub = Customers who bought two or more products upfront, but not on the Starter suite
Marketing Only = Customers who bought only Marketing upfront
Sales Only* = Any non-Marketing single-hub purchase (Sales Hub, Service Hub, CMS Hub, Ops Hub)



Strong Customer Retention Improvements



Dotted lines are illustrative and not to scale
See definition for Customer Dollar Retention and Net Revenue Retention in appendix.

100% → 110%+

Customer Dollar Retention Improvements

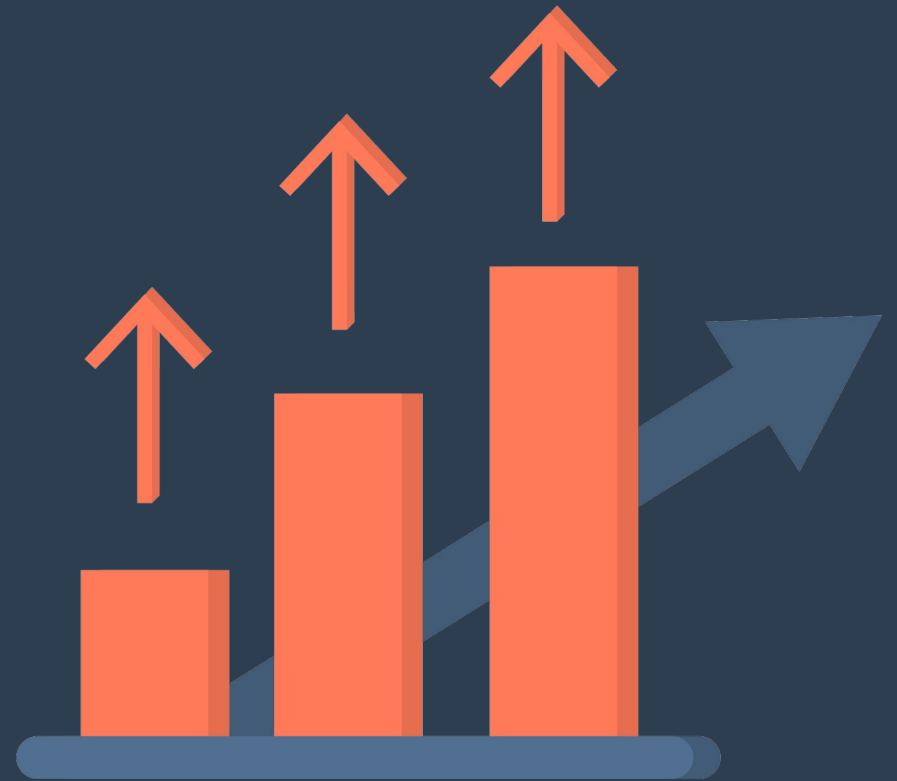
- Deeper customer usage
- Higher product NPS
- Longer contract commitments

Net Revenue Retention Drivers

- Starter → Professional upgrades
- Professional → Enterprise upgrades
- Sales seat expansion
- Multi-Hub adoption

Strategic Pillar 2

Strengthen Segmentation Approach



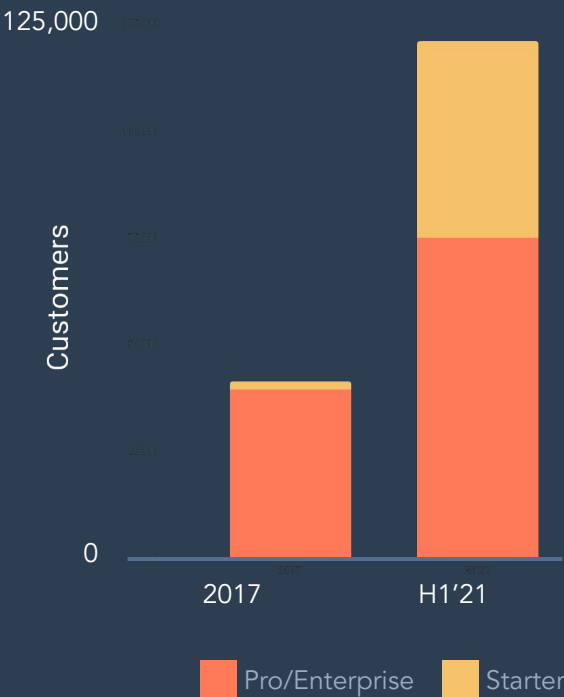
Segmentation strategy expands opportunity across our customer base



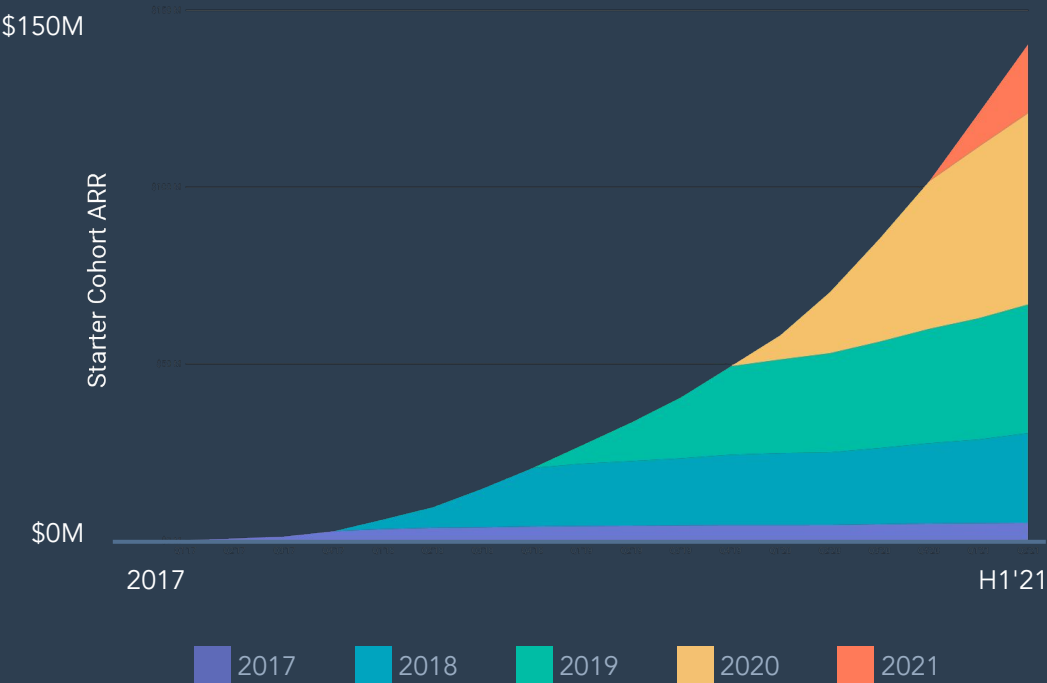
High Velocity Starter Segment

Starter Customer Acquisition builds moat & creates growing pool for upgrade opportunities

High Velocity Acquisition

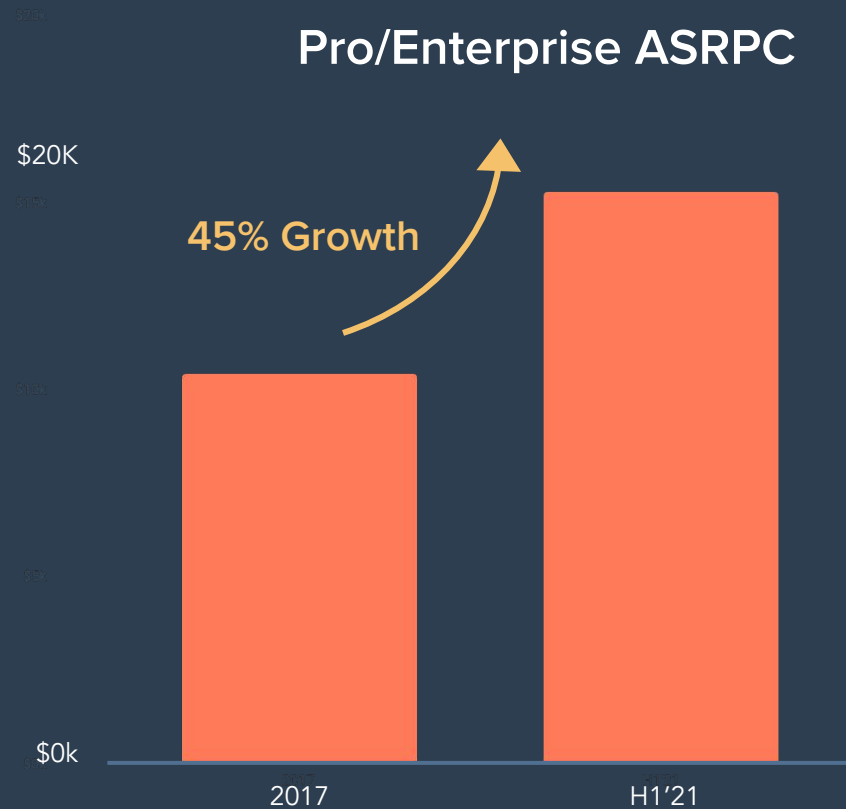


Land and Expand



High Velocity Acquisition: Ending customer count
Land and Expand: Cohorts only include customers with initial purchase of Starter, track ARR over time

Strong Growth in Upmarket Segment

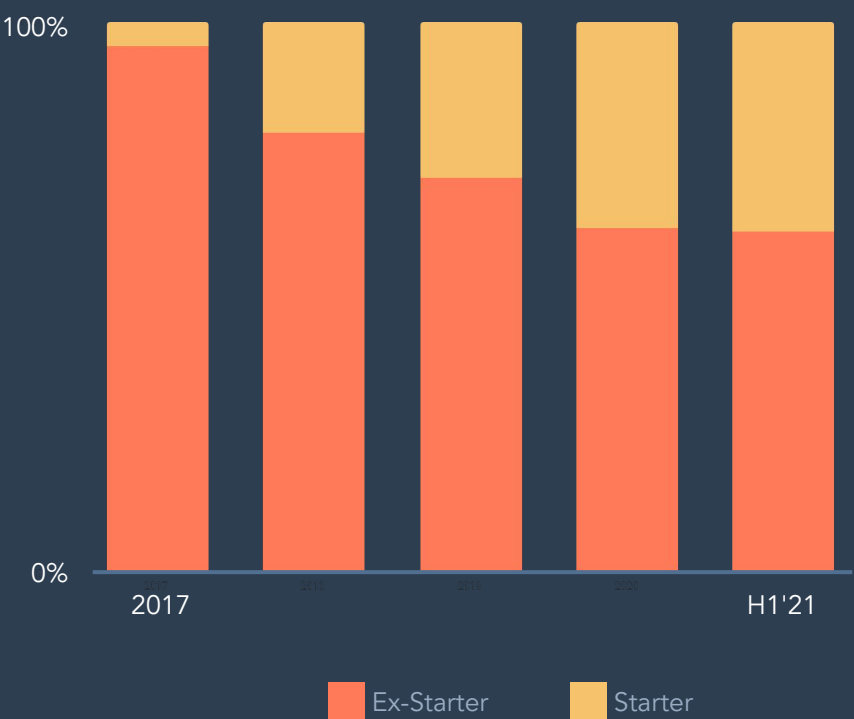


- ASRPC expansion in Pro/Enterprise as we continue to invest upmarket
- Land & Expand creates upsell opportunity
- Platform adoption through cross-sell increases multi-hub customer base
- 4x increase in \$3K+ ASP deals over same period of time

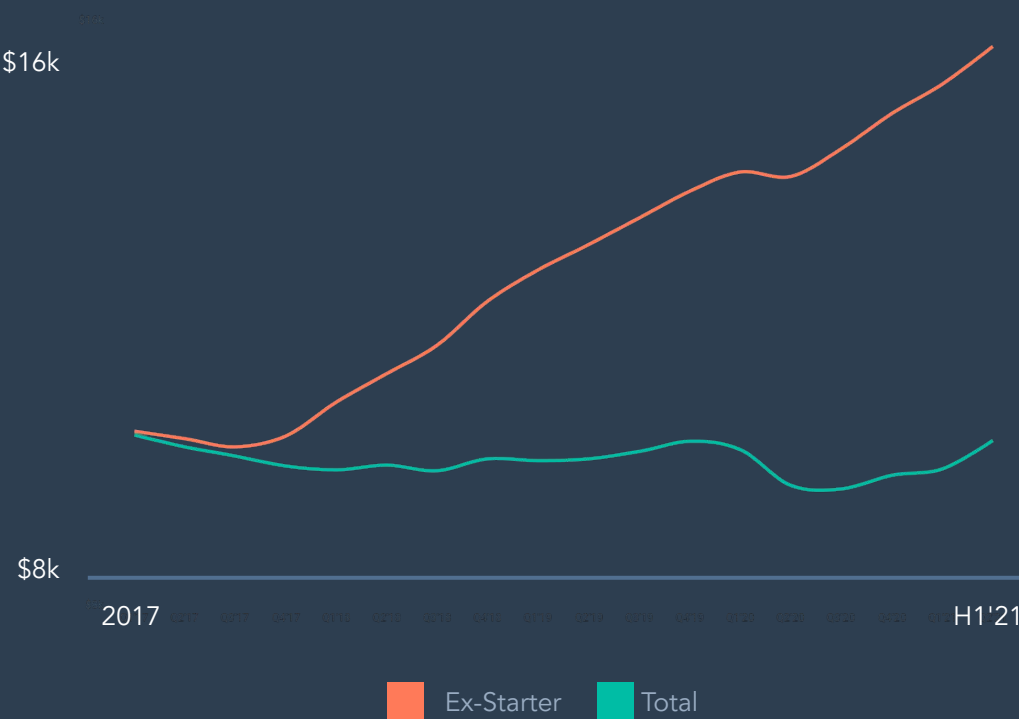
See definition of ASRPC in appendix.
ASP is based on the monthly value of our customer subscription contracts as of the specified point in time excluding any commissions owed to our partners. See definition of ASP in appendix.

Product Mix Influencing KPIs

Customer Breakdown



Install Base ASP



See definition of Install Base ASP in appendix.

Strategic Pillar 3

Invest in B2B Commerce and Payments



B2B Commerce: Launching with Native Payments

Featuring:

- Payment Links
- Payments on Quotes
- Credit Card & ACH
- Recurring Payments

Financial Impact:

- Monetize via per-transaction fee
- Lower gross margins

Initial Target Customers

33%



Opportunity Expands as **Payment Offering** Grows

- Native Payments, basic QTC, recurring payments
- Businesses with more complex billing needs
- International expansion
- Other financial services



Agenda



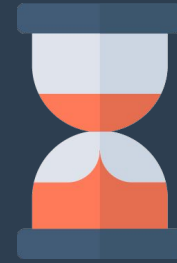
1.

Strong and
Durable Business



2.

Strategic Pillars
for Growth



3.

Long-Term
Financial Model

Our Philosophy on Profit and Growth

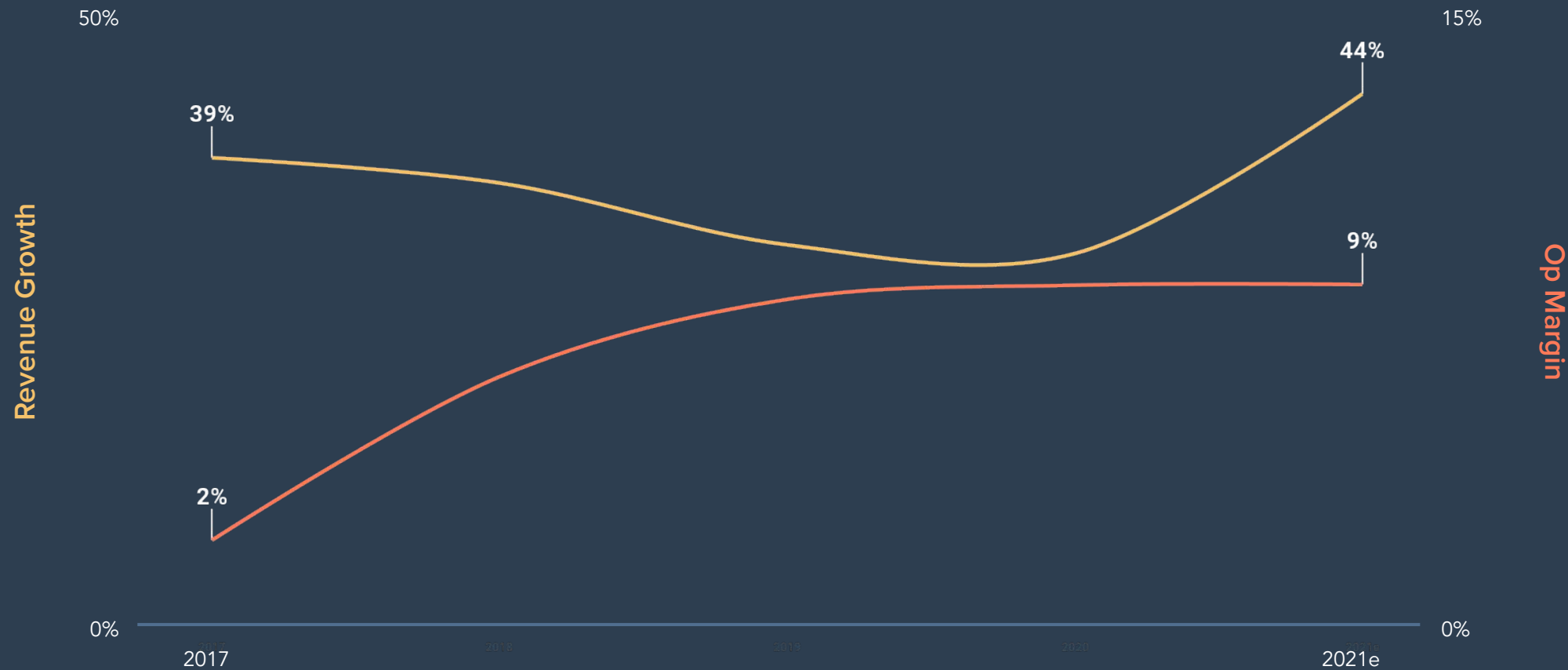


Drive durable growth at scale



Drive efficiencies and expand margins
consistent with long-term financial framework

Balancing Growth and Profitability



Long Term Financial Targets

	2017	1H'21	Long Term Target Model
Gross Margin	81%	81%	81% - 83%
R&D % of revenue	15%	19%	18% - 20%
S&M % of revenue	52%	45%	30% - 35%
G&A % of revenue	12%	9%	8% - 9%
Operating Margin	2%	8% →	20% - 25%

Long-term operating margin unchanged

Long Term Target Model: These estimates reflect our current operating plan as of 10/12/2021 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 intangibles and acquisition related expenses. Please refer to appendix for a reconciliation of GAAP to non-GAAP figures.

Long Term Financial Targets

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Operating Margin	2%	8%		20% - 25%

- Stable since 2017
- Payments product creates downward pressure on gross margin

Long-term operating margin unchanged

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Continue to invest aggressively in product development

Long-term operating margin unchanged

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Continue to invest into strong demand and unit economics

Long-term operating margin unchanged

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Long Term Financial Targets Remain Unchanged

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Operating Margin	2%	8%	20% - 25%

Consistent leverage, within range

Long-term operating margin unchanged

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Key Takeaways



Continued strong financial performance



Significant opportunity ahead to expand product offerings, drive growth through segmentation, and launch new revenue streams



Strategy will impact P&L but long-term targets remain unchanged





Thank you

Appendix



GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation

	2017		2018		2019		2020		Six months ended June 30, 2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Cost of Revenue										
Subscription	51,563	14%	69,718	14%	98,510	15%	130,685	15%	94,987	16%
Stock-based compensation	(658)	0%	(1,476)	0%	(3,127)	0%	(4,408)	0%	(2,892)	0%
Amortization of acquired intangibles	(96)	0%	(1,394)	0%	(3,201)	0%	(2,340)	0%	(475)	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP subscription	50,809	14%	66,848	13%	92,182	14%	123,937	14%	91,620	15%
Professional services and other	24,166	6%	30,639	6%	31,448	5%	36,274	4%	22,624	4%
Stock-based compensation	(2,327)	-1%	(2,924)	-1%	(2,829)	0%	(2,536)	0%	(1,523)	0%
Amortization of acquired intangibles	-	0%	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP professional services and other	21,839	6%	27,715	5%	28,619	4%	33,738	4%	21,101	4%
Gross Margin										
Gross margin	299,883	80%	412,623	80%	544,902	81%	716,067	81%	474,542	80%
Stock-based compensation	2,985	1%	4,400	1%	5,956	1%	6,944	1%	4,415	1%
Amortization of acquired intangible assets	96	0%	1,394	0%	3,201	0%	2,340	0%	475	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	302,964	81%	418,417	82%	554,059	82%	725,351	82%	479,432	81%
Operating Expenses										
Research and development	70,373	19%	117,603	23%	158,237	23%	205,589	23%	140,500	24%
Stock-based compensation	(12,816)	-3%	(23,328)	-5%	(33,748)	-5%	(39,366)	-4%	(26,564)	-4%
Amortization of acquired intangible assets	-	0%	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	(1,266)	0%	(2,696)	-1%	(357)	0%	(1,287)	0%	(684)	0%
Non-GAAP research and development	56,291	15%	91,579	18%	124,132	18%	164,936	19%	113,252	19%
Sales and marketing	212,859	57%	267,444	52%	340,685	50%	452,081	51%	298,816	50%
Stock-based compensation	(19,016)	-5%	(31,099)	-6%	(36,599)	-5%	(50,552)	-6%	(32,600)	-6%
Amortization of acquired intangible assets	(7)	0%	-	0%	-	0%	(79)	0%	(207)	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	(367)	0%
Non-GAAP sales and marketing	193,836	52%	236,345	46%	304,086	45%	401,450	45%	265,642	45%
General and administrative	56,787	15%	75,834	15%	92,971	14%	109,225	12%	66,860	11%
Stock-based compensation	(12,500)	-3%	(17,434)	-3%	(21,451)	-3%	(24,626)	-3%	(12,277)	-2%
Amortization of acquired intangible assets	-	0%	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	(552)	0%	(545)	0%	(516)	0%
Non-GAAP general and administrative	44,287	12%	58,400	11%	70,968	11%	84,054	10%	54,067	9%
Loss from Operations										
Loss from operations	(40,136)	-11%	(48,258)	-9%	(46,991)	-7%	(50,828)	-6%	(31,634)	-5%
Stock-based compensation	47,317	13%	76,261	15%	97,754	14%	121,488	14%	75,856	13%
Amortization of acquired intangible assets	103	0%	1,394	0%	3,201	0%	2,419	0%	682	0%
Acquisition related expenses	1,266	0%	2,696	1%	909	0%	1,832	0%	1,567	0%
Non-GAAP (loss) income from operations	8,550	2%	32,093	6%	54,873	8%	74,911	8%	46,471	8%



GAAP to Non-GAAP Reconciliation

	2017		2018		2019		2020		Forecast 2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Loss from Operations										
Loss from operations	(40,136)	-11%	(48,258)	-9%	(46,991)	-7%	(50,828)	-6%	(53,066)	-4%
Stock-based compensation	47,317	13%	76,261	15%	97,754	14%	121,488	14%	157,720	12%
Amortization of acquired intangible assets	103	0%	1,394	0%	3,201	0%	2,419	0%	1,330	0%
Acquisition related expenses	1,266	0%	2,696	1%	909	0%	1,832	0%	2,016	0%
Non-GAAP (loss) income from operations	8,550	2%	32,093	6%	54,873	8%	74,911	8%	108,000	9%



GAAP to Non-GAAP Reconciliation

	2017		2018		2019		2020		As of June 30, 2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
GAAP net cash and cash equivalents provided by operating activities	49,614	13%	84,851	17%	118,973	18%	88,913	10%	100,891	17%
Purchases of property & equipment and capitalization of software development costs	(27,347)	-7%	(33,473)	-7%	(53,846)	-8%	(58,917)	-7%	(27,167)	-5%
Repayment of 2022 Convertible Notes attributable to the debt discount	-	0%	-	0%	-	0%	49,048	6%	13,028	2%
Free cash flow	22,267	6%	51,378	10%	65,127	10%	79,044	9%	86,752	15%



Definitions

Total Customers: We define our Total Customers at the end of a particular period as the number of business entities or individuals with one or more paid subscriptions to our Sales Hub, Marketing Hub, CMS Hub or Service Hub products, either paid directly or through a Solutions Partner. We do not include in Total Customers business entities or individuals 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 for separate websites, sales licenses or seats, or our Sales Hub, Marketing Hub, CMS Hub or Service Hub products, 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 or individual.

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

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

Net Revenue Retention: Is a measure of the percentage of recurring revenue retained from customers over a given period of time. We compare the aggregate Total Contractual Monthly Subscription Revenue of our Total Customer base as of the beginning of each month, which we refer to as Total Retention Base Revenue, to the aggregate Total Contractual Monthly Subscription Revenue of the same group of Total Customers at the end of that month, which we refer to as Total Retained Subscription Revenue. We define Total Contractual Monthly Subscription Revenue as the total amount of subscription fees contractually committed to be paid for a full month under all of our Total Customer agreements, excluding any commissions owed to our Solutions Partners. Our Net Revenue Retention for a given period is calculated by first dividing Total Retained Subscription Revenue by Total Retention Base Revenue for each all months in the period, calculating the weighted average of these rates and then annualizing the resulting rates.

Average Subscription Revenue per Customer: We define “ASRPC” during a particular period as subscription revenue, excluding revenue from our legacy Sales Hub (\$10) and PieSync products, from our Total Customers during the period divided by the average Total Customers during the same period.

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

Free Cash Flow (FCF): We define 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.

Install Base Average Sales Price (ASP): Total Install Base divided by the total number of paying customers as of the end of a given period (i.e. average ARR per customer). Install Base ASP non-Starter excludes Starter only customers.

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 each Hub, this is the sum of customer ARR for the Starter, Basic, Professional and Enterprise subscriptions, plus applicable Contacts (Marketing Only) 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. ARR can differ from Revenue due to several factors. ARR is converted into USD 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.

