



# Investor Presentation

Q4 2021

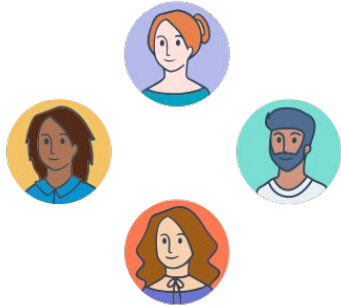
# Important Information

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, 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; 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; and other risks set forth under the caption "Risk Factors" in our Quarterly Report on Form 10-Q filed on November 3, 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.



# HubSpot Overview

We provide a CRM platform with award-winning software, services, and support to transform the way organizations attract, engage, and delight customers.



~135,000  
Total Customers



120+  
Countries



13  
Office Locations  
Worldwide

# HubSpot Snapshot

- CRM platform for SMEs
- Large and growing TAM opportunity
- Delivering durable growth at scale
- Balancing fast growth with profitability
- Recurring SaaS revenue model
- Strong underlying unit economics
- Extensive App & Solutions Partner ecosystem





# HubSpot's Journey



HubSpot's mission is to help  
millions of organizations  
grow better.



# What does it mean to **grow better**?



Where others annoy,  
you attract.



Where others harass,  
you help.



Where others ignore,  
you enable.

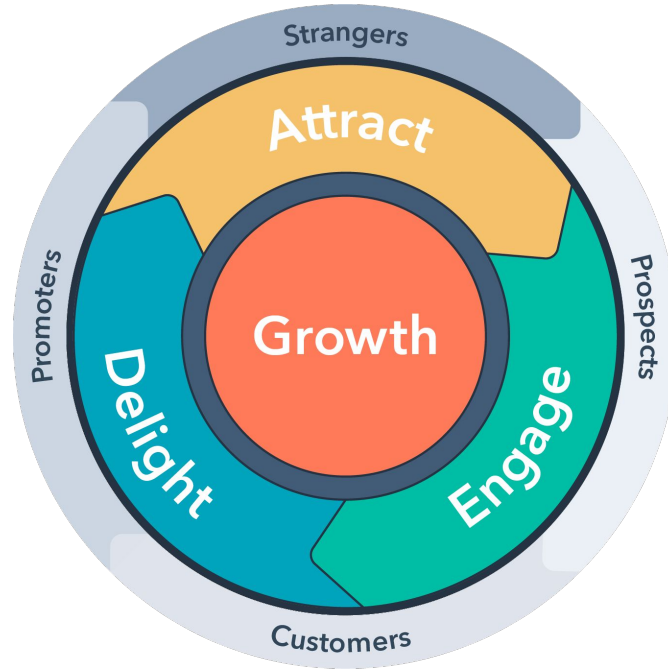
Where others may sacrifice the customer experience to grow,  
you find ways to grow better.

Customers Accelerate Growth  
But many companies view  
them as an afterthought.





We've transformed our business around  
a new model of growth



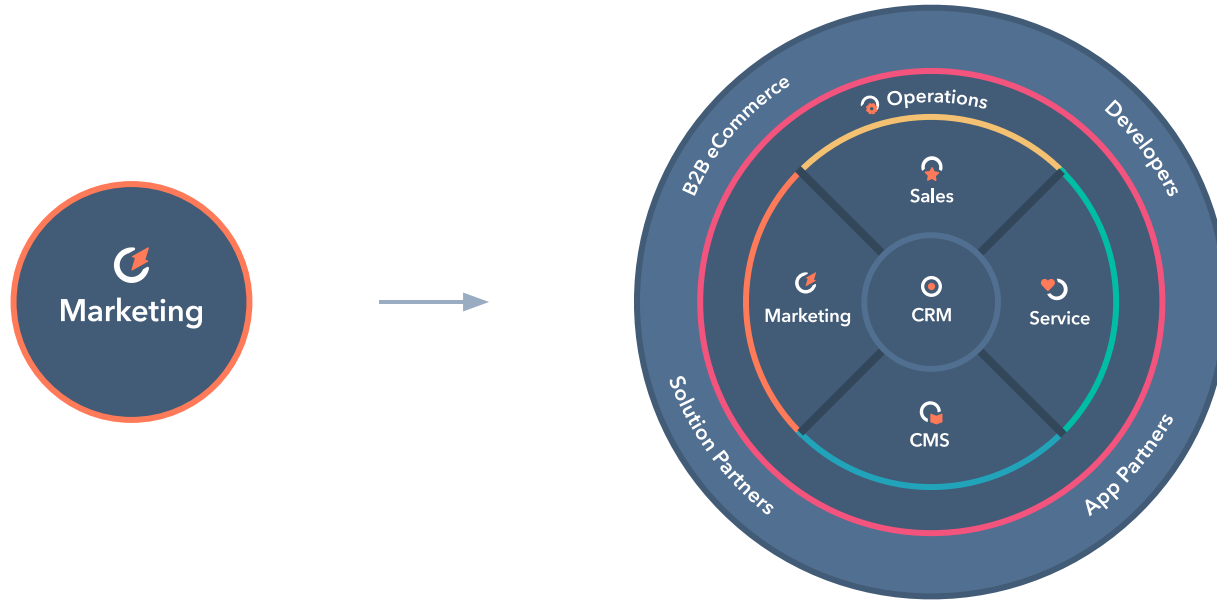
The Flywheel



Each time we reduce friction for our customers, we fuel our own flywheel. And we're working to enable millions of organizations to do the same.

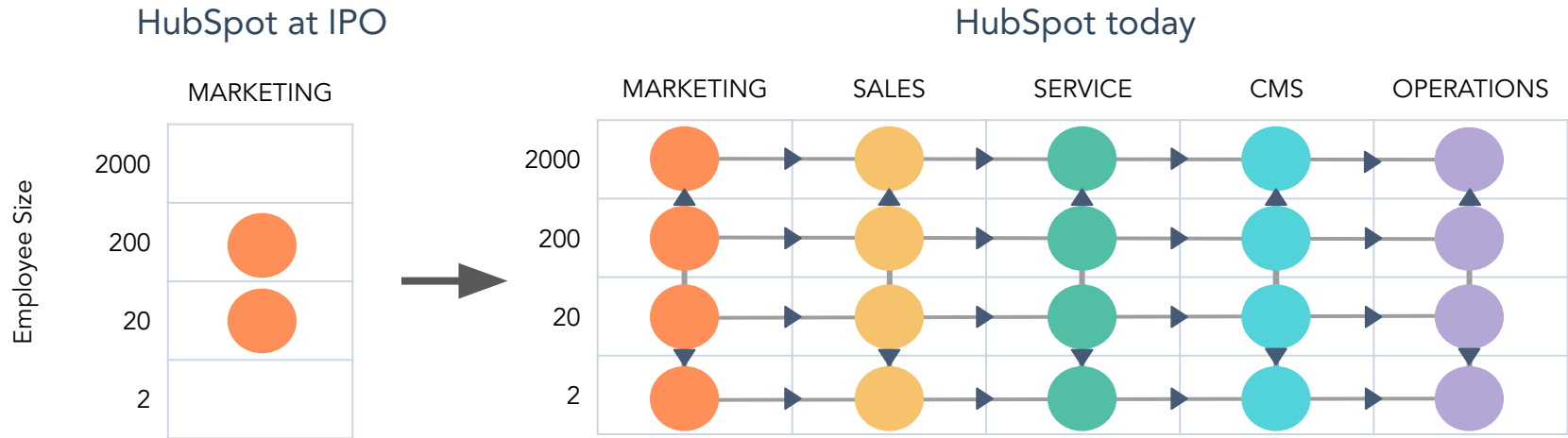


# To do so, we evolved from an app to a platform...



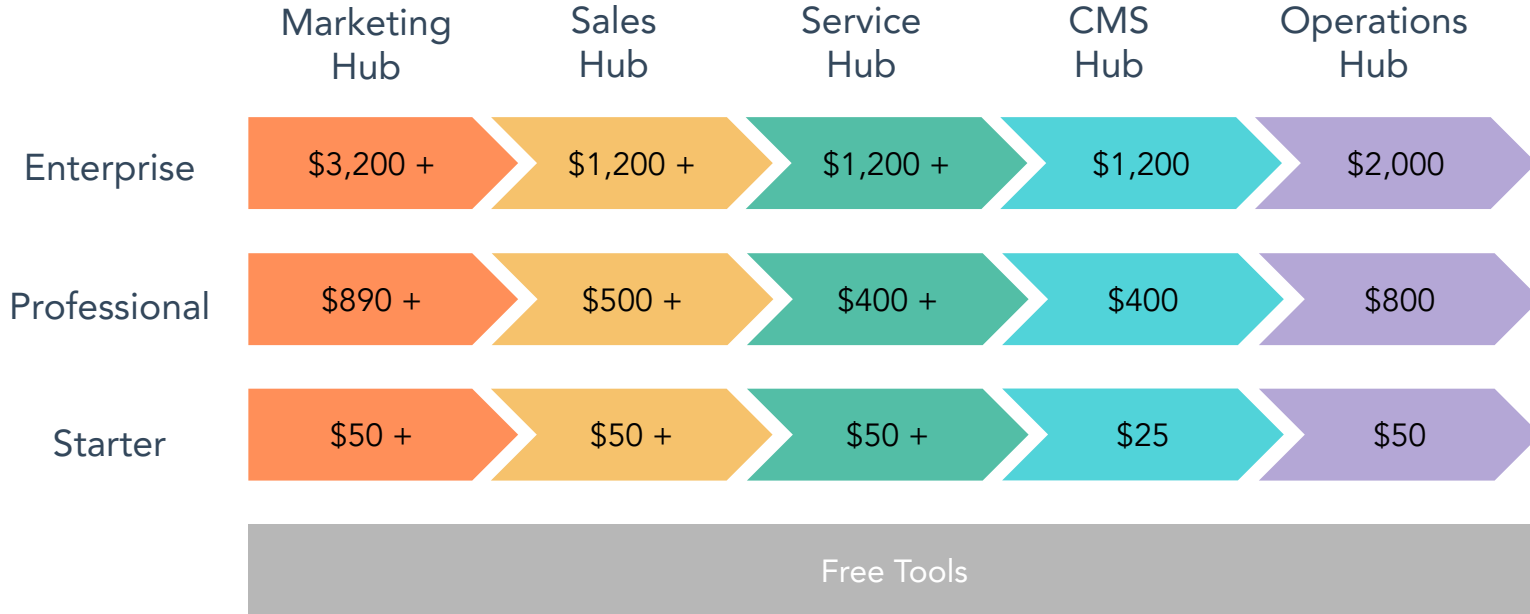
...because the customer experience should be seamless.

# We dramatically expanded our offering, and in turn, our TAM, through product development



because every company should be able to grow better,  
and no company should have to outgrow it.

# Our Product Pricing



[ CRM Suite: Get access to every Starter, Professional, or Enterprise product, bundled together at a discounted rate. ]

# All of that is just the beginning...

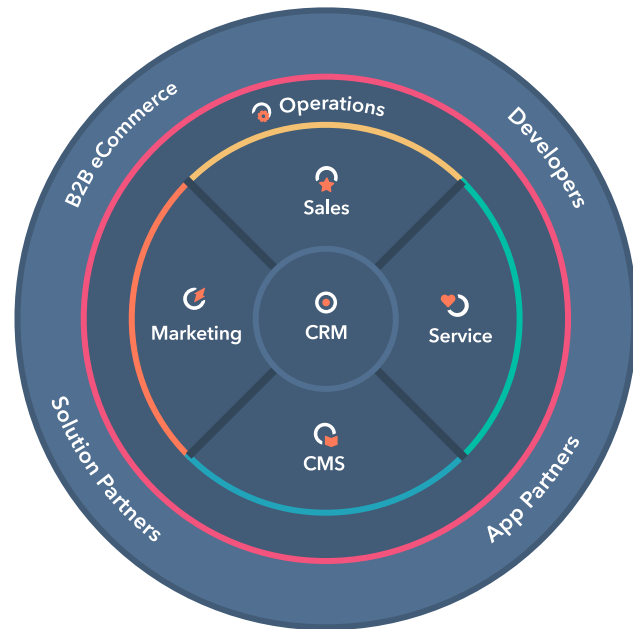
Began as an **App**



Became a **Suite**



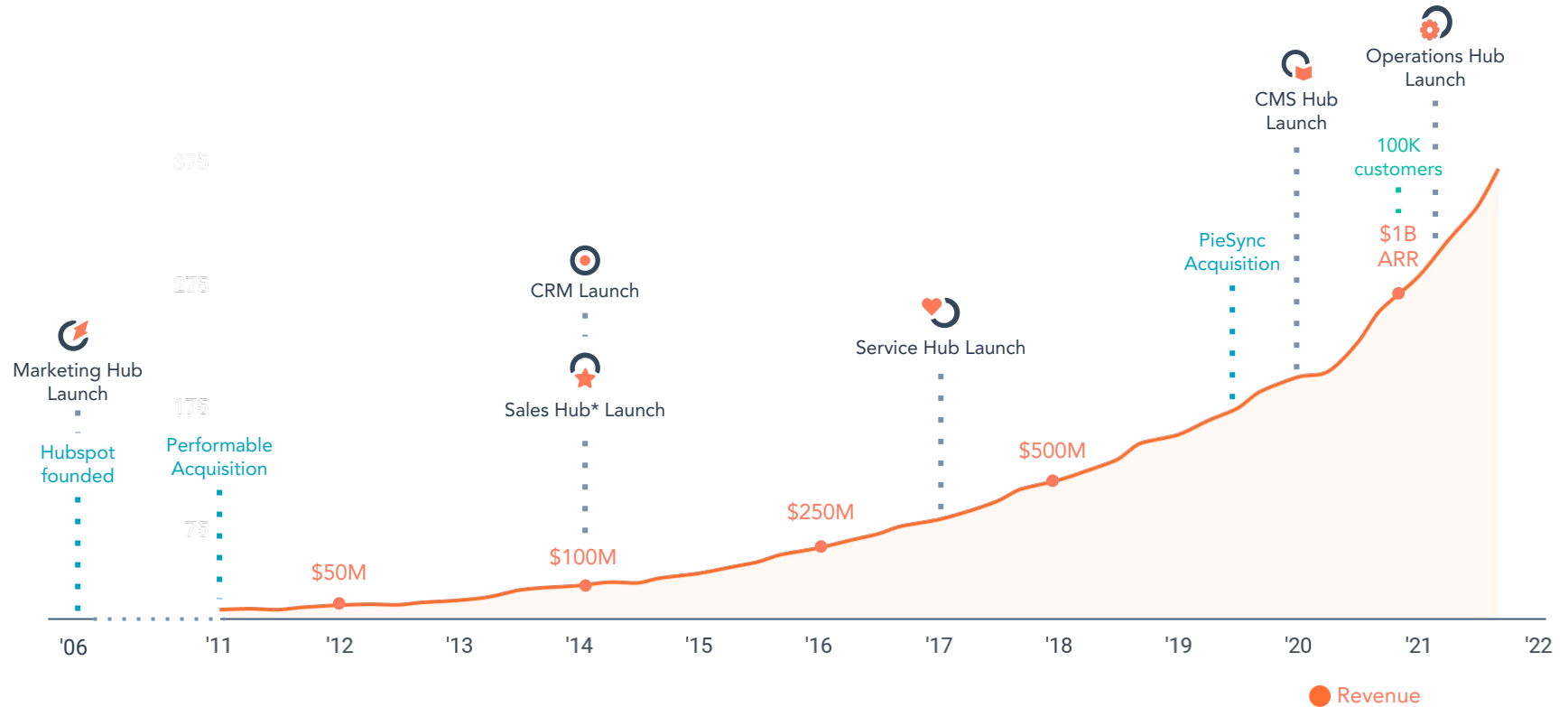
Becoming a **Platform**



We're focused on helping companies grow better in ever expanding ways.



# The HubSpot Journey



\*Originally launched and branded as "Sidekick"

HubSpot  Grow Better



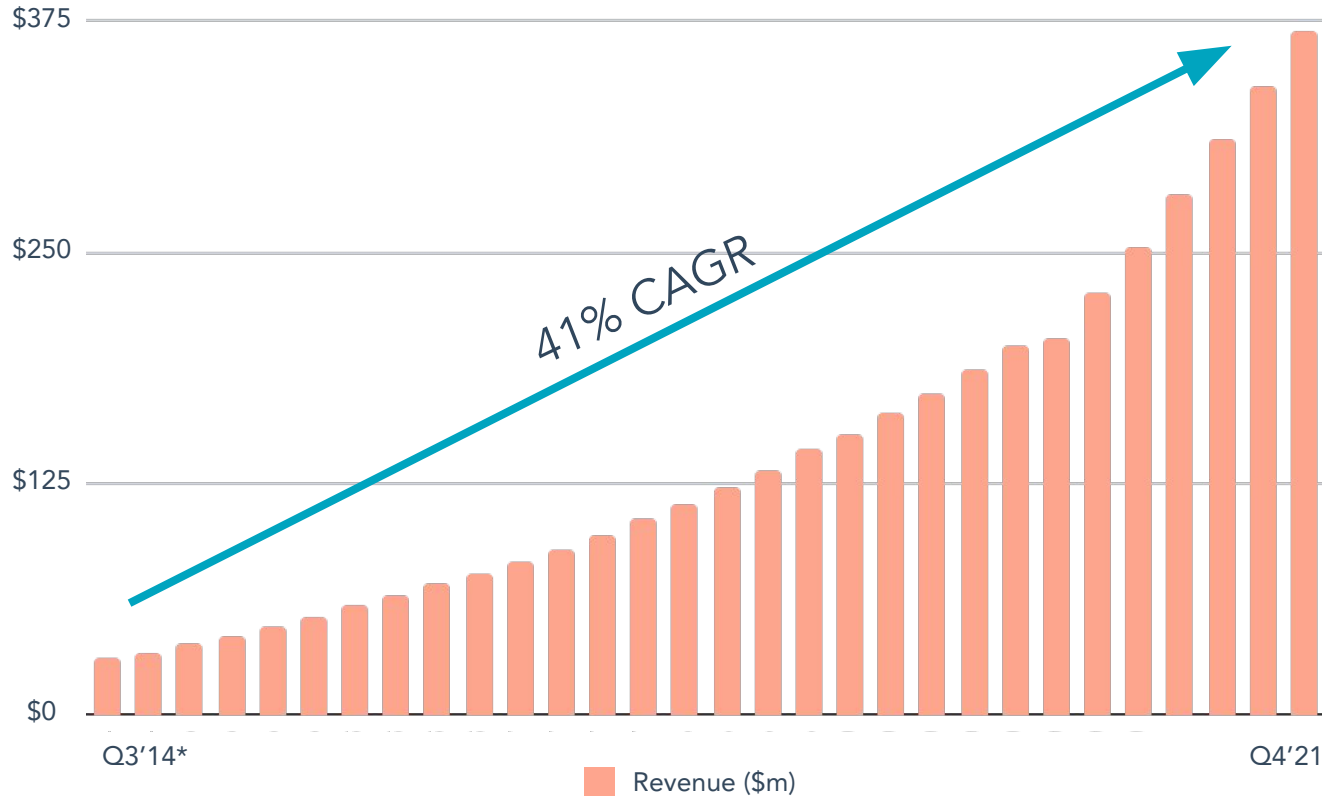


# Financial Review

## Q4 2021



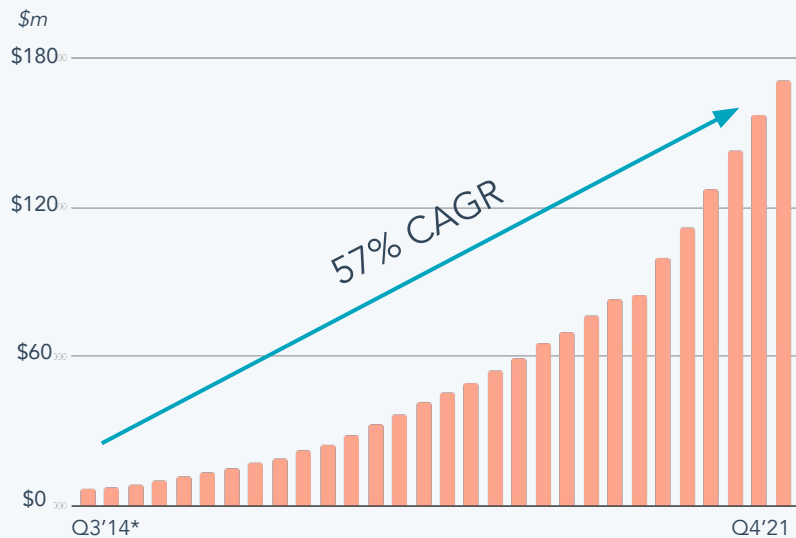
# Revenue growth is strong



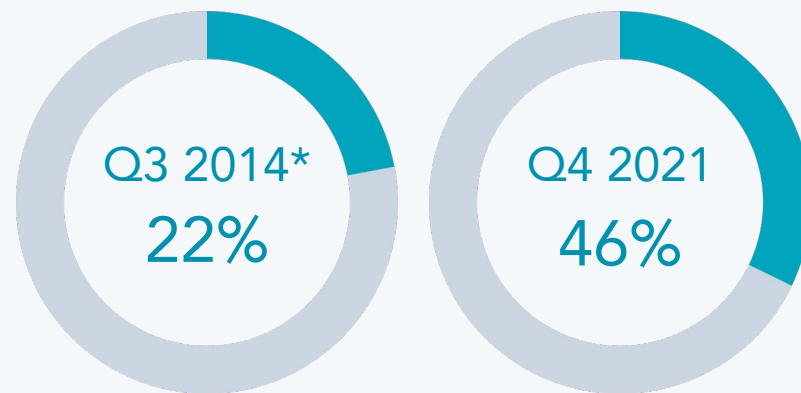
\*IPO  
CAGR: compound annual growth rate

# Large international growth opportunity

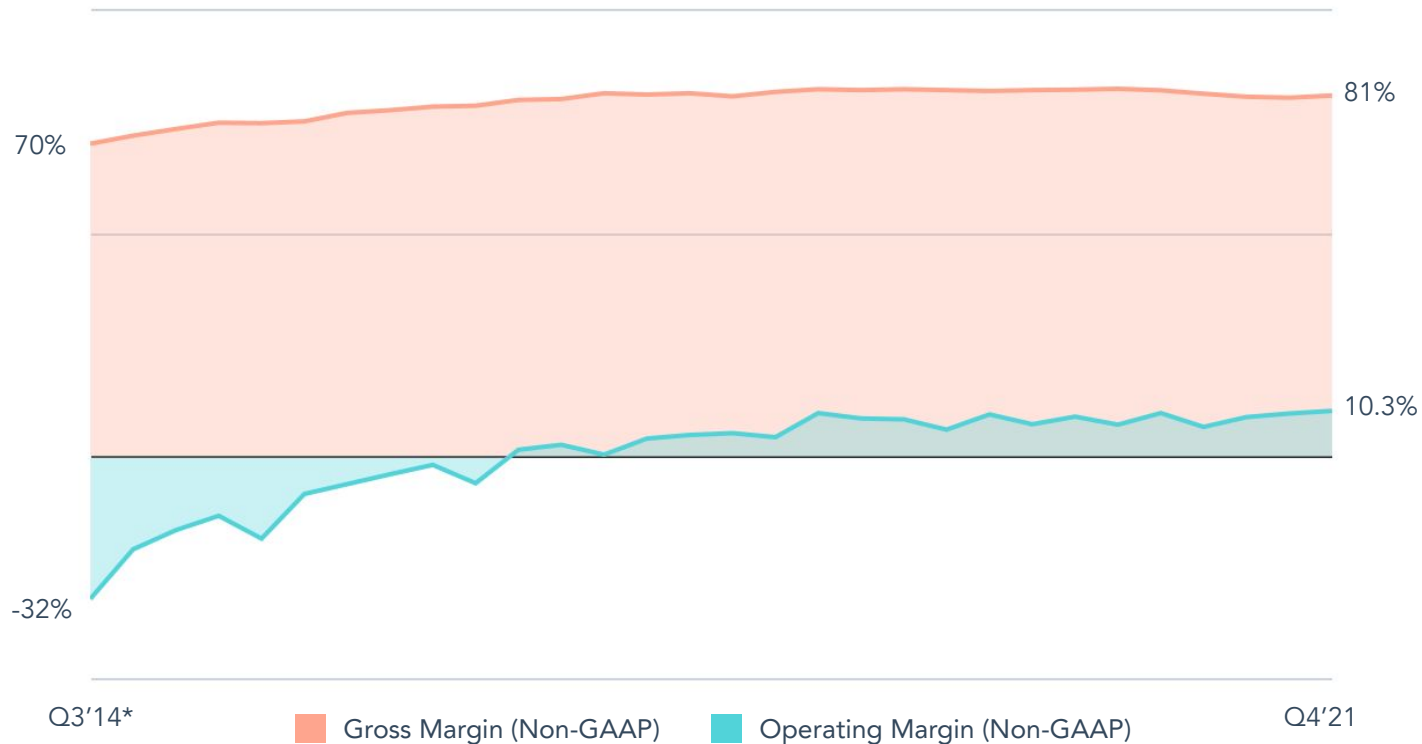
## International Revenue



## Increasing % of Revenue



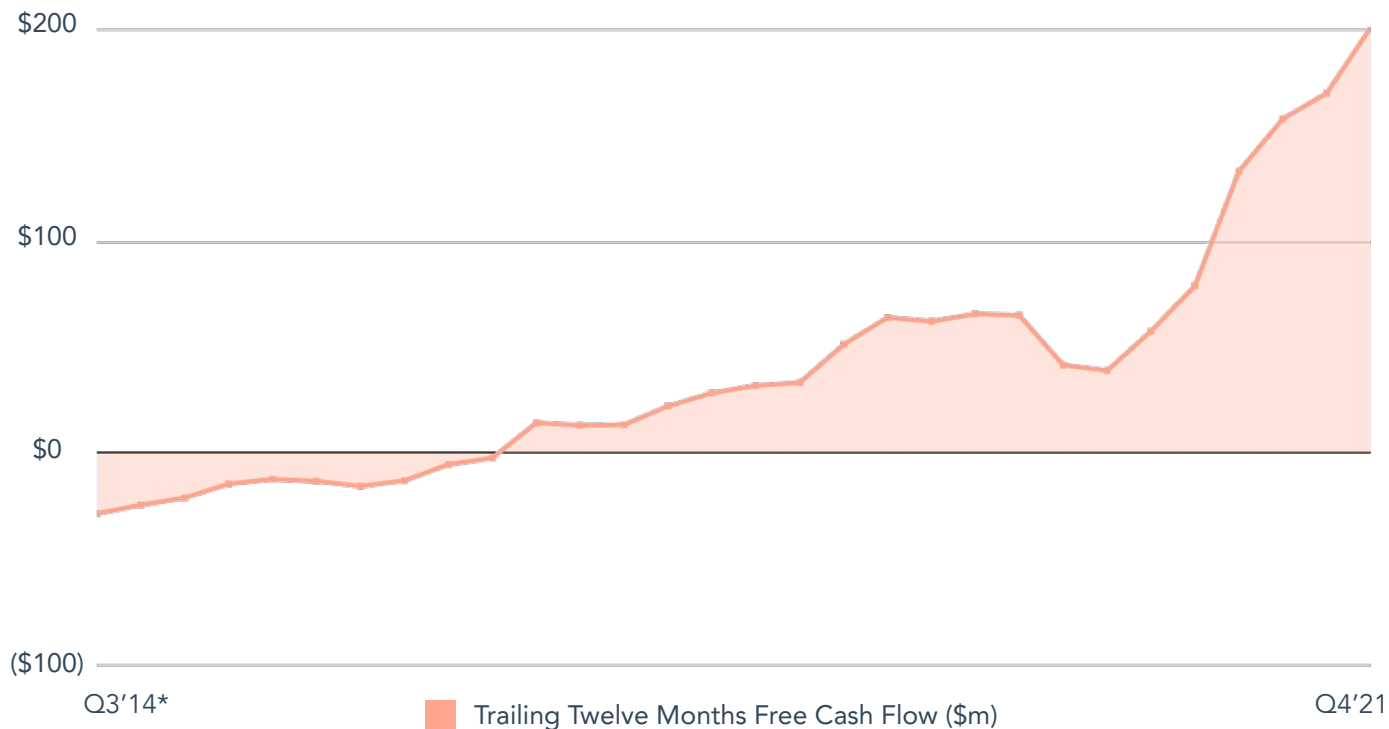
# Strong Unit Economics Delivering Sustainable Profitability



All percentages for historical periods 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. \*IPO



# Generating Positive Free Cash Flow



All amounts are non-GAAP. 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. \*IPO



# 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		

\*Theoretical operating margin % is non-GAAP and excludes expenses associated with stock based compensation, amortization of acquired intangible assets and acquisition related expenses.

# Long Term Financial Target

	2016	2017	2018	2019	2020	2021	Long Term Target
Gross Margin	78%	81%	82%	82%	82%	81%	81% - 83%
R&D % of revenue	14%	15%	18%	18%	19%	18%	18% - 20%
S&M % of revenue	55%	52%	46%	45%	45%	45%	30% - 35%
G&A % of revenue	14%	12%	11%	11%	10%	9%	8% - 9%
Operating Margin	-4%	2%	6%	8%	8%	9%	20% - 25%

Note: These estimates reflect our current operating plan as of 2/10/2022 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.



# Appendix



# GAAP to Non-GAAP Reconciliation

	2018		2019		2020		2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
<b>Cost of Revenue</b>								
Subscription	69,718	14%	98,510	15%	130,685	15%	211,132	16%
Stock-based compensation	(1,476)	0%	(3,127)	0%	(4,408)	0%	(6,297)	0%
Amortization of acquired intangibles	(1,394)	0%	(3,201)	0%	(2,340)	0%	(937)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	395	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(600)	0%
Non-GAAP subscription	<u>66,848</u>	13%	<u>92,182</u>	14%	<u>123,937</u>	14%	<u>203,693</u>	16%
Professional services and other	30,639	6%	31,448	5%	36,274	4%	47,725	4%
Stock-based compensation	(2,924)	-1%	(2,829)	0%	(2,536)	0%	(3,092)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	275	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(415)	0%
Non-GAAP professional services and other	<u>27,715</u>	5%	<u>28,619</u>	4%	<u>33,738</u>	4%	<u>44,908</u>	3%
<b>Gross Margin</b>								
Gross margin	412,623	80%	544,902	81%	716,067	81%	1,041,801	80%
Stock-based compensation	4,400	1%	5,956	1%	6,944	1%	9,389	1%
Amortization of acquired intangible assets	1,394	0%	3,201	0%	2,340	0%	662	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>418,417</u>	82%	<u>554,059</u>	82%	<u>725,351</u>	82%	<u>1,051,852</u>	81%
<b>Operating Expenses</b>								
Research and development	117,603	23%	158,237	23%	205,589	23%	301,970	23%
Stock-based compensation	(23,328)	-5%	(33,748)	-5%	(39,366)	-4%	(61,614)	-5%
Acquisition related expenses	(2,696)	-1%	(357)	0%	(1,287)	0%	(1,152)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	1,346	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(2,036)	0%
Non-GAAP research and development	<u>91,579</u>	18%	<u>124,132</u>	18%	<u>164,936</u>	19%	<u>238,514</u>	18%
Sales and marketing	267,444	52%	340,685	50%	452,081	51%	649,681	50%
Stock-based compensation	(31,099)	-6%	(36,599)	-5%	(50,552)	-6%	(67,413)	-5%
Amortization of acquired intangible assets	-	0%	-	0%	(79)	0%	(389)	0%
Acquisition related expenses	-	0%	-	0%	-	0%	(367)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	1,839	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(2,781)	0%
Non-GAAP sales and marketing	<u>236,345</u>	46%	<u>304,086</u>	45%	<u>401,450</u>	45%	<u>580,570</u>	45%
General and administrative	75,834	15%	92,971	14%	109,225	12%	144,949	11%
Stock-based compensation	(17,434)	-3%	(21,451)	-3%	(24,626)	-3%	(28,345)	-2%
Acquisition related expenses	-	0%	(552)	0%	(545)	0%	(568)	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	421	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	(636)	0%
Non-GAAP general and administrative	<u>58,400</u>	11%	<u>70,968</u>	11%	<u>84,054</u>	10%	<u>115,821</u>	9%
<b>Loss from Operations</b>								
Loss from operations	(48,258)	-9%	(46,991)	-7%	(50,828)	-6%	(54,799)	-4%
Stock-based compensation	76,261	15%	97,754	14%	121,488	14%	166,761	13%
Amortization of acquired intangible assets	1,394	0%	3,201	0%	2,419	0%	1,326	0%
Acquisition related expenses	2,696	1%	909	0%	1,832	0%	2,087	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	(4,276)	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	6,468	0%
Non-GAAP loss from operations	<u>32,093</u>	6%	<u>54,873</u>	8%	<u>74,911</u>	8%	<u>117,567</u>	9%

# GAAP to Non-GAAP Reconciliation

	Three Months Ended December 31, 2016		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	
	% of		% of		% of		% of		% of		% of		% of	
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues
<b>Gross Margin</b>														
Gross margin	59,557	78%	65,180	79%	70,502	79%	78,716	81%	85,485	80%	92,179	80%	97,725	80%
Stock-based compensation	551	1%	564	1%	844	1%	754	1%	823	1%	967	1%	1,163	1%
Amortization of acquired intangible assets	13	0%	9	0%	-	0%	38	0%	50	0%	50	0%	50	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>60,121</u>	<u>79%</u>	<u>65,753</u>	<u>80%</u>	<u>71,346</u>	<u>80%</u>	<u>79,508</u>	<u>81%</u>	<u>86,358</u>	<u>81%</u>	<u>93,196</u>	<u>81%</u>	<u>98,938</u>	<u>81%</u>
<b>Loss from Operations</b>														
Loss from operations	(13,820)	-18%	(8,000)	-10%	(10,577)	-12%	(12,126)	-12%	(9,433)	-9%	(11,324)	-10%	(14,052)	-11%
Stock-based compensation	9,274	12%	9,303	11%	13,006	15%	12,110	12%	12,898	12%	16,046	14%	19,675	16%
Amortization of acquired intangible assets	20	0%	16	0%	-	0%	38	0%	50	0%	50	0%	50	0%
Acquisition related expenses	-	0%	-	0%	-	0%	439	0%	827	1%	802	1%	802	1%
Non-GAAP loss from operations	<u>(4,526)</u>	<u>-6%</u>	<u>1,319</u>	<u>2%</u>	<u>2,429</u>	<u>3%</u>	<u>461</u>	<u>0%</u>	<u>4,342</u>	<u>4%</u>	<u>5,574</u>	<u>5%</u>	<u>6,475</u>	<u>5%</u>
	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		Three Months Ended March 31, 2020	
	% of		% of		% of		% of		% of		% of		% of	
	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenue	\$ '000s	Revenues	\$ '000s	Revenues	\$ '000s	Revenues
<b>Gross Margin</b>														
Gross margin	106,061	80%	116,658	81%	122,220	81%	132,113	81%	140,358	81%	150,211	81%	160,683	81%
Stock-based compensation	1,194	1%	1,076	1%	1,633	1%	1,488	1%	1,468	1%	1,367	1%	1,505	1%
Amortization of acquired intangible assets	494	0%	800	1%	800	1%	800	0%	762	0%	839	0%	880	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>107,749</u>	<u>82%</u>	<u>118,534</u>	<u>82%</u>	<u>124,653</u>	<u>82%</u>	<u>134,401</u>	<u>82%</u>	<u>142,588</u>	<u>82%</u>	<u>152,417</u>	<u>82%</u>	<u>163,068</u>	<u>82%</u>
<b>Loss from Operations</b>														
Loss from operations	(15,050)	-11%	(7,832)	-5%	(9,036)	-6%	(15,725)	-10%	(14,072)	-8%	(8,158)	-4%	(14,102)	-7%
Stock-based compensation	19,612	15%	20,927	15%	21,205	14%	28,663	18%	23,791	14%	24,095	13%	27,463	14%
Amortization of acquired intangible assets	494	0%	800	1%	800	1%	800	0%	762	0%	839	0%	900	0%
Acquisition related expenses	802	1%	289	0%	32	0%	32	0%	30	0%	814	0%	333	0%
Non-GAAP loss from operations	<u>5,858</u>	<u>4%</u>	<u>14,184</u>	<u>10%</u>	<u>13,001</u>	<u>9%</u>	<u>13,770</u>	<u>8%</u>	<u>10,511</u>	<u>6%</u>	<u>17,590</u>	<u>9%</u>	<u>14,594</u>	<u>7%</u>

# GAAP to Non-GAAP Reconciliation

	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	June 30, 2020		September 30, 2020		December 31, 2020		March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
<b>Gross Margin</b>														
Gross margin	164,831	81%	185,782	81%	204,771	81%	226,631	81%	247,911	80%	269,589	79%	297,670	81%
Stock-based compensation	1,703	1%	1,792	1%	1,945	1%	2,007	1%	2,408	1%	2,408	1%	2,563	1%
Amortization of acquired intangible assets	879	0%	442	0%	139	0%	239	0%	236	0%	234	0%	228	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	-	0%	-	0%	(670)	0%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	-	0%	-	0%	1,015	0%	-	0%
Non-GAAP gross margin	<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%	<u>272,576</u>	80%	<u>300,461</u>	81%
<b>Loss from Operations</b>														
Loss from operations	(13,625)	-7%	(15,461)	-7%	(7,641)	-3%	(15,032)	-5%	(16,602)	-5%	(14,927)	-4%	(8,237)	-2%
Stock-based compensation	31,374	15%	31,186	14%	31,466	12%	32,423	12%	43,433	14%	44,987	13%	45,914	12%
Amortization of acquired intangible assets	899	0%	462	0%	159	0%	345	0%	337	0%	326	0%	318	0%
Acquisition related expenses	518	0%	340	0%	640	0%	1,195	0%	372	0%	350	0%	170	0%
Gain on termination of operating leases	-	0%	-	0%	-	0%	-	0%	-	0%	(4,276)	-1%	-	0%
Loss on disposal of fixed assets	-	0%	-	0%	-	0%	-	0%	-	0%	6,468	2%	-	0%
Non-GAAP loss from operations	<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%	<u>32,928</u>	10%	<u>38,165</u>	10%

# GAAP to Non-GAAP Reconciliation

	Trailing Twelve Months Ended December 31, 2016	Trailing Twelve Months Ended March 31, 2017	Trailing Twelve Months Ended June 30, 2017	Trailing Twelve Months Ended September 30, 2017	Trailing Twelve Months Ended December 31, 2017	Trailing Twelve Months Ended March 31, 2018	Trailing Twelve Months Ended June 30, 2018
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	19,366	35,279	35,364	37,893	49,614	57,244	62,018
Purchases of property & equipment	(15,789)	(14,983)	(15,592)	(17,528)	(20,276)	(20,680)	(20,514)
Capitalization of software development costs	(5,749)	(5,925)	(6,577)	(6,882)	(7,071)	(8,077)	(9,537)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	-	-	-	-	-	-
Free cash flow	(2,172)	14,371	13,195	13,483	22,267	28,487	31,967

	Trailing Twelve Months Ended September 30, 2018	Trailing Twelve Months Ended December 31, 2018	Trailing Twelve Months Ended March 31, 2019	Trailing Twelve Months Ended June 30, 2019	Trailing Twelve Months Ended September 30, 2019	Trailing Twelve Months Ended December 31, 2019	Trailing Twelve Months Ended March 31, 2020
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	65,734	84,851	95,845	96,041	104,193	118,972	104,267
Purchases of property & equipment	(21,875)	(22,305)	(20,331)	(23,051)	(26,814)	(40,372)	(47,249)
Capitalization of software development costs	(10,491)	(11,168)	(11,373)	(10,690)	(11,581)	(13,474)	(15,422)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	-	-	-	-	-	-
Free cash flow	33,368	51,378	64,141	62,300	65,798	65,126	41,596

	Trailing Twelve Months Ended March 31, 2020	Trailing Twelve Months Ended June 30, 2020	Trailing Twelve Months Ended September 30, 2020	Trailing Twelve Months Ended December 31, 2020	Trailing Twelve Months Ended March 31, 2021	Trailing Twelve Months Ended June 30, 2021	Trailing Twelve Months Ended September 30, 2021	Trailing Twelve Months Ended December 31, 2021
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
GAAP net cash and cash equivalents provided by (used in) operating activities	104,267	56,880	75,878	88,913	128,602	200,483	204,469	238,728
Purchases of property & equipment	(47,249)	(48,257)	(46,972)	(37,318)	(30,143)	(28,123)	(26,920)	(28,726)
Capitalization of software development costs	(15,422)	(18,309)	(19,979)	(21,599)	(24,171)	(27,857)	(31,593)	(33,139)
Repayment of 2022 Convertible Notes attributable to the debt discount	-	48,675	48,675	49,048	58,853	13,401	24,830	26,428
Free cash flow	41,596	38,989	57,602	79,044	133,141	157,904	170,786	203,291