



# 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.

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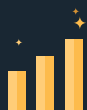
Our mission is to help millions of organizations **grow better**.

# HubSpot at a Glance

Q3 2022

**\$1.6B**

TTM Revenue



**38%**

YoY growth

**\$197M**

TTM FCF



**12%**

margin

**~160K**

customers



**120+**

countries

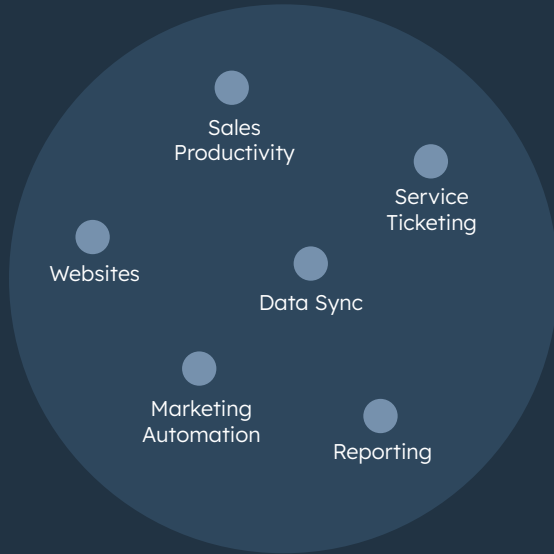
**7.4K+**

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**

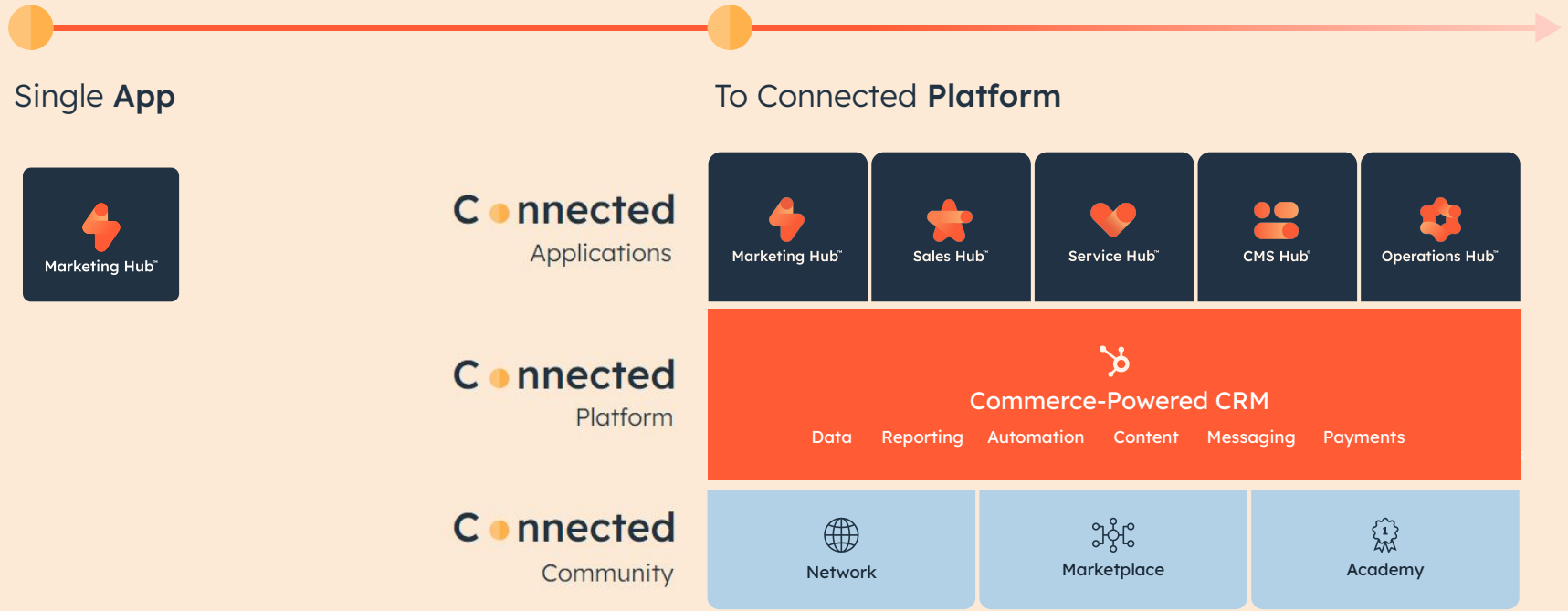
Disconnected people

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

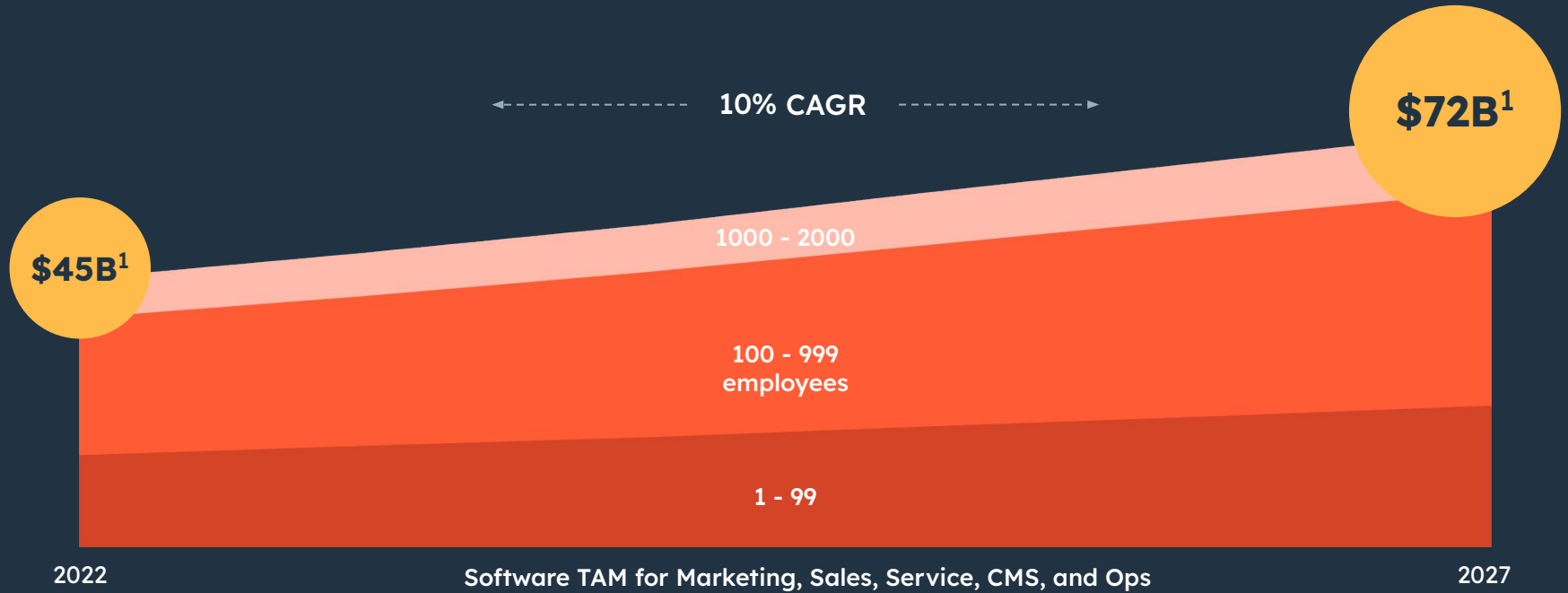


Digitally Mature

**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

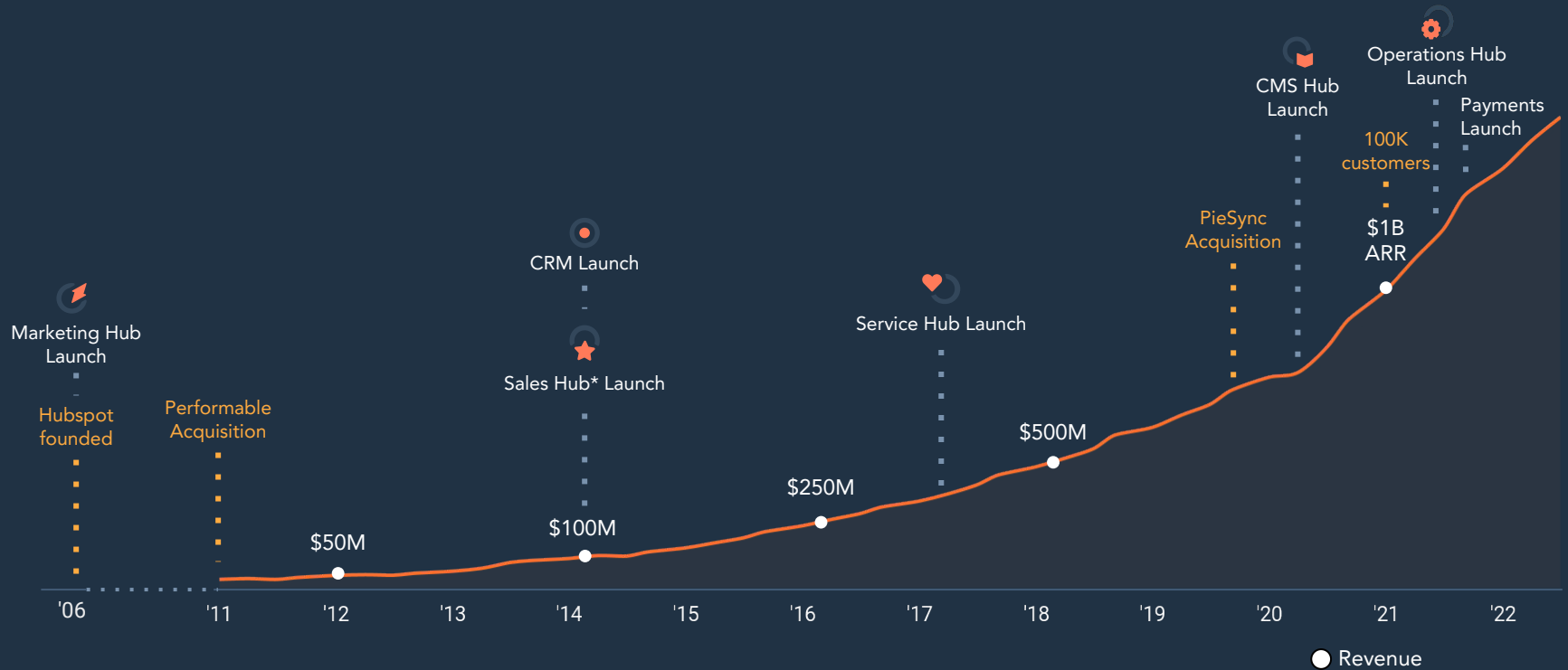


**100 Best  
Companies to  
Work For®** by  
Great Places to  
Work



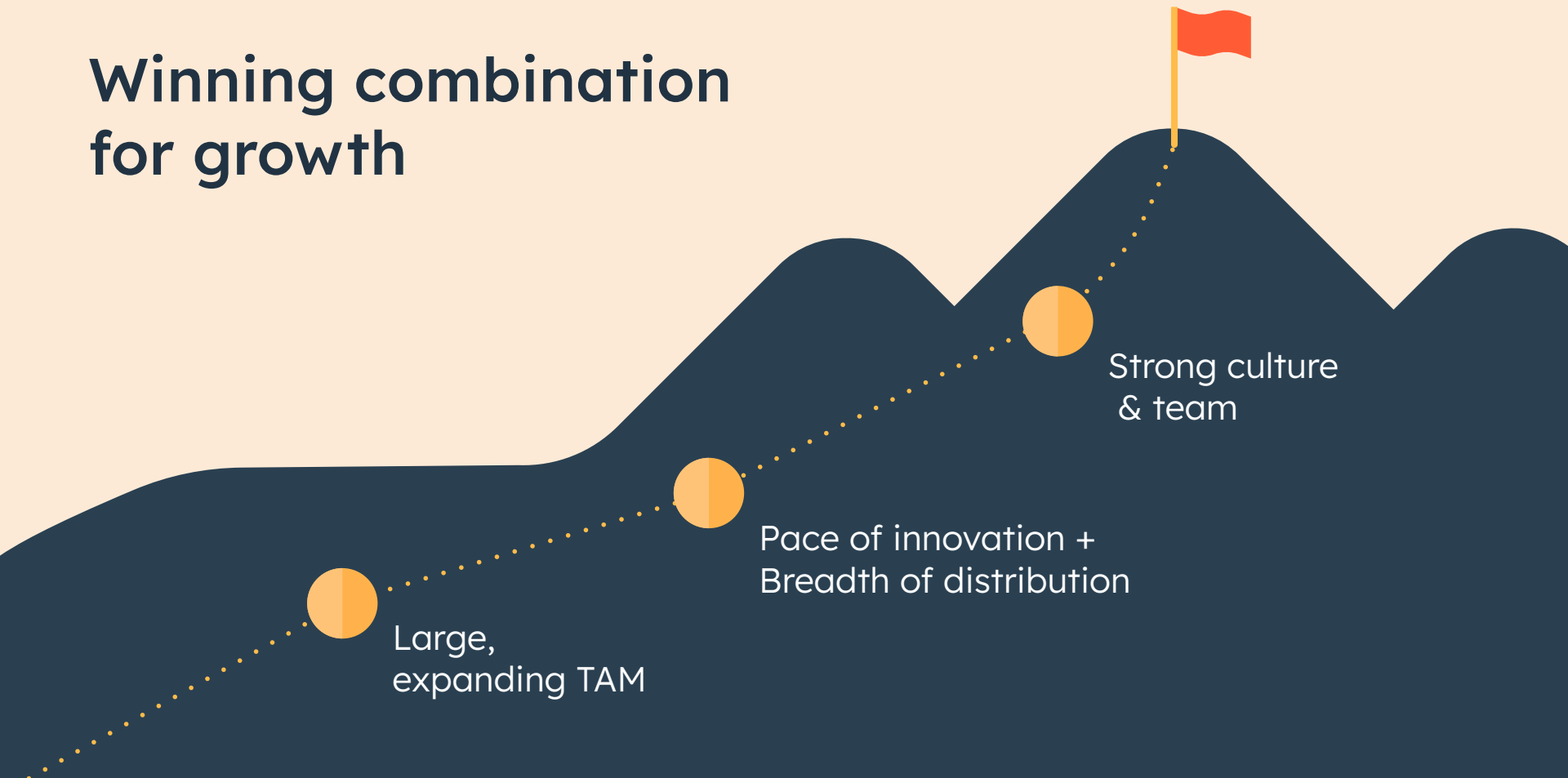
**Best Workplaces  
for Millennials™**  
by Great Places to  
Work

# The HubSpot Journey



\* Originally launched and branded as "Sidekick"

# Winning combination for growth

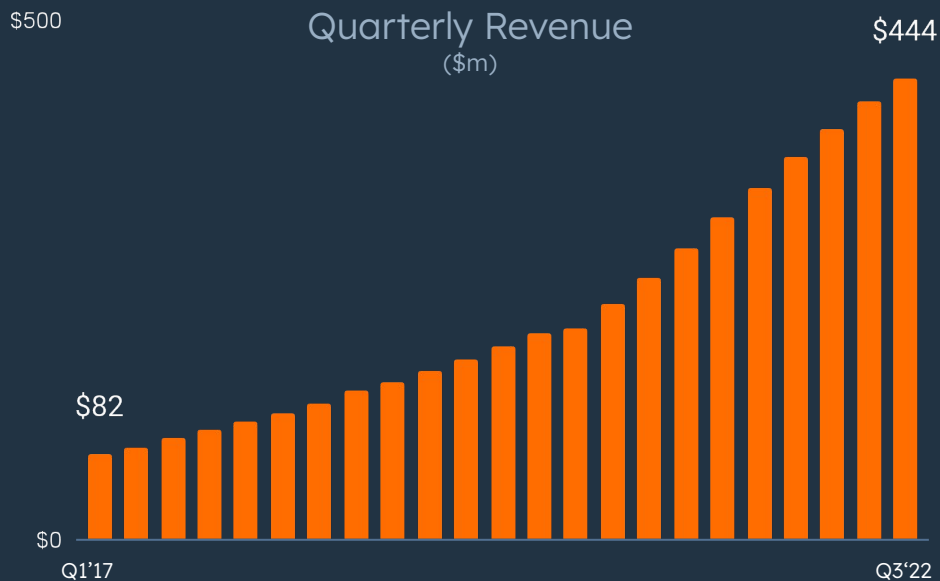


# Financial Overview

## Q3 2022



# Strong Revenue Growth



**Q3'22**

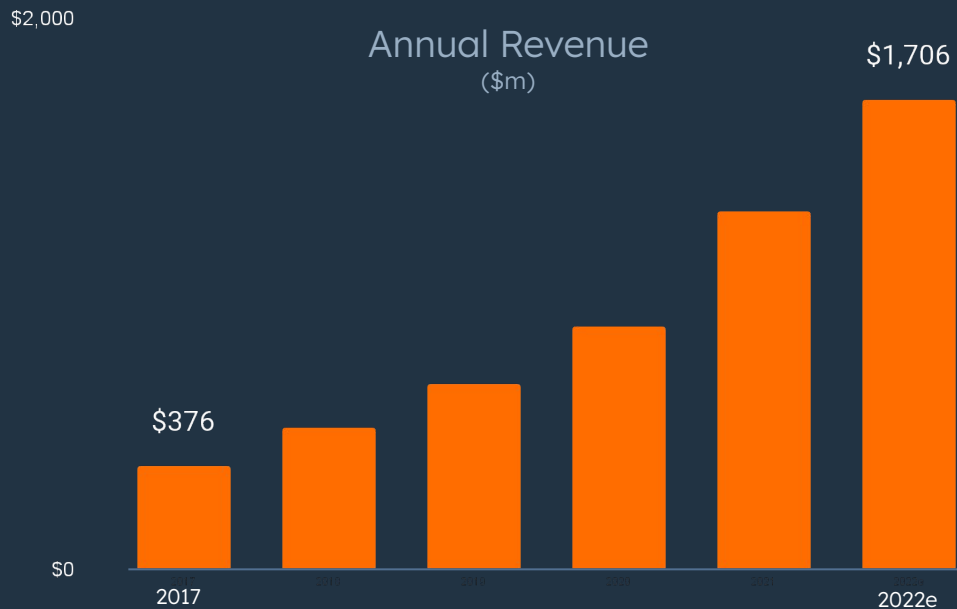
revenue **\$444m**

revenue growth yoy **31%<sup>1</sup>**

1. Q3'22 revenue growth was 31% as reported and 36% 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.

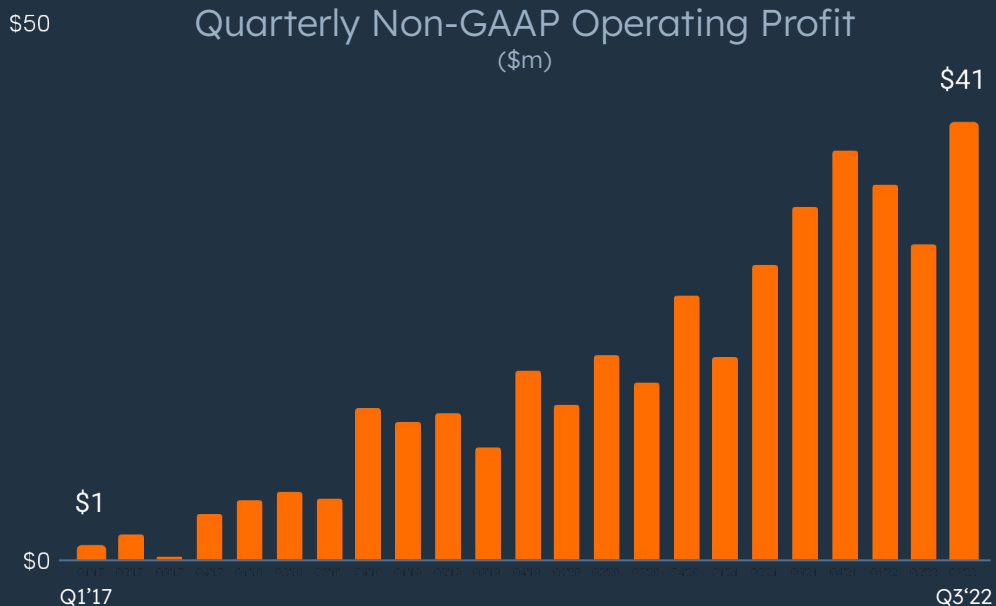


# Strong Revenue Growth



**35% CAGR**  
2017 → 2022e

# Growing Profitability with Scale

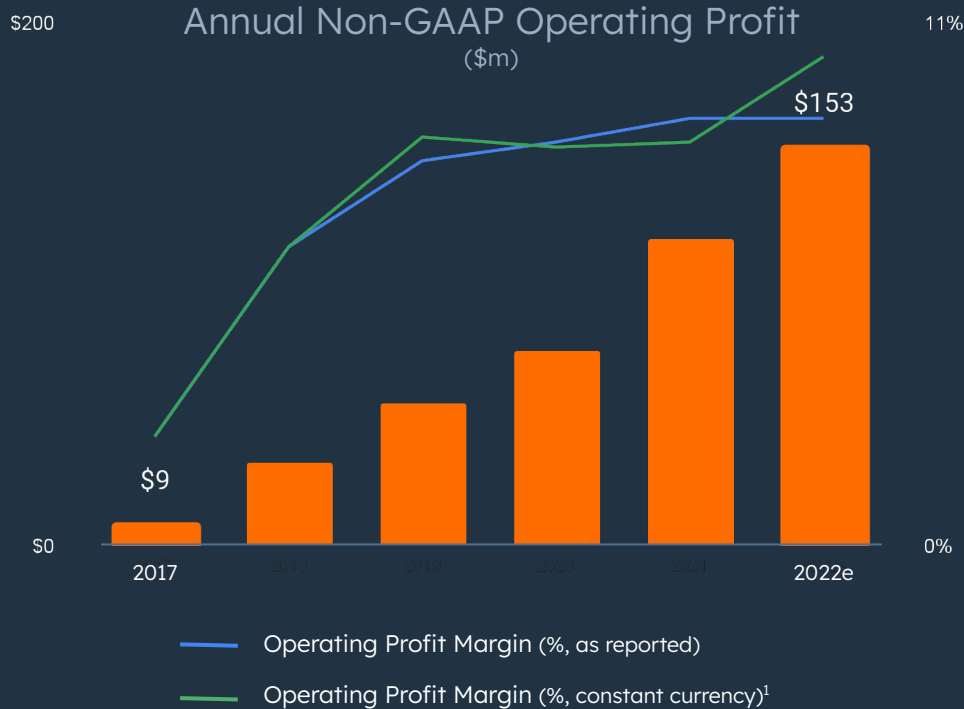


**Q3'22**

operating profit **\$41m**

operating profit margin **9.2%**

# Strong Profitability, FCF + Cash

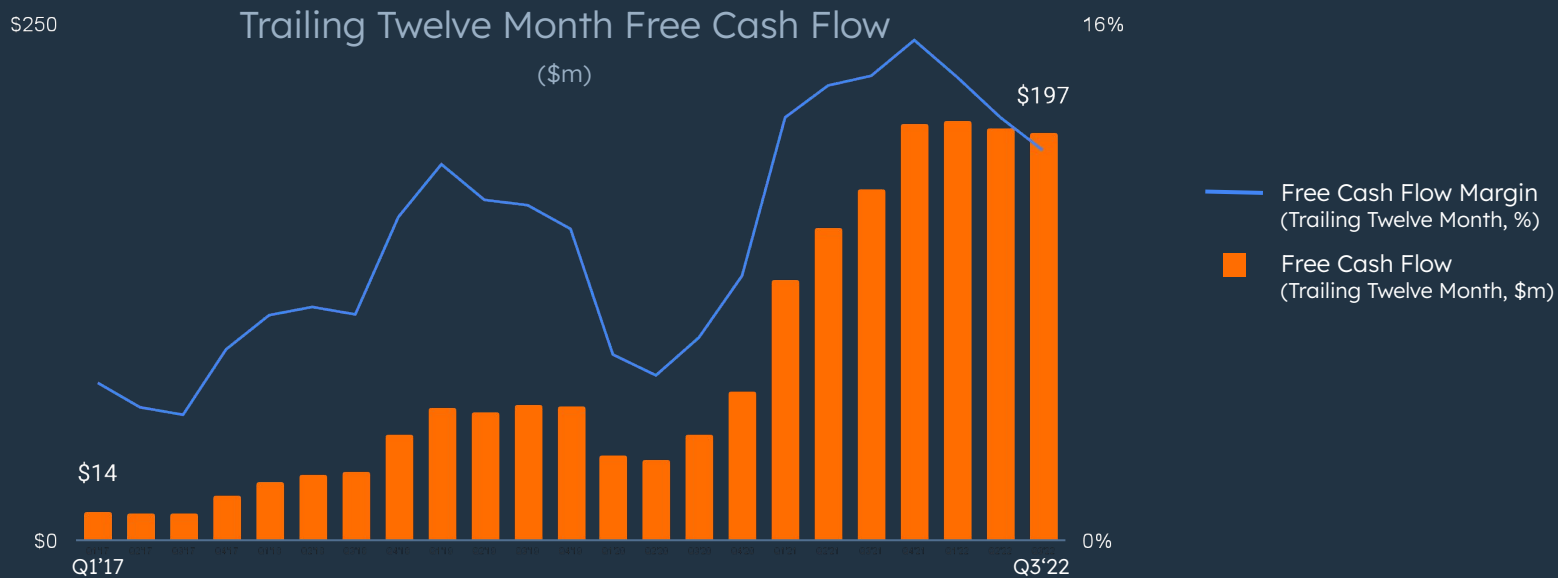


**\$195 million**  
FCF, 2022e

**\$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%<br>increase per year | 2% - 3%<br>increase per year | 3% - 4%<br>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<br>% of revenue     | 15%       | 18%       | 18%       | 19%       | 18%       | 19%       | 21%       | 19%       | 18% - 20%        |
| S&M<br>% of revenue     | 52%       | 46%       | 45%       | 45%       | 45%       | 46%       | 45%       | 45%       | 30% - 35%        |
| G&A<br>% of revenue     | 12%       | 11%       | 11%       | 10%       | 9%        | 9%        | 9%        | 9%        | 8% - 9%          |
| <b>Operating Margin</b> | <b>2%</b> | <b>6%</b> | <b>8%</b> | <b>8%</b> | <b>9%</b> | <b>9%</b> | <b>7%</b> | <b>9%</b> | <b>20% - 25%</b> |

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<br>March 31, 2022 |               | Three Months Ended<br>June 30, 2022 |               | Three Months Ended<br>September 30, |               |
|--|----------|---------------|----------|---------------|----------|---------------|-----------|---------------|--------------------------------------|---------------|-------------------------------------|---------------|-------------------------------------|---------------|
|  | \$ '000s | % of Revenues | \$ '000s | % of Revenues | \$ '000s | % of Revenues | \$ '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%           | 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%            |
| <b>Gross Margin</b>                        |          |               |          |               |          |               |           |               |                                      |               |                                     |               |                                     |               |
| 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%           |
| <b>Operating Expenses</b>                  |          |               |          |               |          |               |           |               |                                      |               |                                     |               |                                     |               |
| 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<br>March 31, 2017 |                 | Three Months Ended<br>June 30, 2017 |                  | Three Months Ended<br>September 30, 2017 |                  | Three Months Ended<br>December 31, 2017 |                  | Three Months Ended<br>March 31, 2018 |                  | Three Months Ended<br>June 30, 2018 |                  |
|--|--------------------------------------|-----------------|-------------------------------------|------------------|--|------------------|---|------------------|--------------------------------------|------------------|-------------------------------------|------------------|
|  | \$ '000s                             | % of<br>Revenue | \$ '000s                            | % of<br>Revenues | \$ '000s                                 | % of<br>Revenues | \$ '000s                                | % of<br>Revenues | \$ '000s                             | % of<br>Revenues | \$ '000s                            | % of<br>Revenues |
|  |                                      |                 |                                     |                  |  |                  |   |                  |                                      |                  |                                     |                  |
| <b>Gross Margin</b>                        |                                      |                 |                                     |                  |  |                  |   |                  |                                      |                  |                                     |                  |
| 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<br>September 30, 2018 |                 | Three Months Ended<br>December 31, 2018 |                 | Three Months Ended<br>March 31, 2019 |         | Three Months Ended<br>June 30, 2019 |                 | Three Months Ended<br>September 30, 2019 |                 | Three Months Ended<br>December 31, 2019 |                 |
|--|--|-----------------|---|-----------------|--------------------------------------|---------|-------------------------------------|-----------------|--|-----------------|---|-----------------|
|  | \$ '000s                                 | % of<br>Revenue | \$ '000s                                | % of<br>Revenue | \$ '000s                             | Revenue | \$ '000s                            | % of<br>Revenue | \$ '000s                                 | % of<br>Revenue | \$ '000s                                | % of<br>Revenue |
|  |  |                 |   |                 |                                      |         |                                     |                 |  |                 |   |                 |
| <b>Gross Margin</b>                        |  |                 |   |                 |                                      |         |                                     |                 |  |                 |   |                 |
| 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<br>March 31, 2020 |                  | Three Months Ended<br>June 30, 2020 |                  | Three Months Ended<br>September 30, 2020 |                  | Three Months Ended<br>December 31, 2020 |                  | Three Months Ended<br>March 31, 2021 |                 | Three Months Ended<br>June 30, 2021 |                 |
|---|--------------------------------------|------------------|-------------------------------------|------------------|--|------------------|---|------------------|--------------------------------------|-----------------|-------------------------------------|-----------------|
|   | \$ '000s                             | % of<br>Revenues | \$ '000s                            | % of<br>Revenues | \$ '000s                                 | % of<br>Revenues | \$ '000s                                | % of<br>Revenues | \$ '000s                             | % of<br>Revenue | \$ '000s                            | % of<br>Revenue |
|   | <b>Gross Margin</b>                  |                  |                                     |                  |  |                  |   |                  |                                      |                 |                                     |                 |
| 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%             |
| <b>Loss from Operations</b>                       |                                      |                  |                                     |                  |  |                  |   |                  |                                      |                 |                                     |                 |
| 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<br>September 30, 2021 |                  | Three Months Ended<br>December 31, 2021 |                  | Three Months Ended<br>March 31, 2022 |                  | Three Months Ended<br>June 30, 2022 |                  | Three Months Ended<br>September 30, 2022 |                  |
|---|--|------------------|---|------------------|--------------------------------------|------------------|-------------------------------------|------------------|--|------------------|
|   | \$ '000s                                 | % of<br>Revenues | \$ '000s                                | % of<br>Revenues | \$ '000s                             | % of<br>Revenues | \$ '000s                            | % of<br>Revenues | \$ '000s                                 | % of<br>Revenues |
|   | <b>Gross Margin</b>                      |                  |   |                  |                                      |                  |                                     |                  |  |                  |
| 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%              |
| <b>Loss from Operations</b>                       |  |                  |   |                  |                                      |                  |                                     |                  |  |                  |
| 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