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; the anticipated benefits of our product launches and plans and timelines for developing and expanding those offerings; the anticipated benefits of our investments on our revenue growth, profitability and cash flow; 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 inbound 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 agency 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 November 7, 2018 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 growth platform with award-winning software, services, and support to transform the way organizations attract, engage, and delight customers.

52,000+ Total Customers

100+ Countries

8 Office Locations Worldwide
HubSpot Snapshot

- Growth platform for SMBs
- Large, growing TAM
- Recurring SaaS revenue model
- Balancing fast growth with profitability
- Strong underlying unit economics
- Experienced Team
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.
More than a kind sentiment, it’s a key strategy

How did you first learn about HubSpot?

- Word of Mouth: 33%
- Google: 26%
- HubSpot Blog: 13%
- Review Sites: 3%
- Industry Publications: 3%
- Social Media: 3%

Source: HubSpot Customer Research June - 2018
Customers Accelerate Growth

But many companies view them as an afterthought.
We’ve transformed our business around a new model of growth

The Flywheel

- **Promoters**
  - Added & Lost

- **Traffic**
  - Added & Lost

- **Customers**
  - Added & Lost

- **Free Users**
  - Added & Lost

- **Delight**
- **Attract**
- **Engage**
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 suite because the customer experience should be seamless.
We dramatically expanded our offering because every company should be able to grow better, and no company should have to outgrow it.
We expanded TAM through product development

Since IPO we’ve expanded our TAM by adding Sales and Service Hubs ("East-West" expansion) and by adding new Enterprise and Starter tiers ("North - South" expansion)
Our Product Pricing

Marketing Hub | Sales Hub | Service Hub
---|---|---
Enterprise | $3,200 + | $1,200 + | $1,200 +
Professional | $800 + | $400 + | $400 +
Starter | $50 + | $50 + | $50 +
CRM | Free

Growth Suite Bundle: 25% Off When Purchasing All Three Hubs At Any Pricing Tier

Note: All prices are monthly subscription prices. “+” indicates additional cost for Contacts for Marketing Hub customers and additional cost for Users for Sales Hub customers. E.g. Marketing Hub professional subscription comes with 1,000 contacts and Sales Hub professional comes with 5 users. Customers must pay for additional contacts and users above these levels.
We’re focused on helping companies grow better in ever expanding ways.
The HubSpot Journey

- 2006: HubSpot founded
- 2007: Crossed $50M revenue
- 2008: Performable Acquisition
- 2009: IPO
- 2010: Crossed $100M revenue
- 2011: Singapore Office Opening
- 2012: Crossed $250M revenue
- 2013: Surpassed 2000 Employees
- 2014: Crossed $500M revenue
- 2015: 24K Registrants
- 2016: Singapore Office Opening
- 2017: INBOUND18
- 2018: 8 Offices Globally

MARKETING HUB

CRM

SALES HUB*

SERVICE HUB

*Originally launched as “Sidekick”
Revenue growth is strong

Q3’14

Q3’18

Revenue ($ m)

44% CAGR
International Growth is Strong

Growing Fast

Increasing % of Revenue

Q3 2014
22%

Q3 2018
38%

International Revenue ($ m)

$0 $10 $20 $30 $40 $50

Q3'14 Q3'18

66% CAGR
Realizing Leverage in 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.
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.
Financial framework focused on profitable growth

<table>
<thead>
<tr>
<th>Revenue Growth</th>
<th>High Growth</th>
<th>Growth</th>
<th>Moderate Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;30%</td>
<td>30%</td>
<td>&lt;30%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Margin %*</th>
<th>High Growth</th>
<th>Growth</th>
<th>Moderate Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% - 2% increase per year</td>
<td>2% - 3% increase per year</td>
<td>3% - 4% increase per year</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Cash Flow</th>
<th>≈Revenue Growth</th>
</tr>
</thead>
</table>

*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 Model

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>78%</td>
<td>81%</td>
<td>81%</td>
<td>82%</td>
</tr>
<tr>
<td>R&amp;D % of revenue</td>
<td>14%</td>
<td>15%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>S&amp;M % of revenue</td>
<td>55%</td>
<td>52%</td>
<td>54%</td>
<td>48%</td>
</tr>
<tr>
<td>G&amp;A % of revenue</td>
<td>14%</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>-4%</td>
<td>2%</td>
<td>0%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Long Term Target Model
- Gross Margin: 81% - 83%
- R&D % of revenue: 16% - 18%
- S&M % of revenue: 30% - 35%
- G&A % of revenue: 10%
- Operating Margin: 20% - 25%

Note: These estimates reflect our current operating plan as of 11/7/2018 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.
Key Takeaways

Business momentum is strong

Financial model showing margin leverage

Increased R&D paying off with product launches

Expanding TAM opportunity in all directions
Appendix
Marketing Tools

- Video
- Social media
- Content tools
- Email marketing
- Marketing automation
Sales Tools

- Calling
- Documents
- Email sequences
- Sales automation
- Meeting scheduling
Service Tools

- Ticketing
- Help desk
- Knowledge base
- Customer feedback
CRM Tools

- Meetings
- Lead flows
- Conversations
- Lead analytics
- Content management
# GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2016 % of Revenues</th>
<th>2017 % of Revenues</th>
<th>Three Months Ended September 30, 2017 % of Revenues</th>
<th>Three Months Ended September 30, 2018 % of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Margin</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>209,102</td>
<td>77%</td>
<td>299,883</td>
<td>80%</td>
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<tr>
<td>Stock-based compensation</td>
<td>2,152</td>
<td>1%</td>
<td>2,965</td>
<td>1%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>57</td>
<td>0%</td>
<td>98</td>
<td>0%</td>
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<tr>
<td>Acquisition related expenses</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td><strong>211,311</strong></td>
<td><strong>78%</strong></td>
<td><strong>302,944</strong></td>
<td><strong>81%</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>45,997</td>
<td>17%</td>
<td>70,373</td>
<td>19%</td>
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<tr>
<td>Stock-based compensation</td>
<td>(8,828)</td>
<td>-3%</td>
<td>(12,818)</td>
<td>-3%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Acquisition related expenses</td>
<td>-</td>
<td>0%</td>
<td>(2,258)</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Non-GAAP research and development</strong></td>
<td><strong>37,169</strong></td>
<td><strong>14%</strong></td>
<td><strong>56,215</strong></td>
<td><strong>15%</strong></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>162,847</td>
<td>60%</td>
<td>212,859</td>
<td>57%</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>(13,352)</td>
<td>-5%</td>
<td>(19,016)</td>
<td>-5%</td>
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<tr>
<td>Amortization of acquired intangible assets</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Acquisition related expenses</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Non-GAAP sales and marketing</strong></td>
<td><strong>149,495</strong></td>
<td><strong>55%</strong></td>
<td><strong>193,843</strong></td>
<td><strong>52%</strong></td>
</tr>
<tr>
<td>General and administrative</td>
<td>48,120</td>
<td>17%</td>
<td>58,787</td>
<td>15%</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>(8,343)</td>
<td>-3%</td>
<td>(12,500)</td>
<td>-3%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Acquisition related expenses</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Non-GAAP general and administrative</strong></td>
<td><strong>36,777</strong></td>
<td><strong>14%</strong></td>
<td><strong>46,287</strong></td>
<td><strong>12%</strong></td>
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<tr>
<td><strong>Loss from Operations</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Loss from operations</td>
<td>(44,662)</td>
<td>-16%</td>
<td>(40,136)</td>
<td>-11%</td>
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<tr>
<td>Stock-based compensation</td>
<td>92,075</td>
<td>12%</td>
<td>47,317</td>
<td>13%</td>
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<tr>
<td>Amortization of acquired intangible assets</td>
<td>84</td>
<td>0%</td>
<td>103</td>
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<tr>
<td>Acquisition related expenses</td>
<td>-</td>
<td>0%</td>
<td>1,266</td>
<td>0%</td>
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<tr>
<td><strong>Non-GAAP loss from operations</strong></td>
<td><strong>(11,903)</strong></td>
<td><strong>-4%</strong></td>
<td><strong>8,553</strong></td>
<td><strong>2%</strong></td>
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</tbody>
</table>
## GAAP to Non-GAAP Reconciliation

### Gross Margin

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<tbody>
<tr>
<td>% of Revenues</td>
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</tr>
<tr>
<td>Gross margin</td>
<td>21,248</td>
<td>24,248</td>
<td>23,701</td>
<td>31,688</td>
<td>35,258</td>
<td>39,410</td>
<td>44,900</td>
<td>57,777</td>
<td>60,957</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
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<td>0%</td>
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<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
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<tr>
<td>Acquisition related expenses</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Non-GAAP gross margin</td>
<td>21,557</td>
<td>24,560</td>
<td>23,701</td>
<td>31,688</td>
<td>35,258</td>
<td>39,410</td>
<td>44,900</td>
<td>57,777</td>
<td>60,957</td>
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### Loss from Operations

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<tr>
<td>% of Revenues</td>
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<tr>
<td>Loss from operations</td>
<td>(10,957)</td>
<td>(10,957)</td>
<td>(11,412)</td>
<td>(11,412)</td>
<td>(11,412)</td>
<td>(12,322)</td>
<td>(12,322)</td>
<td>(12,322)</td>
<td>(12,322)</td>
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<td>Stock-based compensation</td>
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<td>0%</td>
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</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
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<td>6%</td>
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<tr>
<td>Acquisition related expenses</td>
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</tr>
<tr>
<td>Non-GAAP loss from operations</td>
<td>0%</td>
<td>0%</td>
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### Other Adjustments

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</thead>
<tbody>
<tr>
<td>% of Revenues</td>
<td>$ '000s</td>
<td>$ '000s</td>
<td>$ '000s</td>
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<td>$ '000s</td>
<td>$ '000s</td>
<td>$ '000s</td>
<td>$ '000s</td>
<td>$ '000s</td>
</tr>
<tr>
<td>Gross margin</td>
<td>65,180</td>
<td>70,502</td>
<td>78,716</td>
<td>81%</td>
<td>85,485</td>
<td>80%</td>
<td>92,170</td>
<td>80%</td>
<td>97,725</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>6%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
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<td>9%</td>
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<tr>
<td>Acquisition related expenses</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross margin</td>
<td>65,752</td>
<td>71,249</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
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<td>80%</td>
</tr>
</tbody>
</table>

### Summary

- The Gross Margin reveals a consistent increase across the reported periods, with a notable peak in the three months ended December 31, 2016, showing a robust 60.957% of revenues.
- Loss from operations exhibits a steady decline from 10.957% in September 30, 2014, to 0% in September 30, 2018, indicating improved operational efficiency.

These figures are critical for stakeholders and investors to assess the financial health and performance trends of the company.
## GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>GAAP net cash and cash equivalents provided (used in) operating activities</th>
<th>$ '000s</th>
<th>$ '000s</th>
<th>$ '000s</th>
<th>$ '000s</th>
<th>$ '000s</th>
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<th>$ '000s</th>
<th>$ '000s</th>
<th>$ '000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization of software development costs</td>
<td>(5,470)</td>
<td>(4,204)</td>
<td>(3,000)</td>
<td>(2,500)</td>
<td>(2,500)</td>
<td>(2,500)</td>
<td>(2,500)</td>
<td>(2,500)</td>
<td>(2,500)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(23,461)</td>
<td>(13,135)</td>
<td>(10,621)</td>
<td>(10,624)</td>
<td>(10,117)</td>
<td>(10,846)</td>
<td>(10,673)</td>
<td>(12,568)</td>
<td>(10,152)</td>
</tr>
</tbody>
</table>

GAAP net cash and cash equivalents provided (used in) operating activities:

- March 31, 2017: $35,279
- June 30, 2017: $35,361
- September 30, 2017: $37,893
- December 31, 2017: $45,614
- March 31, 2018: $57,214
- June 30, 2018: $62,018
- September 30, 2018: $65,734

Purchases of property, equipment:

- March 31, 2017: $(16,903)
- June 30, 2017: $(15,592)
- September 30, 2017: $(17,548)
- December 31, 2017: $(20,270)
- March 31, 2018: $(20,001)
- June 30, 2018: $(20,174)
- September 30, 2018: $(21,675)

Capitalization of software development costs:

- March 31, 2017: $(5,305)
- June 30, 2017: $(5,771)
- September 30, 2017: $(5,882)
- December 31, 2017: $(7,071)
- March 31, 2018: $(5,077)
- June 30, 2018: $(5,537)
- September 30, 2018: $(10,451)

Free cash flow:

- March 31, 2017: $34,374
- June 30, 2017: $35,185
- September 30, 2017: $31,405
- December 31, 2017: $22,341
- March 31, 2018: $25,407
- June 30, 2018: $28,187
- September 30, 2018: $31,288