# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
# Washington, D.C. 20549

# FORM 10-K

**(Mark One)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2025**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 001-40806**

# Freshworks Inc.

**(Exact name of Registrant as specified in its charter)**

| **Delaware** | **33-1218825** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**2950 S. Delaware Street, Suite 201**
**San Mateo, CA 94403**
**(Address of principal executive offices, including zip code)**

**(650) 513-0514**
**(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A common stock, par value $0.00001 per share | FRSH | The Nasdaq Stock Market LLC |

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2025 was approximately $3.08 billion, based on the closing price of $14.91 per share for the registrant's Class A common stock as reported for such date by Nasdaq Global Select Market. This determination of affiliate status does not reflect a determination that such persons are affiliates of the registrant for any other purpose.

As of February 23, 2026, the number of shares of the registrant's Class A common stock outstanding was 249,087,203 and the number of shares of the registrant's Class B common stock outstanding was 35,047,987.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for the 2026 Annual Meeting of Stockholders (the "2026 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein. The 2026 Proxy Statement will be filed with Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2025.

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**As used in this report, the terms “Freshworks,” “registrant,” “we,” “us,” and “our” mean Freshworks Inc. and its subsidiaries unless the context indicates otherwise.**

## SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "aim", "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would," or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our annual recurring revenue (ARR), revenue, expenses, and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase the number of users who access our platform;
- our ability to innovate and launch new products
- our ability to increase usage of existing products;
- our ability to effectively manage our growth, including any international expansion;
- our ability to achieve or sustain profitability;
- future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- the costs and success of our sales and marketing efforts, and our ability to maintain and enhance our brand;
- the estimated addressable market opportunity for existing products and new products;
- our reliance on key personnel and our ability to identify, recruit, and retain skilled personnel;
- our ability to successfully integrate acquired businesses;
- the effects of macroeconomic uncertainties, including high interest rates, foreign exchange rate volatility, global geopolitical uncertainties, inflationary pressures, and other macroeconomic factors beyond our control;
- our ability to protect our intellectual property rights and any costs associated therewith;
- our ability to compete effectively with existing competitors and new market entrants; and
- the size and growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" contained in Part I, Item 1A in this Annual Report on Form 10-K and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report on Form 10-K. While we believe that such information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

# Part I

## Item 1. Business

### Overview

We provide people-first AI service software that organizations use to deliver exceptional employee and customer experiences. Our employee experience (EX) products include Freshservice, Freshservice for Business Teams, Device42 and FireHydrant. Our customer experience (CX) products include our Freshdesk suite of products. Our AI offerings, which include Freddy AI Agents, Freddy AI Copilot and Freddy AI Insights, further enhance the employee and customer experience and are designed to boost productivity. Currently, nearly 75,000 companies use Freshworks' uncomplicated solutions to increase employee efficiency and customer loyalty.

Our enterprise-grade solutions are powerful, yet easy to use, and quick to deliver results. Our people-first approach to AI is designed to eliminate friction, making employees more effective and organizations more productive.

Businesses from approximately 170 countries around the world use Freshworks products to delight their customers and employees every day. As of December 31, 2025, over 60% of our annual recurring revenue (ARR) was from customers with more than 250 employees. We provide products across multiple markets in order to address the needs of businesses of all sizes that need to digitally transform to delight their customers and employees.

Our business has grown significantly in recent periods as our customer base and operations have scaled. Our total revenue was $838.8 million, $720.4 million and $596.4 million in the years ended December 31, 2025, 2024 and 2023, respectively, representing year-over-year growth rates of 16% and 21%, respectively.

### Our Business Models

Freshworks provides solutions that enable organizations to acquire, engage, and better serve their customers and employees. Our value proposition to customers is clear - powerful and modern solutions that are simple and intuitive to implement and that were built to provide rapid time to value and compelling ROI. We focus on meeting customers where they are, with transparent pricing and a go-to-market strategy that allows us to efficiently serve organizations of all sizes.

Our nimble go-to-market approach capitalizes on the strong user-driven adoption and user love for our products with a dedicated focus on driving successful adoption and expansion within organizations. We continue to innovate, bringing new products to market to solve important customer pain points. These solutions give our sellers more ways to land new customers with bigger deals, and a healthy pipeline of incremental expansion opportunities for our existing customers. We offer our products under both free trial and paid subscription plans, further reducing friction to adoption and accelerating our go-to-market motion.

We focus our go-to-market motion on businesses based on their size:

- ***Small- and Mid-Sized Businesses (SMB)*** (organizations with 250 or fewer employees): We service our SMB customers through inbound and partner demand generation, which is low-cost, low-touch, and self-service.
- ***Mid-Market*** (organizations with 251 to 5,000 employees): We service our mid-market customers through inbound, outbound and partner demand generation.
- ***Enterprise*** (organizations with 5,001 or more employees): We service our enterprise customers through inbound, outbound and partner demand generation. We focus on serving divisions or departments within enterprises.

We have three go-to-market motions to attract customers:

- ***Inbound motion***: Our inbound motion is the primary way we sell our CX solutions to organizations, regardless of the organization's size or industry. We rely on efficient search marketing and word of mouth to encourage individual users or small teams within an organization to discover, try, and purchase our products. We drive potential customers to our website as the primary channel to learn about our solutions and we offer 14-day free trials of our products, giving potential customers flexibility to try before they buy.
- ***Outbound motion***: We have significantly strengthened our outbound motion in recent years in response to demand from mid-market and enterprise organizations. We rely on three main groups to drive our outbound business: outbound marketing, sales development representatives, and field sales representatives. We utilize our outbound motion in

conjunction with our inbound efforts to help accelerate the adoption of our products, and the increased usage of our products within existing customers.

- ***Partner ecosystem***: Our growing partner ecosystem enriches our offerings, scales our geographic coverage, and helps us reach more buyers, thus amplifying our go-to-market investments. Our partner ecosystem consists of channel resellers, independent software vendors (ISV) and marketplace partners, including developers.

Once a business has purchased a subscription to one of our products, we activate our customer success programs that are aligned with the size and scale of each customer and are designed to ensure businesses are getting the most out of their subscription. We provide digital onboarding directly or with partners to all customers. We conduct health checks and business reviews, monitor customer satisfaction and net promoter scores, and identify gaps to proactively address any concerns. Our customer success team is also responsible for customer renewals and for identifying expansion opportunities.

**Products and Capabilities**

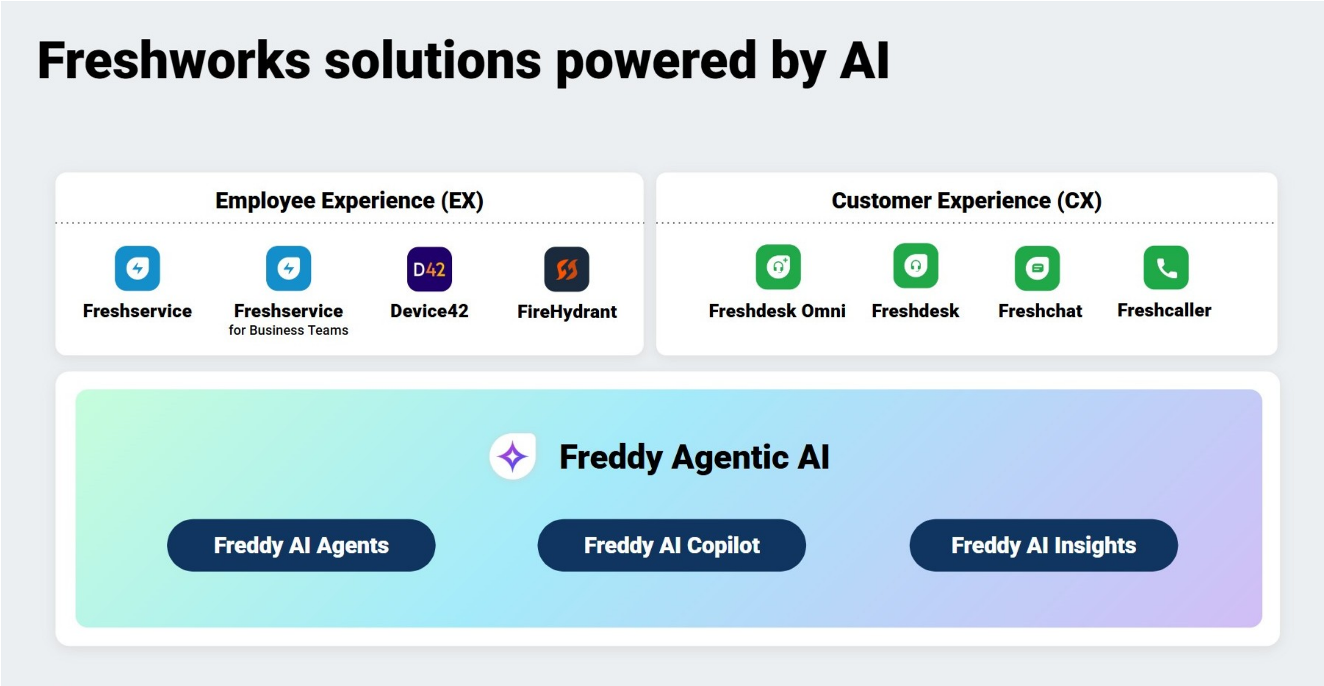
Freshworks provides solutions that serve the needs of users in the EX and CX categories. These product offerings enable organizations to acquire, engage, and better serve their customers and employees.

For IT and employee-facing teams, we offer our AI-powered EX family of products, including Freshservice, Freshservice for Business Teams, Device42 and FireHydrant. Freshservice is our unified IT and enterprise service management platform that brings together IT Service Management, IT Operations Management, and IT Infrastructure Management. The platform provides automation, conversational support, and AI-driven insights for employees, agents, and organizational leaders. Freshservice for Business Teams extends these capabilities to departments such as HR, Facilities, Finance, and Legal and can be used independently by individual business units. Device42 adds advanced discovery, inventory, and dependency mapping across complex IT environments. FireHydrant unifies alerting, on-call coordination, major-incident response, and post-incident analytics in a single system.

For customer-facing teams, our AI-powered CX family of products are designed to streamline customer service, sales, and marketing operations. Our Freshdesk Omni product is a comprehensive omnichannel customer service platform that unifies every customer interaction, simplifies support operations to enable self-service resolutions for their customers, empowers agents to deliver exceptional experiences by bringing together all support channels into a single workspace and provides performance insights for their leaders. Our CX portfolio also includes Freshdesk, an AI-powered ticketing and case management solution for fast issue resolution; Freshchat, a customer messaging platform enabling live chat, and engagement across messaging channels; Freshcaller, a cloud-based contact center solution for scalable voice operations; Freshsales, a sales CRM for pipeline management and deal closure; and Freshmarketer, a marketing automation platform for campaign orchestration and lead nurturing.

Our products leverage the Freshworks platform, which provides shared services that enable us to rapidly innovate and release new capabilities. This includes Freddy AI, our generative AI-powered suite of services, that enable organizations to more efficiently deliver customer and employee delight at scale. Organizations can also use the Freshworks developer platform and marketplace to extend and integrate Freshworks into their existing systems and advanced analytics to gain insights that help them run their business more efficiently.

**Freshworks Solutions Overview**




**IT and Employee Service Management (ITSM) Product Offerings**

Freshservice is a unified, AI-powered solution with essential IT and employee service management capabilities that empower our customers to provide reliable and consistent services company-wide.

- **Freshservice**. Freshservice provides a modern IT and enterprise service management platform that enables organizations to manage the full IT estate, including IT Service Management (ITSM), IT Operations Management (ITOM), and IT Infrastructure Management (ITIM). The platform streamlines service delivery by supporting incident, request, knowledge, change, and problem management within a unified system. Freshservice also offers service-aware operations capabilities, including integrated alert management, major incident management, on-call management, and service health monitoring.

Freshservice incorporates AI capabilities to improve the productivity of employees, service agents, and organizational leaders by providing insights that support faster, data-driven decision-making. Its AI agents, powered by Freddy AI, help employees resolve issues, make requests, and access information through conversational interfaces without requiring direct interaction with the service desk. Freshservice also provides Freddy AI Copilot for EX which includes AI-assisted tools designed to help agents summarize tickets, generate responses, automate routine tasks, and enhance consistency and accuracy in service delivery. In addition, the platform offers Freddy AI Insights, which includes AI-driven insights that help organizations identify operational trends, detect anomalies, and analyze underlying drivers of service performance. These capabilities support proactive decision-making and enable teams to investigate issues, visualize key metrics, and derive insights without manual reporting. Freshservice also includes dashboards and analytics that enable organizations to monitor performance and optimize service operations across on-premises, hybrid, and cloud environments.

- **Freshservice for Business Teams**. Freshservice for Business Teams provides a unified employee service experience while maintaining secure separation of departmental data. The offering enables non-IT departments such as HR, Finance, Facilities, and Legal to implement service management and workflow automation. In addition to supporting cross-functional use cases within organizations, Freshservice for Business Teams is also available for deployment by individual business units to address their specific service management needs.

- **Device42**. D42 Parent, Inc., a Freshworks company, provides advanced IT discovery and dependency mapping, as well as capabilities for asset and inventory management, application dependency mapping, compliance management, data center infrastructure management (DCIM), IP address management (IPAM), IT asset management (ITAM), resource utilization tracking, and software license management. Device42 is designed to continuously discover, map, and provide complete visibility across on-premises and cloud IT environments. With its built-in AI capabilities and reporting, Device42 helps customers get answers fast and accurate insights about their IT infrastructure that help them solve problems faster, maintain compliance requirements, reduce risk, and ensure business continuity.

- **FireHydrant.** FireHydrant Inc., a Freshworks company, is a modern incident management platform that enables engineering and operations teams to manage the full incident lifecycle, from initial alerting through post-incident review. The platform unifies alert ingestion and routing, on-call scheduling and escalation policies, major-incident coordination, automated runbooks, collaboration capabilities, and post-incident analytics in a single system, helping organizations resolve service disruptions efficiently and continuously improve operational resilience.

**The Freshworks Platform**

The Freshworks platform is the AI-powered, enterprise-grade foundation that unifies customer experience and employee experience product lines. It provides common data, workflow, analytics, AI tools, and administration services that are used across applications and can be extended by customers and partners.

- **Native AI products.** Our AI products include Freddy AI, embedded across our EX and CX products to assist, automate, and analyze service workflows. Freddy AI comprises AI Agents capable of reasoning and autonomous support actions, assistive AI Copilots for workflow guidance and acceleration, and AI Insights for proactive insights and conversational insight generation. These capabilities are designed to help resolve requests, provide contextual assistance, and surface insights within product experiences across the service lifecycle.

Freddy AI Agents provide always-on, conversational assistance to customers and employees, enabling them to resolve issues quickly and efficiently across channels. Freddy AI Copilot acts as a coach and collaborator that helps boost agent productivity and performance by summarizing tickets and conversations, suggesting responses, and providing quality coaching and feedback after every interaction. Freddy AI Insights automatically monitors key support metrics, detects anomalies, and delivers proactive insights with visual root cause analysis—helping leaders identify and fix issues before they impact satisfaction or revenue. Leaders can also ask plain-English questions to instantly generate charts and reports through a conversational interface, making data-driven decisions faster and easier within our products.

- **Unified data and shared services.** Shared services provide a consistent foundation for applications, including a unified customer record that consolidates relevant context across products, Custom Objects to represent business-specific data within application workflows, and a centralized Admin Center for organization-wide identity, security, and governance across Freshworks products, and Conversation services that unify B2B and B2C interactions across supported channels (e.g., email, chat, voice, and messaging). These services are designed to enable consistent administration and user experiences across Freshworks products.

- **Extensibility and ecosystem.** The platform includes a developer framework, SDKs, and documentation that enable customers and partners to build, integrate, and deploy applications that extend Freshworks' product capabilities. Developer tooling includes SDKs, APIs, and AI-assisted capabilities such as Freddy AI Copilot for Developers to accelerate application development. The Freshworks Marketplace offers over 1,200 plug-and-play apps across categories such as productivity, collaboration, data synchronization and migration, and workflow automation, accessible directly within product interfaces.

- **Analytics.** The platform includes a no-code analytics service for building reports and dashboards across Freshservice and Freshdesk product lines. Users can select metrics and visualizations, apply filters, and distribute or schedule reports without custom code to support operational visibility and data-driven decisions. In addition, Freddy AI Insights provides AI-assisted, that surfaces proactive and conversational analysis like trend shifts, anomalies, and likely root causes.

**Customer Experience Offerings**

Freshworks portfolio for customer experience includes products for Customer Service (CS) and Sales & Marketing automation (S&M).

- **Freshdesk Omni**. Freshdesk Omni is an AI-powered omnichannel customer service solution that unifies customer interactions, simplifies support operations, and empowers agents to deliver exceptional experiences. Freshdesk brings together all support channels into a single workspace, so customers get consistent, conversational help and agents no longer juggle multiple tools or lose context when switching between channels.

- **Freshdesk.** Freshdesk is a customer service platform that helps businesses resolve issues quickly through intelligent ticketing, seamless collaboration, and automated workflows. With built-in self-service portals, knowledge bases, smart routing, and AI that empowers agents to work faster, companies deliver exceptional customer experiences at scale.

- **Freshchat.** Freshchat provides agents with a modern conversational experience to proactively engage customers across digital messaging channels such as WhatsApp, Google Business Messages, SMS, and more. Freshchat enables automated and personalized self-service for fast resolutions. When an issue requires agent support, a customer is seamlessly transferred to an agent. Agents are equipped with a full customer context and AI productivity tools to deliver fast resolutions. Leaders gain unified dashboards and reports to drive team performance. Freshchat is commonly included as part of both our employee experience and customer experience offerings.

- **Freshcaller.** Freshcaller is a cloud-based contact center solution that enables businesses to set up scalable voice operations with advanced inbound routing, and speech-enabled IVR capabilities. The solution provides comprehensive call management features including call recordings, post-call transcripts, real-time monitoring dashboards,

- **Freshsales**. Freshsales is an easy-to-use, AI-powered sales CRM that helps businesses enhance productivity and drive revenue growth for businesses of varying sizes. It offers personalized engagement, accurate forecasting, and intelligent workflows to improve sales performance and deliver exceptional customer experiences. With powerful AI capabilities, Freshsales helps sales teams prioritize high-intent leads, scale personalized outreach, and identify critical deals to take the next best action to accelerate sales cycles.

- **Freshmarketer**. Freshmarketer is an easy-to-use marketing automation platform designed to help businesses attract, nurture, convert, and retain customers. It empowers businesses to connect with customers across their preferred channels—email, SMS, WhatsApp, or social media—driving higher engagement. With AI-driven campaign creation, advanced segmentation and personalization, conversational marketing tools, real-time automated journeys, and in-depth analytics and reporting, Freshmarketer enables businesses to maximize their marketing ROI.

**Technology**

Freshworks products are cloud-native SaaS systems that are based on modern, proven technologies—Ruby on Rails, Java, and MySQL. Leveraging these and other open source technologies, our systems are built to operate as independent ‘pods’ of compute, storage, and database infrastructure. Our products are hosted in AWS regions in the United States, EU, India, Australia, and the United Arab Emirates.

In addition to their ease of use and functionality, the key characteristics of Freshworks products are:

- **Scalability**: As multi-tenant systems, our products are engineered to scale with increased usage by businesses and an increasing number of customers. Our products are architected to be horizontally scalable across compute and database infrastructure. We leverage the open source Kubernetes system for automated scaling of our containerized applications. Our independent ‘pod’ architecture enables our products to be provisioned across geographically distributed data centers, for additional scalability and data localization.

- **Reliability**: Our products are engineered with reliability as a key consideration from design through all phases of development and operation. We run our SaaS service with the built-in redundancy of independent ‘pods’ across multiple data centers within an AWS region, designed to provide continuity of service in the face of infrastructure disruptions in individual data centers. Every new version of our software undergoes stringent functional, security, and regression testing, and is deployed through controlled processes to production. Following the infrastructure-as-code allows for repeatable and reliable infrastructure provisioning. Our products are monitored for performance and anomalies 24x7 by a Network Operations Center designed to provide for system availability and prevent abuse.

- **Security**: We maintain a cybersecurity and cloud-security program designed to protect the confidentiality, integrity, and availability of our systems and customer data. We hold industry-recognized certifications (such as ISO 27001 and SOC 2 Type 2) and continuously evolve our program.

  Our security posture encompasses continuous monitoring, secure development practices with code and dependency scanning, periodic independent testing, and encryption of certain data in transit and at rest, all under access controls.

  As a cloud-native SaaS provider, we continuously monitor and enhance our cloud-security posture through a Cloud-Native Application Protection Platform (CNAPP) that is designed to deliver unified visibility and real-time detection of risks across our multi-cloud environments. Our cybersecurity program also encompasses third-party risk management, employee training, and governance of vendors and partners with access to customer data. Security and privacy are built into our product design and operations, reinforcing customer trust in how we build, deliver, and support our services.

- **Efficiency**: Our multi-tenant architecture delivers economies of scale, ensuring improved utilization of cloud infrastructure as businesses and customer usage grows. Our governance process is geared to identify and implement infrastructure and production architecture optimizations, and effectively utilize the capabilities of our technology and cloud vendors.

**Research and Development**

Our engineering and product teams are customer-oriented and work alongside businesses to deliver high value, high-quality features and functionality across the numerous products we support, including customer-requested features that would be valuable across our customer base. We deliver these product features and capabilities through the agile software development methodology, balancing development velocity, roadmap predictability and product quality. Our internal 'Idea-To-Product' process for rapid solutioning of product requirements is a key enabler of innovation and collaborative development. The choice of expressive and powerful development frameworks and languages in our technology stack enables us to innovate at scale across multiple products.

We have a research and development presence in both the United States and India, which we believe is a strategic advantage for us, allowing us to efficiently invest more in increasing our product capabilities.

**Sales and Marketing**

The foundation of our go-to-market strategy is a highly efficient inbound motion driven by PLG, as well as paid campaigns and search engine optimized (SEO) content marketing, affiliates and listings across peer review sites to drive organic traffic. Leads are ushered into a trial where they experience in-app triggers, lifecycle emails and functionality that prompts conversion to paying customers. We layer in both an outbound sales and marketing motion, as well as a partner-led sales distribution strategy to increase success across the breadth of our market opportunity. We have continually increased investments in our outbound sales and marketing efforts globally. Our sales teams are organized by customer size, targeting SMBs with a highly efficient, cost-effective sales organization based in India, in region sales teams focused on our larger customers, and partner-selling teams supporting our partners in other geographies.

Our marketing efforts are primarily focused on generating high-quality leads and building our sales pipeline through a combination of growth marketing and brand acceleration programs across online and offline channels. Our digital and content marketing teams generate strong inbound demand through effective paid, social media, and SEO tactics that support website traffic growth and conversions. We also market our solutions through targeted online events and webinars, along with offline events across different regions, including trade shows, roadshows, and our own flagship global user conference, Refresh. Our events are designed to promote favorable word of mouth, discovery, and demand generation. Our customer marketing team specifically focuses on accelerating engagement, growth, and advocacy from our growing base of customers, while also driving engagement with our online community. Finally, our press and analyst relations efforts help generate additional awareness and validation to accelerate and support the customer buying cycle.

**Competition**

The markets in which we operate are highly competitive. A significant number of companies have developed or are developing products and services that currently, or in the future may, compete with some or all of our offerings. Many of these services do not offer complete solutions—often they provide a feature comparable to a component of our platform (e.g., only customer service management, only IT service management, only Sales and Marketing). For our employee experience products, we face competition from traditional IT service management vendors such as ServiceNow, BMC, and Ivanti, as well as modern cloud-based providers, including Atlassian and various mid-market and emerging ITSM platforms. For our customer experience products, we primarily face competition from customer service suites such as Salesforce, Zendesk, Intercom, and legacy vendors, such as Oracle and SAP, and from customer relationship management vendors, such as Salesforce, HubSpot, Microsoft Dynamics, and Sage.

We believe we compete favorably based on the following competitive factors:

- complete set of multi-product platform solutions;
- designed for the user in an easy and intuitive manner;
- fast to go-live and thus lesser time to realize value of investment;
- unified experience;
- Enterprise-grade capabilities;
- modern, end-to-end, and extensible platform;
- designed for businesses of all sizes;

- intelligent, automation-first and AI/ML-powered solutions; and
- product-led go-to-market motion.

**Governmental Regulations**

Our business is and will continue to be subject to extensive U.S. federal and state and foreign laws and regulations, including laws and regulations involving privacy, data protection, security, intellectual property, competition, taxation, anti-corruption, anti-bribery, anti-money laundering, and other similar laws. Many of these laws and regulations are still evolving and are likely to remain uncertain for the foreseeable future, and these laws and regulations can vary significantly from jurisdiction to jurisdiction. The costs of complying with these laws and regulations are high and likely to increase in the future. Further, the impact of these laws and regulations may disproportionately affect our business in comparison to our competitors that have greater resources.

In the United States, we are subject to data security and privacy rules and regulations, including those promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the California Consumer Privacy Act (CCPA) and other state and federal laws relating to privacy and data security. The CCPA requires covered businesses to provide disclosures to California residents and to respond to requests to opt-out of the sale of personal information, and provide for a private right of action and statutory damages for data breaches. Numerous jurisdictions in the United States have enacted or proposed similar comprehensive consumer privacy laws.

As a result of our international operations, we must comply with a multitude of data security and privacy laws that may vary significantly from jurisdiction to jurisdiction. Virtually every jurisdiction in which we operate has established or is in the process of establishing data security and privacy legal frameworks with which we or our customers must comply. Our failure to comply with the laws of each jurisdiction may subject us to significant penalties and other adverse consequences. For example, the data protection landscape in Europe imposes a range of requirements, including with respect to cross-border data transfers, and other countries outside of Europe have enacted or are considering enacting cross-border data transfer restrictions (including, in certain instances, laws requiring local data residency).

For a discussion of the various risks we face from regulation and compliance matters, see the sections titled “Risk Factors—Risks Related to Our Business” and “Risk Factors—Risks Related to International Operations.”

**Intellectual Property**

We rely on a combination of patents, trademarks, copyrights, trade secrets as well as contractual provisions and restrictions to establish and protect our proprietary rights.

As of December 31, 2025, we had twenty issued U.S. patents that expire between 2036 and 2044, and twenty pending patent applications. While we believe our patents and patent applications in the aggregate are important to our competitive position, no single patent or patent application is material to us as a whole. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost effective. We have registered trademark rights in “Freshworks,” our logos and multiple product names in the United States and targeted foreign jurisdictions. We also have registered domain names for websites that we use in our business, such as freshworks.com and similar variations.

In addition to the protection offered by our intellectual property rights, it is our practice to enter into confidentiality and invention assignment agreements (or similar agreements) with our employees, consultants and contractors involved in the development of intellectual property on our behalf. We also enter into confidentiality agreements with other third parties in order to limit access to, and disclosure and use of, our confidential information and proprietary information. Our intellectual property rights, however, may be challenged, invalidated, circumvented, infringed, or misappropriated and the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Moreover, our products incorporate software components licensed to the general public under open source software licenses. We obtain many components from software developed and released by contributors to independent open source components of our platform. Open source licenses grant licensees broad permissions to use, copy, modify, and redistribute our platform. As a result, open source development and licensing practices can limit the value of our software copyright assets. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective.

**Our Culture and Employees**

Our people and culture are at the heart of how we innovate, support customers, and execute our long-term strategy. We aim to create a work environment where employees can perform meaningful work, develop their skills, and build fulfilling careers.

**Our Values**

- **We champion our customers.** We listen with empathy, solve challenges with intention, and advocate for our customers in every decision.
- **We are empowered to make an impact.** We make decisions, try new things, and challenge ourselves to do our best work.
- **We set high standards.** We push ourselves and each other to aim higher. We achieve results through accountability and collaboration.
- **We make bold moves.** We take smart risks, innovate for impact, and move fast to shape what's next.
- **We win as one team.** We work without ego to do what's right for Freshworks.

**Our Employee Programs**

Our employee programs reflect these values and support development, leadership capability, inclusion, and well-being. Key areas of focus include:

- Leadership and manager effectiveness: We have defined clear leadership expectations to guide how managers lead teams, make decisions, and maintain alignment with company priorities. We invest in strengthening manager effectiveness, expanding learning opportunities, and building the technical, functional, and leadership skills needed for the future, particularly as AI becomes increasingly central to our product and business strategy.
- Employee listening: We regularly gather employee feedback through surveys and other listening mechanisms to surface insights, monitor sentiment, and inform actions that strengthen engagement.
- Employee communities and regional initiatives: Employee-led groups, including our global Women’s 360 community and other affinity networks, help build connections and bring diverse perspectives into our work. We also support community initiatives in the regions where we operate, including the Freshworks STS Software Academy, which provides free software-skills training to youth in India.

**Where we're located and how we work**

As of December 31, 2025, we had a hybrid workforce of approximately 4,500 full-time employees in North America, Europe, Asia and Australia. We’re headquartered in San Mateo, CA, with 11 additional offices globally. A majority of our employees are based in India, where major teams support engineering, product design, customer support, in-bound sales, and general and administrative functions.

**Available Information**

Our website address is located at freshworks.com, and our investor relations website is located at ir.freshworks.com. We file electronically with the U.S. Securities and Exchange Commission (SEC) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make available on our investor relations website, free of charge, copies of these reports and other information as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. These filings with the SEC are also available on the SEC’s website located at www.sec.gov.

We announce material information to the public through a variety of means, including filings with the U.S. Securities and Exchange Commission, press releases, public conference calls, our website (freshworks.com), the investor relations section of our website (ir.freshworks.com), our LinkedIn account (linkedin.com/company/freshworks-inc/), and our X (formerly Twitter) account (@FreshworksInc). We use these channels to communicate with investors and the public about our company, our products and services and other matters. Therefore, we encourage investors, the media and others interested in our company to review the information we make public in these locations, as such information could be deemed to be material information.

## Item 1A. Risk Factors

*You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations, and growth prospects. You should not interpret our disclosure of any of the following risks to imply that such risks have not already materialized.*

### Risk Factors Summary

Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky:

- Although we recently generated net income, we have a history of losses and we may not be able to sustain profitability.
- We have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- Macroeconomic uncertainties, including inflationary pressures, supply chain disruptions, labor shortages, significant volatility in global markets, and recession risks have in the past and may continue to adversely affect our business, future results of operations, and financial condition, the effects of which remain uncertain.
- Our quarterly results may fluctuate significantly and may not meet our expectations or those of investors or securities analysts.
- Sales efforts to large customers, which are a growing part of our business involve risks that may not be present or that are present to a lesser extent with respect to sales to smaller organizations. If we fail to effectively manage these risks, our business, financial condition, and results of operations may be adversely affected.
- If we are unable to attract new customers, convert customers using our trial versions into paying customers, and expand usage of our products within or across organizations, our revenue growth would be harmed.
- Our ability to attract new customers and increase revenue from existing customers depends on our ability to develop new features, integrations, capabilities, and enhancements and to partner with third parties to design complementary products.
- Failure or perceived failure to comply with existing or future laws, regulations, contracts, self-regulatory schemes, standards, and other obligations related to data privacy or security (including security incidents) could harm our business. Compliance or the actual or perceived failure to comply with such obligations could increase the costs of our products and services, limit their use or adoption, and otherwise negatively affect our operating results and business.
- We have experienced significant growth in recent periods and our recent growth rates may not be indicative of our future growth.
- Our business depends substantially on our customers renewing their subscriptions and purchasing additional subscriptions from us. Any decline in our customer retention would harm our future operating results.
- We operate in a highly competitive industry, and competition presents an ongoing threat to the success of our business.
- We recognize revenue from subscriptions over the term of our customer contracts. Consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.
- We track certain key business metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and materially adversely affect our stock price, business, results of operations, and financial condition.
- We believe our long-term value as a company will be greater if we focus on growth, which may negatively impact our profitability.

- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our stock prior to our initial public offering, including our executive officers, employees, and directors and their affiliates, and limiting your ability to influence corporate matters, which could adversely affect the trading price of our Class A common stock.

**Risks Related to Our Business**

***Although we recently generated net income, we have a history of losses and we may not be able to sustain profitability.***

Other than the fiscal year ended December 31, 2025, we have incurred net losses in each fiscal year since our founding. We generated net income of $183.7 million and incurred a net loss $95.4 million for the years ended December 31, 2025 and 2024. As of December 31, 2025, we had an accumulated deficit of $3.6 billion. Although we generated net income in the fiscal year ended December 31, 2025, we cannot assure you that we will sustain profitability. Any failure by us to sustain profitability could cause the value of our Class A common stock to decline. Our losses reflect, among other things, the significant investments we made to develop and commercialize our products, serve our existing customers, and broaden our customer base.

As a result of expected investments and expenditures related to the growth of our business, we may experience losses in future periods and these losses may be significantly greater than the losses we would incur if we developed our business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate or that they may not result in increases in our revenue.

***We have experienced significant growth in recent periods and our recent growth rates may not be indicative of our future growth.***

We have experienced significant growth in recent periods. Even if our revenue continues to increase, we expect that our revenue growth rate may continue to decline in the future as a result of a variety of factors, including the maturation of our business. Our growth may continue to be impacted by macroeconomic factors beyond our control, including, but not limited to high interest rates, inflation, foreign exchange rate volatility, global geopolitical uncertainties, and supply-chain issues. Further, as we operate in a rapidly changing industry, widespread acceptance and use of our products are critical to our future growth and success. We believe our revenue growth depends on a number of factors, including, but not limited to, our ability to:

- attract new customers;
- grow or maintain our net dollar retention rate, expand usage within organizations, and sell additional subscriptions;
- gain continued acceptance and use of our products both inside and outside of the United States;
- expand the features and capabilities of our products, including artificial intelligence (AI) and machine learning features;
- increase awareness of our brand on a global basis;
- provide excellent customer experience and customer service;
- price our subscription plans effectively;
- continue to successfully expand our sales force;
- maintain the security and reliability of our products;
- successfully compete against and withstand competitive pressure from established companies and new market entrants; and
- comply with existing and new applicable laws and regulations.

We may not successfully accomplish any of these objectives, and as a result, it is difficult for us to forecast our future results of operations. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve (or, if achieved, maintain) profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.

In addition, in order to fuel our growth, we expect to continue to expend substantial financial and other resources on:

- expansion and enablement of our sales, services, and marketing organization to increase brand awareness and drive adoption of our products;
- product development, including investments in our product development team and the development of new products and new features and functionality, as well as investments in further differentiating our existing offerings;

- strategic technology and sales channel partnerships;
- acquisitions or strategic investments; and
- general administration, including legal and accounting expenses associated with being a public company.

These investments may not result in increased revenue in our business. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position, and results of operations will be harmed, and we may not be able to achieve or maintain profitability. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, and other unknown factors that may result in losses in future periods. If our revenue does not meet our expectations in future periods, our business, financial position, and results of operations may be harmed.

***We have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.***

We have been growing significantly in recent periods and, as a result, have a relatively short history operating our business at its current scale. The growth and expansion of our business and products may place a significant strain on our management and our operational and financial resources. To keep growing successfully, we will need to:

- Strengthen our technology systems and financial infrastructure;
- Improve security and compliance processes;
- Manage relationships with partners and customers effectively; and
- Scale our team and operations efficiently.

Additionally, we operate in an industry that is characterized by rapid technological innovation, intense competition, changing customer needs, and frequent introductions of new products, technologies, and services. If we cannot keep pace with these changes or fail to build the right systems and processes, we may struggle to manage our growth and accurately predict our financial performance.

Our future growth rate is subject to a number of uncertainties, such as general economic and market conditions, including high inflation and recessionary or other uncertain economic environments. If general economic and market conditions diminish the rate of global IT spending, the demand for our products would be adversely affected. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in the market, or if we do not address these risks successfully, our results of operations could fall short of our expectations, and our business, results of operations, and financial condition would suffer.

***Macroeconomic uncertainties, including inflationary pressures, rising interest rates, supply chain disruptions, labor market volatility, geopolitical tensions, and recession risks, have in the past adversely affected and may continue to adversely affect our business, future results of operations, and financial condition.***

Global economic and business activities continue to face widespread macroeconomic uncertainties, including inflation, supply chain disruptions, labor shortages, as well as recession risks, which may continue for an extended period and which have resulted and may in the future result in decreased business spending by our customers and prospective customers and business partners and third-party business partners, reduced demand for our products, lower renewal rates by our customers, longer or delayed sales cycles, including due to existing customers and prospective customers delaying contracts, entering into new subscriptions, renewing existing subscriptions, or reducing budgets related to the products that we offer, all of which could have an adverse impact on our business operations and financial condition.

The technology industry in particular has experienced heightened sensitivity to macroeconomic conditions, with enterprise technology spending often viewed as discretionary and subject to deferral during periods of economic uncertainty. Our customers have in the past and may continue to respond to macroeconomic pressures by reducing their technology budgets, delaying implementations, seeking shorter contract terms, or demanding more favorable pricing, all of which could have an adverse impact on our business operations, financial condition, and growth prospects.

To the extent that macroeconomic uncertainties continue to harm our business, many of the other risks described in these risk factors may be exacerbated including, but not limited to, those relating to our ability to increase sales to existing and new customers, develop and deploy new offerings and applications and maintain effective marketing and sales capabilities.

***Our quarterly results have and may continue to fluctuate significantly and may not meet our expectations or those of investors or securities analysts.***

Our quarterly results of operations, including the levels of our revenue, deferred revenue, working capital, and cash flows, have varied significantly in the past and may vary significantly in the future, such that period-to-period comparisons of our results of operations may not be meaningful. Our quarterly financial results have and may continue to fluctuate due to a variety of factors, many of which are outside of our control and have been, and may continue to be, difficult to predict, including, but not limited to:

- the level of demand for our products;
- our ability to grow or maintain our net dollar retention rate, expand usage within organizations, and sell subscriptions;
- the timing and success of new features, integrations, capabilities, and enhancements by us to our products, or by our competitors to their products, or any other changes in the competitive landscape of our market;
- our ability to achieve continued acceptance and use of our products;
- errors in our forecasting of the demand for our products, which would lead to lower revenue, increased costs, or both;
- the amount and timing of operating expenses and capital expenditures, as well as entry into operating leases, that we may incur to maintain and expand our business and operations and to remain competitive;
- the timing of expenses and recognition of revenue;
- the continued ability to hire high quality and experienced talent in a fiercely competitive environment;
- pricing pressure as a result of competition or otherwise;
- seasonal buying patterns for software spending;
- declines or increases in the values of foreign currencies, primarily the Indian rupee, British pound, and euro, relative to the U.S. dollar;
- general economic conditions in either domestic or international markets, including inflationary pressures and geopolitical uncertainty and instability and their effects on software spending;
- security breaches, technical difficulties, or interruptions to our products;
- the timing of the grant or vesting of equity awards to employees, directors, or consultants;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- legal and regulatory compliance costs in new and existing markets;
- costs and timing of expenses related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- adverse litigation judgments, other dispute-related settlement payments, or other litigation-related costs; and
- health epidemics, influenza, and other highly communicable diseases or viruses.

Any one or more of the factors above may result in significant fluctuations in our quarterly results of operations, which may negatively impact the trading price of our Class A common stock. You should not rely on our past results as an indicator of our future performance.

***Sales efforts to large customers involve risks that may not be present or that are present to a lesser extent with respect to sales to smaller organizations.***

Larger customers are becoming a bigger part of our business. Sales to large customers involve longer sales cycles, more complex customer requirements, substantial upfront sales costs, and less predictability in completing some of our sales. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our products, the considerable time spent by potential customers to evaluate and test our products prior to making a purchase decision, the discretionary nature of purchasing and budget cycles, and the competitive nature of evaluation and purchasing approval processes. Our typical sales cycle for mid-market and enterprise customers is approximately 130 to 150 days, compared to 30 days for SMB customers. Moreover, large customers are often more demanding than other customers and begin to deploy our products on a limited basis, but, nevertheless require implementation services and negotiate pricing discounts or other onerous terms, which increase our upfront investment in the sales effort with no guarantee that sales to these customers will justify our substantial upfront investment, which can affect our roadmaps and deliverables. If we fail to effectively manage these risks associated with sales cycles and sales to large customers, our business, financial condition, and results of operations may be adversely affected.

***If we are unable to attract new customers, convert customers using our trial versions into paying customers, and expand usage of our products within or across organizations, our revenue growth would be harmed.***

To increase our revenue and achieve profitability, we must increase our customer base through various methods, including, but not limited to, adding new customers, converting customers using our free trial versions into paying customers, and expanding usage across our existing customers' organizations. We encourage customers on our base level paid plans to upgrade to plans with more features and to incorporate add-ons. Additionally, we seek to expand within organizations by having organizations add new users, upgrade their plans, or expand their use of our products into other departments within the organization. While we have experienced significant growth in the number of customers on our products, we do not know whether we will continue to achieve similar customer growth rates in the future. Numerous factors may impede our ability to add new customers, convert customers using free trial versions into paying customers, expand usage within organizations, and sell subscriptions to our products, including but not limited to, our failure to attract, retain, and effectively train and motivate new sales and marketing personnel, develop or expand relationships with our partners, compete effectively against alternative products or services, successfully deploy new features and integrations, provide a quality customer experience and customer support, or ensure the effectiveness of our marketing programs.

In addition, because many of our new customers originate from word-of-mouth and other non-paid referrals from existing customers, we must ensure that our existing customers continue using our products in order for us to benefit from those referrals.

***Our ability to attract new customers and increase revenue from existing customers depends on our ability to develop new features, integrations, capabilities, and enhancements, and to partner with third parties to design complementary products.***

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to continually enhance and improve our products and the features, integrations, and capabilities we offer, and to introduce compelling new features, integrations, and capabilities that reflect the changing nature of our market. Accordingly, we must continue to invest in research and development and in our ongoing efforts to improve and enhance our products. The success of any enhancement to our products depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with existing technologies, and overall market acceptance. Any new features, integrations, and capabilities that we develop may not be introduced in a timely or cost-effective manner, may contain errors, failures, vulnerabilities, or bugs, or may not achieve the market acceptance necessary to generate significant revenue.

Our ability to grow is also subject to the risk of future disruptive technologies. Uncertainty around new and emerging AI applications, such as generative AI content creation, has required and may continue to require additional investment in the development of proprietary datasets, machine learning models and systems to test for accuracy, bias and other variables, which are often complex. Developing, testing and deploying AI systems may also increase the cost profile of our offerings due to the nature of the computing costs involved in such systems.

Additionally, we rely on third parties to develop products that are complementary to ours in order to retain existing customers and attract new customers. In order for such complementary products to enhance our customers' use of our products, we must maintain interoperability as described further below.

***Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to attract and expand our base of customers may be impaired, and our business and results of operations will be harmed.***

We believe that the brand identity that we have developed has significantly contributed to the success of our business with our existing customer base. We also believe that maintaining and enhancing the "Freshworks" brand is critical to expanding our customer base and establishing and maintaining relationships with partners. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and on our ability to ensure that our products remain high-quality, reliable, and useful at competitive prices, as well as with respect to our free trial version. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not be successful. If we fail to promote and maintain the

"Freshworks" brand, or if we incur excessive expenses in this effort, our business, results of operations, and financial condition would be adversely affected. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become more difficult and expensive.

***Our business depends substantially on our customers renewing their subscriptions and purchasing additional subscriptions from us. Any decline in our customer retention would harm our future operating results.***

Our business is primarily subscription based, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire. In order for us to maintain or improve our operating results, it is important that our customers renew their subscriptions when the initial contract term expires and add additional users to their subscriptions. Our customers have no obligation to renew their subscriptions, and we cannot ensure that customers will renew subscriptions with a similar contract period, with the same or greater number of users, or for the same or upgraded level of subscription plan. Customers may or may not renew their subscription plans as a result of a number of factors, including their satisfaction or dissatisfaction with our products, our pricing or pricing structure, the pricing or capabilities of the products and services offered by our competitors, the effects of general economic conditions, inflation, or customers' budgetary constraints. If customers do not renew their subscriptions, renew on less favorable terms, or fail to add more users, or if we fail to expand the adoption of our products within and across organizations, our revenue may decline or grow less quickly than anticipated, which would harm our business, results of operations, and financial condition. We have also experienced and may experience in the future a reduction in renewal rates and increased churn rates, particularly within our SMB customers, many of whom are on month-to-month subscriptions, as well as reduced customer spend and delayed payments that could materially impact our business, results of operations, and financial condition in future periods. If we fail to predict customer demands or fail to attract new customers and maintain and expand new and existing customer relationships, our revenue may grow more slowly than expected, may not grow at all, or may decline, and our business may be harmed.

***We use generative and agentic artificial intelligence, including in certain of our products and services, which may result in operational challenges, legal liability, reputational concerns and other negative consequences that could adversely affect our business and results of operations.***

We deploy generative and agentic AI into certain of our products and services, which may result in adverse effects to our operations, legal liability, reputation and competitive risks, and other adverse consequences. The rapid evolution of AI and the use of generative and agentic AI may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time. For example, there is ongoing litigation over whether the use of copyrighted materials to train certain AI models is lawful, and the impact of decisions in such litigation on our use of AI tools is unknown.

Generative and agentic AI in our products and services may be difficult to deploy successfully due to operational issues inherent to the nature of such technologies. Moreover, known risks of generative and agentic AI currently include risks related to accuracy, bias, toxicity, privacy and security and data provenance. For example, AI algorithms use machine learning and predictive analytics which may be insufficient or of poor quality and reflect inherent biases and could lead to flawed, biased, and inaccurate results. Since we may use AI outputs to make certain decisions, due to these potential inaccuracies or flaws, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits, including exposure to reputational and competitive harm, customer loss, and legal liability. In addition, generative and agentic AI may create content that appears correct but is factually inaccurate or flawed, or contains copyrighted or other protected material, and if our customers or others use this flawed content to their detriment, we may be exposed to brand or reputational harm, competitive harm, and/or legal liability. For example, deficient or inaccurate recommendations, summaries, or analyses that generative or agentic AI features assist in producing could lead to customer rejection or skepticism of our products, affect our reputation or brand, and negatively affect our financial results. Further, unauthorized use or misuse of generative or agentic AI by our employees or others may result in disclosure of confidential company and customer data, reputational harm, privacy law violations and legal liability. While we have policies and practices designed to mitigate risk around our use of AI tools, our practices may not be error free, and our use of such tools may inadvertently violate a third party's rights, be non-compliant with the applicable terms of use or our other legal obligations, or result in a security or privacy risk or data leakage. Moreover, because our products and services are configurable, there is a risk that our customers could use our products and services in way that violates applicable law, contract, or our acceptable use and conduct policy. Our use of generative and agentic AI may also lead to novel and urgent cybersecurity risks, including the misuse of personal data, which may adversely affect our operations and reputation.

Generative and agentic AI is also the subject of a quickly evolving legal and regulatory environment, and new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications related to our use of generative or agentic AI could cause us to divert resources towards compliance and adversely affect our business, reputation, or financial results. For example, the U.S.'s regulatory framework related to AI technologies remains in development and has been the subject of federal level executive orders and legislation has been introduced and enacted at the state level. Additionally, obligations under the EU AI Act have gone into effect and will continue to be implemented in phases through 2030, and other jurisdictions have passed or are considering similarly focused legislation. Some of our operations are subject to the EU AI Act and depending on how the EU AI Act is implemented and interpreted, we may have to adapt our business practices, contractual arrangements and services to comply with such obligations. Our use of AI technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits.

Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our business, financial condition, results of operations, and growth prospects.

***We operate in a highly competitive industry, and competition presents an ongoing threat to the success of our business.***

The market for employee experience (EX) and customer experience (CX) products is rapidly evolving and increasingly competitive, fragmented, and subject to rapidly changing technology, shifting user and customer needs, new market entrants, and frequent introductions of new products and services. We compete with a significant number of companies that range in size from large and diversified enterprises with significant financial resources to smaller companies. These competitors have developed or are developing products and services that currently, or in the future may, compete with some or all of our offerings.

Many of our current and potential competitors may have longer operating histories, greater brand name recognition, stronger and more extensive partner relationships, significantly greater financial, technical, marketing, and other resources, lower labor and development costs, and larger customer bases than we do. These competitors may invest and engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies that will allow them to build larger customer bases than we have. Our competitors may also offer their products and services at a lower price, or may offer price concessions, delayed payment terms, financing terms, or other terms and conditions that are more enticing to potential customers. We also use and build AI offerings into many of our products and we face increased competition as AI technologies are integrated into the various competitive offerings. Our current and potential competitors may develop and market new technologies, including through more effective utilization of evolving AI technologies, greater investment in AI research and development, access to superior training datasets, or deployment of more advanced AI models, which could materially reduce the competitiveness of, or render obsolete, our existing or future products and materially adversely affect our business, results of operations, and financial condition. If we fail to effectively develop, integrate, or utilize AI technologies in our products and services, or if competitors gain advantages through superior AI implementations, our competitive position, value proposition, and market share could be adversely affected.

The market for our products is rapidly evolving and highly competitive, with relatively low barriers to entry, and in the future there will likely be an increasing number of similar products offered by additional competitors. Large companies we do not currently consider to be competitors may enter the market, through acquisitions or through innovation and expansion of their existing products, to compete with us either directly or indirectly. Further, our potential and existing competitors may make acquisitions or enter into strategic relationships and rapidly acquire significant market share due to a larger customer base, superior product offerings, more effective sales and marketing operations, or greater financial, technical, and other resources.

Any one of these competitive pressures in our market, or our failure to compete effectively, may result in price reductions; fewer customers; reduced revenue, gross profit, and gross margin; increased net losses; and loss of market share. Any failure to meet and address these factors would harm our business, results of operations, and financial condition. Moreover, large customers may demand greater price concessions or other more favorable terms.

***We track certain key business metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and materially adversely affect our stock price, business, results of operations, and financial condition.***

We track certain key business metrics that may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools are subject to a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. For example, our designations of customers as "small- and mid-sized businesses," "mid-market," or "enterprise" are based on third-party reporting which may be inaccurate. In addition, our estimates of number of total customers may be impacted by mergers or acquisitions of such customers or such customers purchasing our products via resellers. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally.

Limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our key business metrics are not accurate representations of our business, if we discover material inaccuracies with respect to these figures, or if investors perceive there to be inaccuracies, our stock price could decline. In addition, we are currently, and may in the future be, subject to stockholder litigation, which may significantly harm our reputation, and could materially adversely affect our business, results of operations, and financial condition.

***We believe our long-term value as a company will be greater if we focus on growth, which may negatively impact our profitability.***

A significant part of our business strategy and culture is to focus on long-term growth and customer success over short-term financial results. Our profitability may be lower than it would be if our strategy were to maximize near-term profitability. If we are ultimately unable to improve growth and profitability at the level or during the time frame anticipated by securities or industry analysts and our stockholders, the trading price of our Class A common stock may decline.

***We recognize revenue from subscriptions over the term of our customer contracts. Consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.***

We generally recognize subscription revenue from customers ratably over the terms of their contracts, and a majority of our revenue is derived from subscriptions that have terms longer than one month. As a result, a portion of the revenue we report each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions with terms that are longer than one month in any single quarter may have a small impact on our revenue for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our products, and potential changes in our pricing policies or rate of expansion or retention, may not be fully reflected in our results of operations until future periods. We may also be unable to reduce our operating expenses in a timely fashion if our revenues were to significantly decline. In addition, because we believe a substantial percentage of subscriptions to our products are shorter than many comparable SaaS companies and because we have many variations of billing cycles, our remaining performance obligations may be a less meaningful indicator of our future financial results as compared to other SaaS companies. A significant portion of our costs are expensed as incurred, while revenue from subscriptions is recognized over the life of the agreement with the applicable customer.

***Failure to effectively develop and expand our direct sales capabilities would harm our ability to expand usage of our products within our customer base and achieve broader market acceptance of our products.***

Our ability to expand usage of our products within our customer base and achieve broader market acceptance among organizations depends to an extent on our ability to expand our sales operations successfully, particularly our direct sales efforts targeted at broadening use of our products across departments and entire organizations. We plan to continue expanding our direct sales force, both domestically and internationally, to expand use of our products within our customer base and reach larger organizations. This expansion will require us to continue to invest significant financial and other resources to grow and train our direct sales force. Our business, results of operations, and financial condition will be harmed if these efforts do not generate a corresponding increase in revenue. We may not achieve anticipated revenue growth from expanding our direct sales force if we are unable to hire and develop talented direct sales personnel, if our new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we are unable to retain our existing direct sales personnel. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training, and retaining a sufficient number of sales personnel to support our growth.

***If we are unable to develop and maintain successful relationships with channel partners, our business, operating results, and financial condition could be adversely affected.***

Our product-led sales growth has primarily depended on word-of-mouth, online marketing, and our direct sales force to sell subscriptions to our products. However, we believe that continued growth in our business is dependent upon identifying, developing, and maintaining strategic relationships with channel partners that can drive substantial additional revenue. While we have developed relationships with over 500 channel partners, our agreements with our existing channel partners are non-exclusive, so our channel partners may offer customers the products of several different companies, including products that compete with ours. They may also cease marketing our products with limited or no notice and without penalty. We expect that any additional channel partners we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our products. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently selling and deploying our products, our business, results of operations, and financial condition could be adversely affected. If our channel partners do not effectively market and sell our products, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be adversely affected.

***The failure to attract and retain additional qualified personnel could harm our business and prevent us from executing our business strategy and growth plans, and the steps we took recently to realign our workforce to our focused priorities may not have the expected benefits or may exacerbate these difficulties.***

Our success depends largely upon the continued services and performance of our senior management and other key personnel. From time to time, there have been and, may in the future be, changes in our senior management team resulting from the hiring or departure of executives and key employees, which could disrupt our business. Our senior management and key employees are employed on an at-will basis. We currently do not have "key person" insurance on any of our employees. The loss of key personnel may cause disruptions in, and harm to, our operations and have an adverse effect on our ability to grow our business and our results of operations and financial condition.

In addition, to execute our business model, we must attract and retain highly qualified personnel. Competition for executive officers, software engineers and product managers (particularly with AI and machine learning backgrounds), sales personnel, and other key personnel in our industry is intense in the locations in which we operate. As we become a more mature company, we may find our recruiting efforts more challenging. The incentives to attract, retain, and motivate employees provided by our equity awards, or by other compensation arrangements, may not be as effective as in the past.

Many of the companies with which we compete for experienced personnel have greater resources than we have. Our recruiting efforts may also be limited by laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas. Furthermore, any actual or perceived decline in the value of our equity awards as a result of volatility in our stock price could harm our hiring and retention efforts. If we do not succeed in attracting highly qualified personnel or retaining or motivating existing personnel, we may be unable to support our continued growth.

We believe that a critical component of our success has been our culture. We have invested substantial time and resources in building our team with an emphasis on shared values and a commitment to diversity and inclusion. As we continue to develop the infrastructure to support our growth, we will need to maintain our culture among a larger number of employees dispersed across the globe. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel.

***If our information technology, systems, or those of third parties with whom we work, or our data are or were to be compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse consequences.***

We (and the third parties with whom we work) process large amounts of sensitive information, including personal data, proprietary business information, trade secrets, and intellectual property, making us and our third-party service providers targets for evolving cyber threats. We (and the third parties with whom we work) face a variety of risks and threat actors, including ransomware attacks (which are becoming increasingly prevalent and severe), social engineering (including AI-enhanced deep fakes), online and offline fraud, malware, malicious code, denial-of-service attacks credential stuffing/harvesting attacks, personnel misconduct or error, software bugs, supply-chain attacks, nation-state actors, organized criminal groups, and attacks enhanced or facilitated by AI technologies. These risks and threat actors are increasingly sophisticated and difficult to detect. During geopolitical conflicts and depending on the relevant jurisdictions in which we (or third parties with whom we work or to whom we provide services) operate, we may face heightened risks of retaliatory cyber-attacks that could materially disrupt our operations and ability to deliver services. Hybrid work arrangements and business transactions (for example, acquisitions) further expand our cybersecurity risks. For example, acquired entities' information technology systems may introduce additional vulnerabilities and other security issues that were not discovered during due diligence. Additionally, our data and information technology systems may be damaged or fail for reasons other than a cyberattack, such as hardware failures or natural disasters.

We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties with whom we work). However, we have not and may not in the future detect and remediate all such vulnerabilities, including on a timely basis. Additionally, we face security threats and vulnerabilities as a SaaS company arising from any vulnerabilities in our products and services and our customers' use of our products and service (for example, customers' failure to appropriately secure their account credentials or other manner in which they interact with our products and services). Our reliance on third-party service providers for cloud infrastructure, data centers, and other critical functions also introduces cybersecurity risks beyond our direct control, including supply-chain attacks and vulnerabilities in vendor systems.  Additionally, use of third-party AI technologies by our personnel or in our products/services poses significant data security risks, as these tools may not protect the confidentiality of inputs, may use our data to train third-party models, or could inadvertently reveal sensitive information through AI-generated outputs.  For example despite implementing guidelines for AI tool usage, we cannot guarantee compliance or track all relevant personnel interactions with these technologies, creating risks that may be particularly difficult to eliminate or manage.

It is difficult and costly to maintain measures designed to detect, investigate, mitigate, contain and remediate security incidents. While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective, and we have in the past and may in the future experience security incidents. For example, we have been the target of unsuccessful phishing / credential stuffing / other type of cyberattack attempts in the past, and expect such attempts will continue in the future.

Any actual or perceived security incident impacting us (or the third parties with whom we work) could result in government investigations, enforcement actions, litigation, regulatory penalties, operational disruptions, reputational harm, customer loss, monetary fund diversions, diversions of management attention, financial costs for remediation, notification, and legal proceedings and other adverse consequences.  Applicable obligations may require us or we may voluntarily choose to notify relevant stakeholders of security incidents. We may be required to fundamentally change our business practices in response to security incidents, and our insurance coverage and limitations of liability in our contracts may be inadequate to cover all potential damages, costs and other losses.  The costs and resources required to prevent, detect, and respond to security threats continue to increase as we expand our business and process larger volumes of sensitive information, potentially diverting resources from growth initiatives and adversely affecting our competitive position.

***If we fail to manage our technical operations infrastructure, or experience service outages, interruptions, or delays in the deployment of our products, our results of operations may be harmed.***

We have in the past and may in the future experience system slowdowns and interruptions. Additionally, growth in our customer base could place additional demands on our products and cause or otherwise exacerbate slowdowns or interrupt the availability of our products. If there is a substantial increase in the volume of usage of our products, we will be required to further expand and upgrade our technology and infrastructure. There can be no assurance that we will be able to accurately project the rate or timing of increases, if any, in the use of our products or expand and upgrade our systems and infrastructure to accommodate such increases on a timely basis. In such cases, we may lose customers or partners if our users are not able to access our products or encounter slowdowns when doing so. Some of our subscriptions include standard service-level commitments. If we are unable to meet the stated service-level commitments, including failing to meet the uptime and delivery requirements under our customer subscription agreements, we may be obligated to provide these customers with service credits which could significantly affect our revenue in the periods in which the uptime or delivery failure occurs and the credits are applied.  Additionally, we could also face subscription terminations, which could significantly affect both our current and future revenue. Any service-level failures could also damage our reputation, which could also adversely affect our business and results of operations. Our disaster recovery plan may not be sufficient to address all aspects or any unanticipated consequence or incidents, and our insurance may not be sufficient to compensate us for the losses that could occur.

Amazon Web Services (AWS) provides the vast majority of our cloud computing infrastructure for hosting our products, mobile applications, and internal business tools under a long-term commercial agreement. Any significant disruption of, limitation of access to, or interference with AWS would negatively affect our operations and could seriously harm our business. Transitioning to another cloud provider would require significant time and expense and could disrupt service delivery. If AWS increases pricing, terminates our relationship, establishes more favorable terms with competitors, or changes its terms of service unfavorably, our business and financial condition would be materially harmed.

In addition, we rely on hardware and infrastructure purchased or leased from third parties and software, AI tools and SaaS products licensed from third parties to operate critical business functions, and we face risks as a result of our reliance on these third-party providers, including risks inherent in how third party AI tools used in our solutions have been developed and deployed, including situations in which the third party may lack a proper license or consent for the data used to train their AI tools. Our business would be disrupted if any such third-party hardware, software, AI tools, SaaS products and infrastructure becomes unavailable on commercially reasonable terms, or at all or has degradations in performance. Any errors or defects in third-party hardware, software, AI tools, SaaS products or infrastructure could result in errors or a failure of our products, which could harm our business and results of operations. Additionally, should we choose to switch any third-party hardware, software, AI tools, SaaS products and/or infrastructure, delays or complications with respect to the transition could adversely impact our business and results of operations.

***If we are unable to ensure that our products interoperate with a variety of software applications that are developed by others, including our integration partners, we may become less competitive and our business, results of operations, and financial condition may be harmed.***

Our products integrate with a variety of hardware and software platforms and SaaS products and technologies, and we need to continuously modify and enhance our products to adapt to changes in hardware, software, and browser technologies. In particular, we have developed our products to be able to easily integrate with third-party applications, including the applications of software providers (some of which compete with us) as well as our partners, through the interaction of APIs. In general, we rely on the providers of such software systems to allow us access to their APIs to enable these integrations. We are typically subject to standard terms and conditions of such providers, which govern the distribution, operation, and fees of such software systems, and which are subject to change by such providers from time to time. Our business will be harmed if any key provider of such software systems:

- discontinues or limits our access to its software or APIs;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on, us or other application developers;
- changes how information is accessed by us or our customers;
- establishes more favorable relationships with one or more of our competitors; or
- develops or otherwise favors its own competitive offerings over our products.

Third-party services and products are constantly evolving, and we may not be able to modify our products to assure their compatibility with that of all other third parties. In addition, some of our competitors may be able to disrupt the operations or compatibility of our products with their products or services, or exert strong business influence on our ability to, and terms on which we, operate our products. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our products or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our products with these products could decrease. If we are not permitted or able to integrate with these and other third-party applications in the future, our business, results of operations, and financial condition would be harmed.

Further, certain of our products include a mobile application to enable users to access our products through their mobile devices. If our mobile applications do not perform well, our business will suffer. In addition, our products interoperate with servers, mobile devices, and software applications predominantly through the use of protocols, many of which are created and maintained by third parties. We, therefore, depend on the interoperability of our products with such third-party services, mobile devices, and mobile operating systems, as well as cloud-enabled hardware, software, networking, browsers, database technologies, and protocols that we do not control. The loss of interoperability, whether due to actions of third parties or otherwise, and any changes in technologies that degrade the functionality of our products or give preferential treatment to competitive services could adversely affect adoption and usage of our products. Also, we may not be successful in developing or maintaining relationships with key participants in the mobile industry or in ensuring that we operate effectively with a range of operating systems, networks, devices, browsers, protocols, and standards. If we are unable to effectively anticipate and manage these risks, or if it is difficult for customers to access and use our products, our business, results of operations, and financial condition may be harmed.

***We rely on search engines, including traditional web search and emerging AI-powered platforms, to drive traffic to our websites, and changes in these platforms could adversely affect our business.***

Our success depends in part on our ability to attract users through unpaid search results on traditional web search engines such as Google. Search engines frequently update their algorithms, ranking methodologies, and user interfaces in ways that are outside our control. The search ecosystem is also evolving to include AI-generated responses and standalone AI search experiences, which increasingly provide answers without requiring users to click through to a website. These changes have contributed to a rise in “zero-click” searches, which could have an adverse impact on business, results of operations, and financial condition.

Historically, traffic to our websites from search engines has been driven by our position in unpaid search results. Traffic from large language model (LLM)-based platforms currently represents a small portion of our total website traffic but has been growing in recent quarters. As these platforms become more widely adopted, they may become a more material component of our customer acquisition strategy.

At the same time, the rise of AI-powered search may reduce the effectiveness of traditional SEO strategies. Our rankings and visibility may be affected by changes to search engine algorithms, crawling or indexing practices, or interface designs that prioritize AI-generated content over traditional web links. These changes may reduce traffic to our sites, even if our content remains high-quality. Additionally, our content may be used by AI systems to generate responses or train models without driving attributable traffic or revenue.

Although we have made investments to improve our visibility in both traditional and AI-powered search environments, there can be no assurance that these efforts will fully offset the impact of ongoing changes in user behavior and search technology. If we are unable to maintain or improve our visibility, our ability to attract users through unpaid channels may decline, requiring increased investment in paid marketing to meet growth targets. This could increase customer acquisition costs and negatively affect our operating results.

***We rely on third parties maintaining open digital marketplaces to distribute our mobile applications for our products. If such third parties interfere with the distribution of our mobile applications, our business would be adversely affected.***

We rely on third parties maintaining open digital marketplaces, including the Apple App Store and Google Play, which make our mobile applications for certain of our products available for download. We cannot assure you that the marketplaces through which we distribute these mobile applications will maintain their current structures or that such marketplaces will not charge us fees to list our application for download. We are also dependent on these third-party marketplaces to enable us and our users to timely update these mobile applications, and to incorporate new features, integrations, and capabilities.

In addition, Apple and Google, among others, for competitive or other reasons, could stop allowing or supporting access to our mobile applications through their products, could allow access for us only at an unsustainable cost, or could make changes to the terms of access in order to make our mobile applications less desirable or harder to access. Furthermore, the promulgation of new laws or regulations in the European Union (EU) and the United Kingdom (UK), such as the EU Digital Markets Act (DMA), EU Digital Services Act (DSA), and the UK Online Safety Act (OSA) that restrict or otherwise unfavorably impact the marketplaces through which we distribute our products could require us to change certain aspects of our business and operations. In addition, our products are enabled to allow our customers to use multiple communication methods with their consumers, including email, web widget, WhatsApp, SMS, and iMessage among others. To comply with the DMA, third parties may increase the cost of or otherwise limit our ability to integrate our products with certain communication methods.

***Real or perceived errors, failures, vulnerabilities, or bugs in our products would harm our business, results of operations, and financial condition.***

The software technology underlying and integrating with our products is inherently complex and may contain material defects or errors. Errors, failures, vulnerabilities, or bugs have in the past, and may in the future, occur in our products, especially when updates are deployed or new features, integrations, or capabilities are rolled out. Any such errors, failures, vulnerabilities, or bugs may not be found until after new features, integrations, or capabilities have been released. Furthermore, we will need to ensure that our products can scale to meet the evolving needs of customers, particularly as we increase our focus on larger teams and organizations. Real or perceived errors, failures, vulnerabilities, or bugs in our products could result in an interruption in the availability of our products, negative publicity, unfavorable user experience, loss or leaking of personal information and data of organizations, loss of or delay in market acceptance of our products, loss of competitive position, regulatory fines, or claims by organizations for losses sustained by them, all of which would harm our business, results of operations, and financial condition.

***If we experience excessive fraudulent activity, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base to decline significantly.***

We currently accept payments using a variety of methods, including credit card and debit card, and a large number of our customers authorize us to bill their credit card accounts through our third-party payment processing partners for subscriptions to our products. We are subject to regulations and compliance requirements, such as the payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard (PCI-DSS) and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we (or a third-party processing payment card transactions on our behalf) suffer a security breach affecting payment card information, we may have to pay significant fines, penalties, and assessments arising out of the major card brands' rules and regulations, contractual indemnifications, or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, which could materially impact our operations and financial performance.

If customers pay for their subscription plans with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed or able to recover. Further, our customers provide us with credit card billing information online, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur chargebacks from the credit card companies for claims that the customer did not authorize the credit card transaction for subscription plans, something that we have experienced in the past. If the number of claims of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. Our third-party payment processing partners must also maintain compliance with current and future merchant standards to accept credit cards as payment for our paid subscription plans. Substantial losses due to fraud or our inability to accept credit card payments would cause our customer base to significantly decrease and would harm our business.

***We employ a pricing model that subjects us to various challenges that could make it difficult for us to derive sufficient value from our customers particularly because we do not have the history with our subscription or pricing models that we need to accurately predict optimal pricing necessary to attract and retain customers.***

We generally charge our customers for their use of our products based on the number of users they enable as "agents" under their customer account, as well as the features and functionality enabled. The features and functionality we provide within our solutions enable our customers to promote customer self-service and otherwise efficiently and cost-effectively address product support requests without the need for substantial human interaction. As a result of these features, customer agent staffing requirements may be minimized, and our revenue may be adversely affected. Conversely, customers may overestimate their agent needs when they initially use our solutions, negatively affecting our ability to accurately forecast the number of agents our customers need in forward periods. We generally also require a separate subscription to enable the functionality of each of our products. We are continuing to analyze and improve our pricing and packaging models as we adapt to a changing market, but we do not know whether our current or potential customers or the market in general will accept changes to those models, and if it fails to gain acceptance, our business and results of operations could be harmed.

If we fail to find an optimal pricing strategy for our products, our business and results of operations may be harmed. If customers do not accept our new purchase plans, we may increasingly have difficulty in attracting new customers, as well as our ability to retain existing customers to the extent we apply new pricing models to existing customer subscriptions. Our pricing model may impact our customer's pricing decisions and adoption of our subscription plans and negatively impact our overall revenue. In the future we may be required to reduce our prices or develop new pricing models, which could adversely affect our revenue, gross margin, profitability, financial position, and cash flow.

Finally, as the market for our products matures, or as new competitors introduce new products or services that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing models as we have used historically.

***We face exposure to foreign currency exchange rate fluctuations.***

We face exposure to foreign currency exchange rate fluctuations that could adversely affect our revenue, operating expenses, and results of operations. While we have historically transacted primarily in U.S. dollars, we increasingly transact in foreign currencies with customers and vendors and for payroll in foreign jurisdictions where we operate. Our results of operations and cash flows are subject to currency fluctuations primarily in the Indian rupee, British pound, and euro, as the Company is exposed to remeasurement to the U.S. dollar, which is our functional currency. These exposures may change as business practices evolve, economic and political conditions shift, and tax regulations develop. Additionally, fluctuations in foreign currency values could make it more difficult to detect underlying trends in our business and results of operations. Global events and geopolitical developments, including ongoing conflicts, fluctuating commodity prices, trade tariff developments, and inflation, have caused and may continue to cause global economic uncertainty and interest rate volatility, which could amplify currency fluctuation volatility. We enter into foreign exchange forward contracts to hedge a portion of our forecasted foreign currency expenses denominated in Indian rupee, and we may enter into additional hedging transactions if our foreign currency exposure becomes more significant. However, our hedging program is designed to reduce, but does not eliminate, the risk that our earnings and cash flows may be adversely affected by changes in exchange rates, and these risk management efforts may not be successful.

***We derive, and expect to continue to derive, substantially all of our revenue from a limited number of products.***

We derive, and expect to continue to derive, substantially all of our revenue from our Freshservice and Freshdesk products. As such, the continued growth in market demand for and market acceptance of these products is critical to our continued success. Demand for our products is affected by a number of factors, some of which are beyond our control, such as the rate of adoption of our products within an organization, the timing of development and release of new products by our competitors; the development and acceptance of new features, integrations, and capabilities for our products; price, product, and service changes by us or our competitors; technological changes and developments within the markets we serve; growth, contraction, and rapid evolution of our market; and general economic conditions and trends. If we are unable to continue to meet the demands of users and customers to keep up with trends in preferences for employee and customer experience products, or to achieve more widespread market acceptance of our products, our business, results of operations, and financial condition would be harmed. In addition, some current and potential customers, particularly larger organizations, may develop or acquire their own tools or continue to rely on traditional tools and software for their employee and customer experience needs, which would reduce or eliminate their demand for our products. If demand for our products declines for any of these or other reasons, our business, results of operations, and financial condition would be adversely affected.

***If we fail to offer high-quality customer support, our business and reputation will suffer.***

While we have designed our products to be easy to adopt and use, once users and customers begin using our products, they rely on our support services to resolve any related issues. The importance of high-quality customer support will increase as we expand our business and pursue new customers. For instance, if we do not help organizations using our products quickly resolve issues, our reputation with existing or potential customers will be harmed. Further, our sales are highly dependent on our business reputation and on positive recommendations from existing customers using our products. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability to sell our products to existing and prospective customers, and our business, results of operations, and financial condition. Additionally, as we continue to expand, we will need to hire additional support personnel to provide efficient product support globally at scale. Any failure to provide such support could harm our reputation.

***We and the third parties with whom we work are subject to stringent and evolving global data privacy and security laws, regulations, contractual obligations, industry standards, and other obligations relating to data privacy or security. Our actual or perceived failure (or that of the third parties with whom we work) to comply with these requirements could result in regulatory investigations, litigation, fines, business disruptions, reputational harm, loss of customers or revenue, and other adverse consequences.***

We process sensitive information (including personal information) belonging to users, customers, suppliers, partners, and personnel, subjecting us to numerous federal, state, local, and foreign data protection laws that are changing, subject to differing interpretations, and may be inconsistent among jurisdictions. For example, in the United States, certain comprehensive state consumer privacy laws impose obligations including specific privacy notice disclosures, consumer rights to access, correct, or delete personal information, and opt-out rights for targeted advertising and automated decision-making. These laws allow for statutory fines and, in some cases, private litigation with significant statutory damages. Internationally, regulations such as the EU GDPR, UK GDPR, and India's Digital Personal Data Protection Act impose strict processing requirements with consequences for noncompliance including potential processing bans, significant fines, and private litigation. Additional data privacy and security laws may be proposed or enacted in the jurisdictions in which we, our customers or other third parties with whom we work operate or offer products or services.

We may be unable to transfer personal information from the EU, UK, and other jurisdictions to the United States or other relevant jurisdictions due to data localization requirements or cross-border transfer limitations. While mechanisms such as the EU-U.S. Data Privacy Framework exist, these are subject to legal challenges and regulatory scrutiny. If we cannot lawfully transfer personal information or if compliance requirements become too onerous, we could face adverse consequences such as operational interruptions, the need to relocate business activities to other jurisdictions at significant expense, regulatory actions, substantial fines, and injunctions against data processing necessary to operate our business.

In addition to laws, we are subject to other obligations related to data privacy or security such as contracts, industry standards, and policies. For example, we are bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We also publish policies, marketing materials, and other statements concerning data privacy, security, and AI. Regulators are increasingly scrutinizing such statements, and if they are found to be inaccurate, misleading, or otherwise deficient we may be subject to regulatory investigations, enforcement actions, or other adverse consequences.

Our use of artificial intelligence, including generative and agentic AI and machine learning (ML) technologies, in products and services presents additional privacy and security risks. AI technologies are subject to increasing regulation (for example, in relation to data privacy and security as well as general consumer protection) in jurisdictions around the globe, including the EU's Artificial Intelligence Act and emerging US state laws. Privacy and data protection laws that regulate automated decision-making and extend consumer rights may be incompatible with our AI/ML use, potentially requiring us to disgorge profits, change business practices, retrain AI systems, and limit AI deployment. If we cannot use AI technologies or such use is restricted, our business may be less efficient and we may otherwise be at a competitive disadvantage. Personnel use of generative AI technologies could result in inadvertent disclosure of personal information, creating additional compliance costs and regulatory risks.

Compliance obligations related to data privacy and security continue to evolve and become more stringent. These obligations are subject to differing applications and interpretations across jurisdictions. some of which may be inconsistent. Such obligations have required and will continue to require from us significant resource expenditures, and may limit our ability to develop new services, store and process customer data, or operate our business effectively. Any actual or perceived non-compliance with such obligations by us or by the third parties with whom we work (including our customers) could result in adverse consequences such as governmental enforcement actions, investigations, fines, penalties, audits, litigation including class actions and mass arbitration demands, additional reporting requirements, processing restrictions, orders to destroy data, and potential imprisonment of company officials. Data privacy and security-related claims are increasingly common, with some allowing statutory damages on a per-violation basis that could result in substantial financial exposure. For example, we have in the past and may in the future experience legal demands related to data privacy or security, such as in relation to our use of digital tracking technologies on our website. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

Additionally, many of our products and services are general-purpose solutions that our customers can configure and deploy for their particular use cases. Depending on the manner in which our customers use our products and services, it could expose us to additional data privacy and security obligations (for example, those related to telemarketing, employment, and AI). Although we maintain measures designed to prohibit customers from using our products and services in unlawful or other harmful ways, customers may attempt (and have at times in the past attempted) to use our products and services in ways that violate our policies, terms or applicable laws, which could lead to adverse consequences for us such as those described above.

**Risks Related to International Operations**

***Our international operations and sales to customers outside the United States expose us to risks inherent in international operations and sales.***

We have a significant portion of our operations in India. As of December 31, 2025, approximately 3,600 of our employees reside in India, representing approximately 81% of our total employee population. For the fiscal year ended December 31, 2025, approximately 54% of our revenue was generated from customers outside North America. Besides India and the United States, we have sales and marketing operations primarily in Australia, select countries in the European Union and the United Kingdom. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic, and political risks that are different from those in the United States. In addition, we will face risks in doing business internationally that could adversely affect our business and results of operations, including:

- data privacy laws that impose different and potentially conflicting obligations with respect to how personal information is processed or require that customer data be stored in a designated territory;
- difficulties in staffing and managing foreign operations;
- regulatory and other delays and difficulties in setting up and maintaining foreign operations;
- different pricing environments, longer sales cycles, longer accounts receivable payment cycles, and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting, and changing governmental laws and regulations, including employment, tax, privacy, and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;

- declines or increases in the values of foreign currencies, primarily the Indian rupee, British pound, and euro, relative to the U.S. dollar;
- restrictions on the transfer of funds;
- potentially adverse tax consequences;
- the cost of and potential outcomes of any claims or litigation;
- future accounting pronouncements and changes in accounting policies;
- changes in tax laws or tax regulations;
- the request to localize and adapt our products for specific countries, including translation into foreign languages and associated expenses;
- public health or similar issues, such as a pandemics or epidemics; and
- regional and local economic and political conditions, including the evolving events in Russia, Ukraine, Israel, Gaza, and/or surrounding regions.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and others could harm our ability to increase international revenue and, consequently, would materially impact our business and results of operations. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

In particular, the majority of our software development operations are in India. South Asia has from time to time experienced instances of civil unrest, natural disasters, terrorist attacks and hostilities among neighboring countries. To the extent that such interruptions or unrest affects or involves India, our business may be significantly impacted due to the extent of our operations in India. Further, such activities could disrupt communications, make travel more difficult, and create a greater perception that investments in companies with large operations in India involve a higher degree of risk. This, in turn, could have an adverse effect on the market for our Class A common stock.

In addition, following Russia's military invasion of Ukraine in February 2022, the United States, EU, and other nations announced various sanctions and export restrictions against Russia and Belarus. Such restrictions included blocking sanctions on some of the largest state-owned and private Russian financial institutions, and their removal from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system. The Russia-Ukraine conflict and the measures that have been taken, and could be taken in future, by the United States, NATO, and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies, any or all of which could adversely affect our business, including preventing us from performing existing contracts, pursuing new business opportunities, or receiving payments for services already provided to customers.

***We are subject to anti-corruption, anti-bribery, and similar laws, and our failure to comply with these laws could subject us to criminal penalties or significant fines and harm our business and reputation.***

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the UK Bribery Act 2010, the India Prevention of Corruption Act, 1988, and other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering, soliciting, or accepting, directly or indirectly, improper payments or other benefits to or from any person whether in the public or private sector. Our risks under these laws may increase as we increase our international sales and business further, especially given our substantial reliance on sales to and through resellers and other intermediaries. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage, and other consequences. Such investigations and enforcement actions, regardless of their outcome, could be costly, time-consuming, disruptive to our operations, and harmful to our reputation and business relationships. Additionally, the costs of implementing and maintaining compliance programs, conducting due diligence on third-party partners, and responding to regulatory inquiries continue to increase as these laws evolve and enforcement intensifies globally.

***A substantial portion of our business and operations are located in India, and we are subject to regulatory, economic, social, and policy uncertainties in India. Non-compliance with and changes in such laws may adversely affect our business, results of operations, and financial condition.***

A substantial portion of our operations and employees are located in India, including a majority of our software engineering resources. Consequently, our financial performance and the market price of our Class A common stock will be affected by changes in exchange rates and controls, interest rates, changes in labor law, changes in government policies, including taxation policies, and other social and economic developments in or affecting India.

The Government of India and the state governments of India have exercised and continue to exercise significant influence over many aspects of the Indian economy. India has a mixed economy with a large public sector and an extensively regulated private sector. Increased regulation, changes in existing regulations, or significant changes in India's policy of economic liberalization may require us to change our business policies and practices. If we are unable to comply with such regulations on a timely basis, we may be subjected to sanctions, fines, or other regulatory actions. We may not be able to react to such changes promptly or in a cost-effective manner and therefore such changes may increase the cost of providing services to our customers, which would have an adverse effect on our operations and our financial condition and results of operations.

Additionally, wage increases in India may diminish our competitive advantage against companies located in the United States and European Union and may reduce our profit margins. Our wage costs in India have historically been significantly lower than wage costs in the United States and the EU for comparably skilled professionals, and this has been one of our competitive advantages. However, wage increases in India due to legislation or other factors may prevent us from sustaining this competitive advantage and may negatively affect our financial performance. We may need to increase the levels of our employee compensation more rapidly than in the past to retain talent. Unless we are able to continue to increase the efficiency and productivity of our employees over the long term, wage increases may negatively affect our financial performance.

Further, Government of India introduced (i) the Code on Wages 2019 ("Wages Code"); (ii) the Code on Social Security, 2020 ("Social Security Code"); (iii) the Occupational Safety, Health and Working Conditions Code, 2020; and (iv) the Industrial Relations Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. Pursuant to notifications issued by Government of India dated November 21, 2025, the Occupational Safety, Health and Working Conditions Code, 2020 and Industrial Relations Code, 2020 have been made fully effective and certain provisions of the Wages Code and Social Security Code have been made effective, each as of November 21, 2025. The effect of these provisions on us including impact on overall employee expenses which in turn may affect our profitability cannot be predicted with certainty at this stage.

***We are subject to complex and evolving export control, import, and trade sanctions laws that could impair our ability to compete internationally, result in significant penalties, and adversely affect our business and results of operations.***

Our business activities are subject to various export control, import, and trade and economic sanction laws and regulations, including, among others, the U.S. Export Administration Regulations, administered by the Department of Commerce's Bureau of Industry and Security, U.S. Customs regulations, and economic and trade sanctions regulations maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, (collectively, Trade Controls). Trade Controls may prohibit or restrict the sale or supply of certain products and services to certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions. We incorporate encryption technology into certain of our products, which may subject their export outside of the United States to certain export authorization requirements, including licensing, compliance with license exceptions, or other appropriate government authorization. In addition, various other countries regulate the import and export of certain encryption and other technology, including through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit the ability of organizations to use our products in those countries.

Although we maintain internal controls reasonably designed to ensure compliance with Trade Controls, our products and services may have in the past been, and could in the future be, provided inadvertently in violation of Trade Controls, despite the precautions we take. Violations of Trade Controls may subject our company, including responsible personnel, to various adverse consequences, including civil or criminal penalties, government investigations, and loss of export privileges.

Finally, changes in our products or future changes in Trade Controls could result in our inability to provide our products to certain customers or decreased use of our products by existing or potential customers with international operations. Any decreased use of our products or mobile applications or increased limitations on our ability to export or sell our products and mobile applications would adversely affect our business, results of operations, and financial condition.

***Restrictive changes to immigration laws may hamper our growth.***

The success of our business is dependent on our ability to attract and retain talented and experienced professionals in the jurisdictions in which we operate. Immigration laws in the countries in which we operate are subject to legislative changes, as well as to variations in the standards of application and enforcement due to political forces and economic conditions.

Our business is strengthened by the ability to mobilize employees between India and the United States where we have significant operations. Changes to U.S. immigration laws could make it more difficult to obtain the required work authorizations for our employees. This could in turn have an adverse effect on our operations and the value of our Class A common stock.

***Government regulation on e-commerce and foreign investment, including investment in e-commerce in India, is evolving, and unfavorable changes to, or failure by us to comply with, these evolving regulations could adversely affect our business, financial condition, and results of operations.***

The ownership of Indian companies by non-residents is regulated by the Government of India and the Reserve Bank of India (RBI).Under its consolidated foreign direct investment policy, 2020 (FDI Policy) and India's Foreign Exchange Management Act, 1999 and the rules and regulations thereunder, particularly the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, each as amended (FEMA), the Government of India has specific requirements with respect to the level of foreign investment permitted in certain business sectors both without (known as the automatic route) and with (known as the approval route) prior regulatory approval, as well as the pricing of such investments, downstream investments by Indian companies owned or controlled by foreign entities, and the transfer of ownership or control of Indian companies in sectors with caps on foreign investment from resident Indian persons or entities to non-residents of India.

Under the FDI Policy, 100% foreign ownership is allowed under the automatic route (i.e., generally without prior regulatory approval) in companies engaged in business to business (B2B) e-commerce activities. Our current business operations and holding structure comply with these foreign investment restrictions and conditions. However, the Government of India has made and may continue to make revisions to the FEMA and the FDI Policy as regards e-commerce in India, including in relation to inventory, pricing, discounting, and permitted services. The Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India is also in the process of legislating a national e-commerce policy, which will address e-commerce regulation and data protection. The timing or impact of this policy, which remains in draft form, is not yet certain. Such changes may require us to make changes to our business in order to comply with Indian law.

The regulatory framework applicable to e-commerce is constantly evolving and remains subject to change by the Government of India and the RBI. Any failure, or perceived failure, by us to comply with any of these evolving laws or regulations could result in proceedings or actions against us by governmental entities or others. Further, any such framework changes, such as the mandate on recurring credit and debit card payments that went into effect on September 30, 2021, may adversely affect our results of operations.

**Risks Related to Intellectual Property**

***We face risks from intellectual property infringement claims and other litigation that could result in significant costs, operational restrictions, and material adverse effects on our business and results of operations.***

Our success depends on developing and commercializing offerings without infringing third-party intellectual property rights. However, we may be subject to claims of infringement, misappropriation of violation of such rights, and competitors or other parties may claim infringement even when we are unaware of their alleged intellectual property coverage. While we maintain policies prohibiting employees from using confidential information of third parties or former employers, we cannot guarantee compliance, and employees may act without our knowledge in contravention of such policies. Additionally, our use of third-party generative AI tools exposes us to copyright infringement and other intellectual property claims, as we may have limited insight into the content used to train these AI systems or the extent to which original works remain in AI outputs.

Intellectual property litigation, regardless of merit, involves considerable costs and diverts management attention and resources, potentially harming our business and results of operations. We may be required to settle litigation on unfavorable terms, obtain licenses that may not be available on reasonable terms or at all, develop alternative non-infringing technology at significant expense, or discontinue certain practices or operations. Adverse judgments could require us to cease operations or pay substantial damages. Our insurance may not cover such claims, provide sufficient coverage, or remain available on acceptable terms, resulting in unanticipated costs and material adverse effects on our business.

We indemnify channel partners and customers against third-party infringement claims, and these obligations may be excluded from contractual liability limitations. Such claims may require us to initiate or defend costly litigation regardless of merit, pay damages on behalf of customers and partners, modify products to make them non-infringing, or obtain necessary licenses. If we cannot obtain required licenses on commercially reasonable terms, customers may be forced to stop using our products and channel partners may be forced to stop selling them, adversely affecting our business and results of operations.

***If we are unable to protect our intellectual property rights both in the United States and abroad, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.***

We rely and expect to continue to rely on a combination of trademark, copyright, patent, and trade secret protection laws to protect our intellectual property rights and proprietary information both in the United States and abroad. The intellectual property laws and protections offered in countries outside of the United States may not protect proprietary rights to the same extent as laws in the United States. While we have been issued patents for certain aspects of our intellectual property in the United States and have additional patent applications pending in the United States, we have not applied for patent protection in foreign jurisdictions, and may be unable to obtain patent protection for the technology covered in our patent applications. In addition, we cannot ensure that any of the patent applications will be approved or that the claims allowed on any issued patents will be sufficiently broad to protect our technology or products and provide us with competitive advantages. Furthermore, any issued patents may be challenged, invalidated, or circumvented by third parties. Therefore, our efforts to protect our intellectual property may not be adequate and competitors may independently develop similar technology or duplicate our products or services and compete with us in this and other geographies where enforcement of intellectual property rights is less clear than in the United States.

We use trademarks, trade names, and brand names to distinguish our solutions from the products of our competitors, and have registered or applied to register many of these trademarks in the United States and certain countries outside the United States. As we rely in part on brand names and trademark protection to enforce our intellectual property rights, efforts by third parties to oppose trademark applications, limit use of our brand names or trademarks and barriers to the registration of brand names and trademarks in various countries may restrict our ability to promote and maintain a cohesive brand throughout our key markets. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which would result in loss of brand recognition and would require us to devote resources to advertising and marketing new brands.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. Additionally, copyright and other intellectual property protection for materials that we develop with the use of AI tools may be limited, if available at all, and we therefore may be unable to obtain protection for such works. To protect our trade secrets and other proprietary information, we require employees, consultants, and independent contractors to enter into confidentiality agreements and invention assignment agreements to control access to and use of our proprietary information and to ensure that any intellectual property developed by such employees, contractors, consultants, and other third parties are assigned to us. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how, or other proprietary information in the event of any unauthorized use, misappropriation, or disclosure of such trade secrets, know-how, or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business would be materially adversely affected

Furthermore, third parties may knowingly or unknowingly infringe or circumvent our intellectual property rights, and we may not be able to prevent infringement without incurring substantial expense. Litigation brought to protect and enforce our intellectual property rights would be costly, time-consuming, and distracting to management and key personnel, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our products and methods of operations. Any of these events would have a material adverse effect on our business, results of operations, and financial condition.

***Our use of "open source" and third-party software could impose unanticipated conditions or restrictions on our ability to commercialize our products and could subject us to possible litigation.***

A portion of the technologies we use in our products and mobile applications incorporates "open source" software, and we may incorporate open source software in our products and mobile applications in the future. This exposes us to potential claims of ownership by parties of what we believe to be open source software or non-compliance claims as to the applicable open source licensing terms. Some open source licenses require end-users who distribute or make available across a network software and services that include open source software to make available all or part of such software, which in some circumstances could include valuable proprietary code, at no cost, or license such code under the terms of the particular open source license. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose source code that incorporates or is a modification of such licensed software. Furthermore, there is an increasing number of open-source software license types, almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such license types. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable open source license, we could expend substantial time and resources to re-engineer some or all of our software or be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software, and required to comply with the foregoing conditions, including public release of certain portions of our proprietary source code.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our products. Any of the foregoing could be harmful to our business, results of operations, and financial condition.

We rely on software licensed from third parties to offer our products. In addition, we may need to obtain future licenses from third parties to use intellectual property rights associated with the development of our products, which might not be available on acceptable terms, or at all. Any loss of the right to use any third-party software required for the development and maintenance of our products or mobile applications could result in loss of functionality or availability of our products or mobile applications until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated. Any errors or defects in third-party software could result in errors or a failure of our products or mobile applications. Any of the foregoing would disrupt the distribution and sale of subscriptions to our products and harm our business, results of operations, and financial condition.

**Risks Related to Tax Matters**

***Our business, results of operations, and financial condition may be harmed if we are required to collect sales or other related taxes for subscriptions to our products in jurisdictions where we have not historically done so.***

We collect sales and use, value-added and similar taxes in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other similar taxes could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential customers from subscribing to our products due to the incremental cost of any such sales or other related taxes, or otherwise harm our business, results of operations, and financial condition.

Additionally, the application of indirect taxes, such as sales and use tax, value-added tax, GST, business tax, and gross receipt tax, to our business is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations, and, as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. New legislation could require us to incur substantial costs, including costs associated with tax calculation, collection, and remittance and audit requirements, and could adversely affect our business and results of operations.

***Our ability to utilize net operating loss carryforwards and other tax attributes to offset taxable income may be limited by ownership changes, evolving tax laws, and utilization restrictions, which could increase our future tax obligations and adversely affect our results of operations.***

As of December 31, 2025, we had U.S. federal net operating loss carryforwards of $67.3 million portions of which will begin to expire in 2034 if not utilized. U.S. federal net operating losses arising in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in a taxable year is limited to 80% of taxable income in such year. In addition, we have foreign tax credits of $17.6 million that will begin to expire in 2028. Furthermore, we have state net operating loss carryforwards of $112.0 million, portions of which will begin to expire in 2026. Portions of these net operating loss carryforwards and foreign tax credits could expire unused and be unavailable to offset future income tax liabilities. For state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. Our existing net operating losses may be subject to limitations arising from transactions that have occurred since our inception, which may trigger such an ownership change pursuant to Section 382. In the future, we may experience ownership changes as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;

- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the One Big Beautiful Bill Act ("OBBBA");

- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;

- the outcome of current and future tax audits, examinations or administrative appeals; and

- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Changes in tax laws or regulations could be enacted or existing tax laws or regulations could be applied to us or our customers in a manner that could increase the costs of our products and harm our business. Further, existing tax laws and regulations could be interpreted, modified or applied adversely to us. For example, the OBBBA, together with prior tax legislation, enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to any tax legislation may affect us, and certain aspects of such legislation could be repealed or modified or sunset in future years. Changes in corporate tax rates, the realization of net operating losses, and other deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses or future tax reform legislation could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense.

***Our international operations may subject us to potential adverse tax consequences.***

We are expanding our international operations to better support our growth into international markets. Our corporate structure and associated transfer pricing policies contemplate future growth in international markets, and consider the functions, risks and assets of the various entities involved in intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable nexus, often referred to as a “permanent establishment” under international tax treaties. If such a challenge, disagreement or assertion were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

***Changes in India's taxation system could adversely affect our business, financial condition, and results of operations due to the complex and evolving nature of central and state tax regimes.***

Our business, financial condition, and results of operations could be materially and adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty, and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

U.S. and Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm's-length price. Transactions among us and our subsidiaries may be considered such transactions. Accordingly, we determine the pricing among our entities on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control. If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties.

If the stockholders (being non-residents under Indian tax laws) of the foreign company exit by way of redemption of the shares held by them in the foreign company or by selling the shares in foreign company, the stockholders could be taxed in India where the foreign company derives substantial value from India subject to stockholders being either entitled to small stockholder exemption available under Income Tax Act, 1961 or a benefit under the applicable double taxation avoidance agreement.

Tax laws and regulations are also subject to differing interpretations by various authorities in India. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administration and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future. We are continually under review by the Indian tax authorities and have not received any assessments to date that would have a material impact to our financial statements.

***Our ability to receive dividends and other payouts from our Indian subsidiary is subject to Indian legal restrictions and withholding tax.***

Whether our Indian subsidiary will pay us dividends in the future and the amount of any such dividends, if declared, will depend on a number of factors, including future earnings, financial condition and performance, cash flows, working capital requirements, capital expenditures and other factors considered relevant by us and the board of our Indian subsidiary. We may decide to retain a substantial portion or all of our earnings in our Indian subsidiary to finance the development and expansion of our business and, therefore, may not declare dividends.

In the event dividends are declared, the Income Tax Act, 1961, as amended, requires that any dividends paid by an Indian company be subject to tax in the hands of the stockholders at applicable rates, such taxes will be withheld by the Indian subsidiary paying dividends.

**Risks Related to Ownership of Our Class A Common Stock**

***The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.***

The trading price of our Class A common stock has been and will likely continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock include the risk factors set forth in this section as well as the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;

- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors, particularly in light of the significant portion of our revenue derived from a limited number of customers;
- changes in our financial, operating or other metrics, regardless of whether we consider those metrics as reflective of the current state or long-term prospects of our business, and how those results compare to securities analyst expectations, including whether those results fail to meet, exceed, or significantly exceed securities analyst expectations, particularly in light of the significant portion of our revenue derived from a limited number of customers;
- announcements by us or our competitors of new products, applications, features, or services;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- actual or perceived privacy or data security incidents;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, applications, products, services, or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management; and
- general political and economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and in the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Such litigation has been instituted against us and could result in substantial costs and a diversion of our management's attention and resources.

***The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our stock prior to our initial public offering, including our executive officers, employees, and directors and their affiliates, and limiting your ability to influence corporate matters, which could adversely affect the trading price of our Class A common stock.***

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Based on shares of common stock held as of December 31, 2025, our directors, executive officers, and holders of more than 5% of our Class A common stock or Class B common stock, and their respective affiliates held in the aggregate approximately 71.1% of the voting power of our outstanding capital stock, and our former Executive Chairman, Mr. Mathrubootham, controlled approximately 18.3% of the voting power of our outstanding common stock. As a result, these stockholders, acting together, have significant influence over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of the company or our assets, for the foreseeable future. Corporate action might be taken even if other stockholders oppose them. This concentration of ownership could also delay or prevent a change of control of us that other stockholders may view as beneficial. Mr. Mathrubootham, our former Executive Chairman controlled approximately 18.3% of the voting power of our outstanding common stock as of December 31, 2025, may continue to have influence over matters requiring stockholder approval.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even though their stock holdings represent less than 50% of the outstanding shares of our common stock. Because of the 10-to-1 voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock even when the shares of Class B common stock represent as little as 10% of all outstanding shares of our Class A common stock and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

Future transfers by holders of shares of Class B common stock will generally result in those shares converting to shares of Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

***Additional stock issuances could result in significant dilution to our stockholders.***

We may issue our capital stock or securities convertible into our capital stock from time to time in connection with a financing, acquisition, investments, or otherwise. Additional issuances of our stock will result in dilution to existing holders of our stock. We expect to grant equity awards to employees, officers, directors and other service providers under our equity incentive plans and to the extent stock options to purchase our stock are exercised or restricted stock units settle, there will be dilution. We continue to reserve 2,850,000 shares of our Class A common stock for donation to a newly formed U.S. charitable foundation in the future, which will result in additional dilution to our existing stockholders. Any such issuances could result in substantial dilution to our existing stockholders and cause the trading price of our Class A common stock to decline.

***Our stock repurchase programs subject us to various risks that could materially and adversely affect our business, financial condition, results of operations, and stock price. These risks include market timing and valuation uncertainties, impacts on key financial metrics, liquidity constraints, regulatory limitations, conflicts with strategic objectives, adverse market perceptions, and execution challenges.***

In November 2024, our board of directors approved a stock repurchase program for the repurchase of up to $400 million of the Company's outstanding Class A common stock, which was completed in August 2025.

Our stock repurchase programs are subject to significant market timing and valuation risks that could result in suboptimal capital allocation and adverse impacts on shareholder value. We may repurchase shares at prices that subsequently prove to have been excessive relative to the intrinsic value of our stock, particularly during periods of market volatility or when our stock price is trading at elevated multiples. Market conditions, investor sentiment, and macroeconomic factors beyond our control can cause substantial fluctuations in our stock price, making it difficult to determine optimal timing and pricing for repurchases.

If we execute repurchases when our stock is overvalued, we may destroy shareholder value by paying more for shares than they are ultimately worth, reducing the economic benefit to continuing shareholders. Conversely, if we suspend or reduce repurchases during periods when our stock may be undervalued due to temporary market dislocations, we may miss opportunities to enhance shareholder returns. Our repurchase decisions are based on management's assessment of various factors, including stock price, market conditions, available cash, and alternative investment opportunities, but these assessments may prove incorrect. Additionally, the timing of our repurchases may create unintended signaling effects to the market about management's confidence in the company's prospects, potentially leading to increased volatility or adverse market reactions if our subsequent performance does not meet market expectations established by our repurchase activity.

***Substantial future sales of shares of our Class A common stock by existing holders in the public market could cause the market price of our Class A common stock to decline.***

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock.

In addition, certain of our stockholders have registration rights that would require us to register shares owned by them for public sale in the United States. We have also filed registration statements to register shares reserved for future issuance under our equity compensation plans. As a result, subject to the satisfaction of applicable exercise periods and applicable volume and restrictions that apply to affiliates, the shares issued upon exercise of outstanding stock options or upon settlement of outstanding RSU or PRSU awards are available for immediate resale in the United States in the open market.

Sales of our shares could also impair our ability to raise capital through the sale of additional equity securities in the future and at a price we deem appropriate. These sales could also cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

***Our Class A common stock market price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business.***

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of the analysts who cover us cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our Class A common stock to decline.

***We incur and will continue to incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies in the United States, which may harm our business.***

As a public company listed in the United States, we incur and will continue to incur significant additional legal, accounting, and other expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and Nasdaq, may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations, and standards, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as members of senior management.

**General Risks**

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to the useful lives and carrying values of long-lived assets, allowance for doubtful accounts, stock-based compensation expense, the benefit period of deferred contract acquisition costs, the fair value of our employee defined benefit and other compensation liabilities, and valuation of deferred tax assets. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

***Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.***

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

***A failure to maintain an effective system of disclosure controls and internal control over financial reporting, could adversely affect our ability to produce timely and accurate financial statements or comply with applicable regulations.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable Nasdaq listing standards. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act, is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal controls over financial reporting. For example, we have worked to improve the controls around our key accounting processes and our quarterly close process, and we have hired additional accounting and finance personnel to help us implement these processes and controls. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and investments to strengthen our accounting systems.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems, and controls to accommodate such changes. We have limited experience with implementing the systems and controls that are necessary to operate as a public company. Additionally, if these new systems, controls, or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

We are required, pursuant to Section 404 Sarbanes-Oxley Act (Section 404), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting and any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business, results of operations, and financial condition and could cause a decline in the trading price of our Class A common stock.

***We are currently planning and designing information systems enhancements, and problems with the design or implementation of these enhancements could interfere with our business and operations.***

We are currently in the process of significantly enhancing our information systems, have recently implemented a new enterprise resource planning system and new human capital management platform. The implementation of significant enhancements to information systems is frequently disruptive to the underlying business of an enterprise, which may especially be the case for us due to the size and complexity of our businesses. The implementation of significant enhancements to information systems is frequently disruptive to the underlying business of an enterprise, which may especially be the case for us due to the size and complexity of our businesses. The implementation process has required, and will continue to require, the investment of significant personnel and financial resources. We may not be able to successfully implement these enhancements to information systems without experiencing further delays, increased costs and other difficulties. Any disruptions relating to our systems enhancements, particularly any disruptions impacting our operations during the design or implementation periods, could adversely affect our ability to process customer orders, provide products and support to our customers, invoice and collect from our customers, fulfill contractual obligations, and otherwise run our business. Data integrity problems or other issues may also be discovered during or as a result of the implementation which, if not corrected, could impact our business or financial results. If we are unable to successfully design and implement our information system enhancements, our financial position, results of operations and cash flows could be negatively impacted. Additionally, if we do not effectively implement the information system enhancements as planned or the information systems do not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess those controls adequately could be further delayed.

***We have in the past and may in the future engage in merger and acquisition activities, which require significant management attention, and could disrupt our business, dilute stockholder value, and adversely affect our business, results of operations, and financial condition.***

As part of our business strategy to expand our product offerings and grow our business in response to changing technologies, customer demand, and competitive pressures, we have in the past and may in the future make investments or acquisitions in other companies, products, or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to complete acquisitions on favorable terms, if at all. These acquisitions may not ultimately strengthen our competitive position or achieve the goals of such acquisition, and any acquisitions we complete could be viewed negatively by customers or investors. We may encounter difficult or unforeseen expenditures in integrating an acquisition, particularly if we cannot retain the key personnel of the acquired company. Existing and potential customers may also delay or reduce their use of our products due to concerns that the acquisition may decrease effectiveness of our products (including any newly acquired product). In addition, if we fail to successfully integrate such acquisitions, or the assets, technologies, or personnel associated with such acquisitions, into our company, the business and results of operations of the combined company would be adversely affected. For example, we may have difficulty with transitioning the acquired technology onto our existing platforms and customer acceptance of multiple platforms on a temporary or permanent basis. In addition, we may face challenges converting the acquired company's revenue recognition policies and forecasting the related revenues, including subscription-based revenues and term software license revenue, as well as appropriate allocation of the customer consideration to the individual deliverables.

Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses, subject us to increased regulatory requirements, cause adverse tax consequences or unfavorable accounting treatment, expose us to claims and disputes by stockholders and third parties, and adversely impact our business, financial condition, and results of operations. We may not successfully evaluate or utilize the acquired technology or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash for any such acquisition which would limit other potential uses for our cash. If we incur debt to fund any such acquisition, such debt may subject us to material restrictions in our ability to conduct our business, result in increased fixed obligations, and subject us to covenants or other restrictions that would decrease our operational flexibility and impede our ability to manage our operations. If we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders' ownership would be diluted.

***Increased government scrutiny of the technology industry could negatively affect our business.***

The technology industry is subject to intense media, political, and regulatory scrutiny, which exposes us to government investigations, legal actions, and penalties. Various regulatory agencies, including competition, consumer protection, and privacy authorities, have active proceedings and investigations concerning multiple technology companies. Although we are not currently subject to any such investigations, if investigations targeted at other companies result in determinations that practices we follow are unlawful, including practices related to use of machine- and customer-generated data or generative AI, we could be required to change our products and services or alter our business operations, which could harm our business. Legislators and regulators also have proposed new laws and regulations intended to restrain the activities of technology companies. If such laws or regulations are enacted, they could have an impact on us, even if they are not intended to affect our company. In addition, the introduction of new products, expansion of our activities in certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. The increased scrutiny of certain acquisitions in the technology industry also could affect our ability to enter into strategic transactions or to acquire other businesses. Compliance with new or modified laws and regulations could increase our cost of conducting the business, limit the opportunities to increase our revenue, or prevent us from offering products or services.

We also could be harmed by government investigations, litigation, or changes in laws and regulations directed at our business partners, or suppliers in the technology industry that have the effect of limiting our ability to do business with those entities or that affect the services we can obtain from them. There can be no assurance that our business will not be materially adversely affected, individually or in the aggregate, by the outcomes of such investigations, litigation or changes to laws and regulations in the future.

***We may need additional capital, and we cannot be sure that additional financing will be available.***

Historically, we have financed our operations and capital expenditures primarily through sales of our capital stock and debt securities that are convertible into our capital stock. In the future, we may raise additional capital through additional equity or debt financings to support our business growth, to respond to business opportunities, challenges, or unforeseen circumstances, or for other reasons. On an ongoing basis, we are evaluating sources of financing and may raise additional capital in the future. Our ability to obtain additional capital depends on our development efforts, business plans, investor demand, operating performance, the condition of the capital markets, and other factors. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of existing stockholders, and existing stockholders may experience dilution. Further, if we are unable to obtain additional capital when required, or are unable to obtain additional capital on satisfactory terms, our ability to continue to support our business growth or to respond to business opportunities, challenges, or unforeseen circumstances would be adversely affected.

Additionally, our India subsidiary is subject to Indian foreign exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financing on competitive terms. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on incurring or raising debt may have an adverse impact on our business growth, financial condition, results of operations, and cash flows.

***We do not intend to pay dividends for the foreseeable future.***

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends for the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our capital stock will be at the discretion of our board of directors. Accordingly, stockholders must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.***

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action for a breach of fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders;
- any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our bylaws (as each may be amended from time to time);
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder);
- any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any claim or cause of action against us or any of our current or former directors, officers, or other employees governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. In addition, our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act of 1933, as amended, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Additionally, our amended and restated certificate of incorporation provides that any person or entity holding, owning, or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

***Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us, and the market price of our Class A common stock may be lower as a result.***

There are provisions in our amended and restated certificate of incorporation and amended and restated bylaws (as each may be amended from time to time) that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by our stockholders, such as:

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- permitting the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- providing that directors may only be removed for cause;
- prohibiting cumulative voting for directors;
- requiring super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorizing the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; and
- our dual class common stock structure as described above.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our amended and restated certificate of incorporation or our amended and restated bylaws (as each may be amended from time to time) or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

***Catastrophic events, including climate change, natural disasters and other events beyond our control, may disrupt our business.***

Natural disasters or other catastrophic events may cause damage or disruption to our employees, operations, international commerce, and the global economy, and thus could harm our business. Our business operations are subject to interruption by natural disasters such as earthquakes, monsoons, cyclones, tsunamis, floods, extreme heat, and other effects of climate change, pandemics, and other catastrophic events such as fire, power loss, terrorism, political unrest, telecommunications failure, vandalism, cyberattacks, geopolitical instability, war, and other events beyond our control. The majority of our research and development activities, customer service operations, IT systems, and other critical business operations are located in India. Although we maintain disaster response plans, such events could require significant time to resume operations to deliver our services to our customers, could decrease demand for our services, could cause us to incur substantial expense and may cause reputational harm, delays in our sales efforts, delays in our products' development, breaches of data security, and loss of critical data, all of which would harm our business, results of operations, and financial condition. Acts of terrorism would also cause disruptions to the internet or the economy as a whole. In addition, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions. Our disaster recovery plan may not be sufficient to address all aspects or any unanticipated consequence or incident, and our insurance may not be sufficient to compensate us for the losses that could occur.

In addition, the impacts of climate change on the global economy and the technology industry are rapidly evolving and unclear. While we seek to partner with organizations that mitigate their business risks associated with climate change, we recognize that there are inherent climate-related risks wherever business is conducted. Any of our primary locations may be vulnerable to the adverse effects of climate change. For example, our California headquarters has experienced, and may continue to experience, climate-related events at an increasing frequency and severity, including drought and air quality impacts and power shutoffs associated with wildfires and our India office has experienced, and may continue to experience, climate-related events, including cyclones, flooding, and heat waves. Climate-related events, including the increasing frequency of extreme weather events and their impact on the United States, India, Europe, and other major regions' critical infrastructure, have the potential to disrupt our business, our third-party suppliers and/or the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. Regulatory developments, changing market dynamics and stakeholder expectations regarding climate change may impact our business, financial condition and results of operations. Furthermore, we may be subject to increased costs, regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business.

***Failure to effectively and efficiently address ESG matters could adversely impact us.***

There is continuing debate among certain investors, regulators, customers, employees, and other stakeholders concerning environmental, social, and governance ("ESG") matters. Some investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies and actions relating to ESG are not in line with their philosophy. We may also face reputational damage in the event that we do not meet the ESG standards set by various constituencies.

As ESG best practices and reporting standards continue to develop, we may incur increasing costs relating to ESG monitoring and reporting and complying with ESG initiatives. For example, proposed or adopted climate and other ESG reporting regulations from the SEC, California, and other jurisdictions may increase our compliance costs. Our disclosures on ESG matters or a failure to meet evolving stakeholder expectations for ESG practices and reporting may potentially harm our reputation and customer relationships. Due to new regulatory standards and market standards, certain new or existing customers, particularly those in the EU, may impose stricter ESG guidelines or mandates for, and may scrutinize relationships more closely with, their counterparties, including us, which may lengthen sales cycles or increase our costs.

Furthermore, if our competitors' ESG performance is perceived to be better than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives or goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. At the same time, anti-ESG sentiment has gained momentum among certain groups in the United States, and the federal and state governments have enacted or proposed "anti-ESG" policies. In addition, the U.S. Supreme Court's ruling striking down race-based affirmative action in higher education has increased scrutiny of private sector employment practices, and activist groups and state attorneys general have begun to analogize the outcome of that case to private employment matters, asserting that certain corporate practices are discriminatory and unlawful. Such anti-ESG related policies, legislation, initiatives and scrutiny could expose us to the risk of litigation or result in legal costs and reputational harm. If we fail to satisfy the expectations of investors, customers, employees and other stakeholders or our initiatives are not executed as planned, our business, financial condition, results of operations, and prospects could be adversely affected.

## Item 1B. Unresolved Staff Comments

None.

## Item 1C. Cybersecurity

***Risk Management and Strategy***

We have implemented and maintain various information security processes, including a formal cybersecurity risk-management framework, designed to identify, assess, and manage material risks to our information systems and data, including our networks (on-premises and cloud), communications systems, hardware, software, third-party hosted services, confidential and proprietary data (including customer, employee, and strategic business information), and intellectual property.

The Chief Information Security Officer (CISO), in collaboration with our information security team, broader IT organization, product and engineering functions, and external advisors, leads our cybersecurity program. This program utilizes various methods, including both automated and manual controls, threat-feed monitoring, internal audits, access-control assessments, vulnerability scanning, penetration testing, open-source software analysis, and a bug bounty program.

Our Chief Information Security Officer (CISO) leads a global cybersecurity program that is embedded across engineering, product, IT, legal, and compliance functions. The program is risk-based and references recognized industry frameworks and regulatory requirements.

We employ a layered defense strategy that includes automated and manual controls, continuous threat intelligence monitoring, secure software development practices, cloud security governance, independent assessments, vulnerability management, penetration testing, third-party risk management, and a coordinated vulnerability disclosure and bug bounty program.

Cybersecurity risks are regularly assessed, prioritized, and reported to executive leadership and the Board, with defined incident response, escalation, and resilience procedures in place to address evolving threats.

Depending on the environment, we implement and maintain various technical, physical, and organizational safeguards—such as 24/7 security operations center (SOC) monitoring, formal incident-response plans, secure software-development practices (including static and dynamic code scanning and third-party component analysis), identity and access management, encryption of data at rest and in transit, continuous cloud-security-posture monitoring through a Cloud-Native Application Protection Platform (CNAPP) that is designed to provide visibility across our multi-cloud environment, third-party risk-management processes, phishing testing and training, employee awareness programs, and cybersecurity insurance.

As we deploy and embed artificial intelligence (AI) and machine learning technologies into our platform, operations, and customer-facing solutions, we have established an AI security governance program designed to manage emerging risks associated with AI adoption, including risks related to cybersecurity. This includes a cross-functional AI Advisory Board comprised of representatives from cybersecurity, IT, product engineering, legal/privacy, data science, and business operations; training and awareness for employees and contractors on AI-specific security topics such as safe use of generative AI and monitoring of AI-enabled threats; and vendor and third-party AI component risk-management, which applies contractual and technical controls—such as model provenance review and ongoing monitoring of AI supplier performance.

Our cyber-risk management processes are integrated into our business strategy, and capital allocation decisions. The CISO reports to senior management and the Audit Committee of our Board of Directors on our risk posture, threat landscape, and certain material cybersecurity issues that may arise. Vendors that provide critical services are subject to our vendor risk management program, which includes risk evaluation and contractual security obligations.

For a description of the risks from cybersecurity threats that may materially affect us and how they may do so, see Part I, Item 1A. "Risk Factors," including: "If our information technology, systems, or those of third parties with whom we work, or our data, are or were to be compromised, we could experience adverse consequences resulting from such compromise, including, but not limited to, regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, and other adverse consequences."

***Governance***

Our Board of Directors oversees cybersecurity risk as part of its risk-management responsibilities. The Audit Committee is responsible for monitoring our cybersecurity risk management processes, including oversight and mitigation of risks associated with cybersecurity threats.

The CISO leads our cybersecurity program and works cross-functionally across IT, product and engineering, human resources, finance, and legal/compliance, to align cybersecurity risk with business objectives. The CISO is responsible for staffing, budgeting, process approval, reviewing key metrics, and responding to and escalating cybersecurity incidents. Our

CISO has over 20 years of experience in cybersecurity and information technology leadership, including senior roles in public and cloud-based software companies. The CISO holds CISSP, CISM, CISA, and multiple GIAC certifications.

Our incident-response process is designed to escalate certain cybersecurity events to the CISO, Chief Financial Officer (CFO), and Chief Legal Officer (CLO), as appropriate, with the aim of timely disclosure to the Audit Committee and Board. The Audit Committee receives quarterly updates from the CISO on significant threats, risk posture, and mitigation activities; the full Board receives an annual briefing on cybersecurity risk.

We maintain controls and procedures designed to ensure that material cybersecurity information is communicated promptly to senior management and the Board, enabling them to exercise oversight and disclosure.

**Item 2. Properties**

Our headquarters office is located in San Mateo, California, where we lease more than 55,000 square feet under a lease that expires in July 2031. We also maintain additional offices in the United States and internationally. In the United States we have additional offices in Denver and Seattle. In India we have our principal engineering facility in Chennai, as well as offices in Bangalore and Hyderabad. Outside of US and India we have offices located in London, United Kingdom; Paris, France; Berlin, Germany; Utrecht, Netherlands; and Sydney, Australia. These offices are all leased and we do not own any real property. We may continue to open up satellite offices in strategic locations to gain access to new talent markets and to facilitate business operations. We believe that the facilities we occupy are suitable to meet our current needs.

**Item 3. Legal Proceedings**

The information required to be set forth under this Item 3 is incorporated by reference to Note 9—Commitments and Contingencies — Litigation and Loss Contingencies in the notes to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

**Item 4. Mine Safety Disclosures**

None.

## Part II

## Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

### Market Information and Holders of Record

Our Class A common stock is traded on the Nasdaq Global Select Market under the symbol "FRSH" since September 22, 2021. Prior to that date, there was no public trading market for our Class A common stock. Our Class B common stock is not listed on any stock exchange nor traded on any public market.

As of February 23, 2026, there were 31 and 33 registered holders of our Class A and Class B common stock, respectively. Because many of our shares of Class A common stock are held in street name by brokers and other nominees on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by these holders of record.

### Dividend Policy

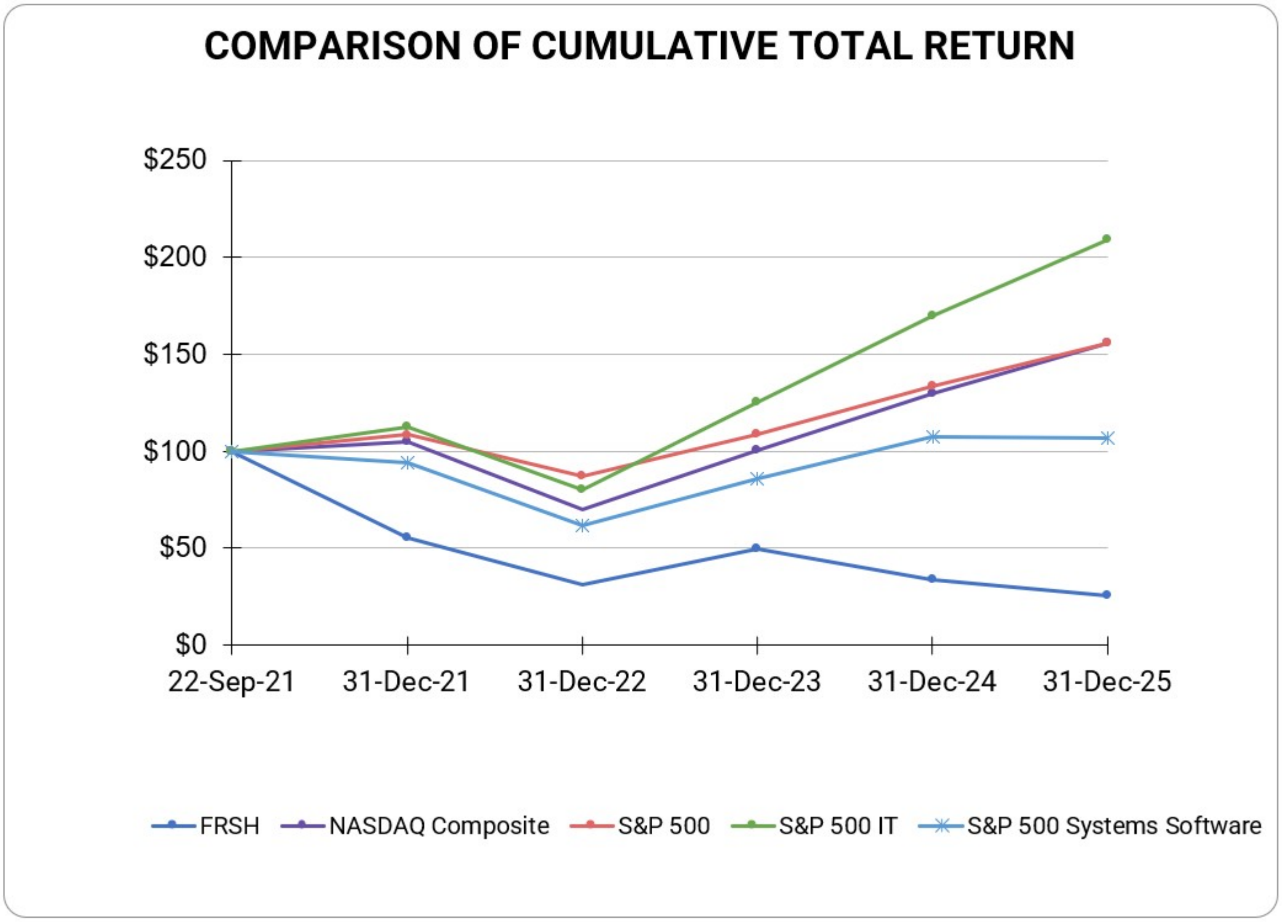
We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

### Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC, for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

The following graph compares (i) the cumulative total stockholder return on our Class A common stock from September 22, 2021 (the date that our Class A common stock commenced trading on the Nasdaq Capital Market) through December 31, 2025 with (ii) the cumulative total return of the NASDAQ Composite Index, the Standard & Poor's (S&P) 500 Index and the S&P 500 Systems Software Index over the same period, assuming the investment of $100 in our Class A common stock and in both of the other indices on September 22, 2021 and the reinvestment of dividends. The graph uses the closing market price on September 22, 2021 of $47.55 per share as the initial value of our Class A common stock. As discussed above, we have never declared or paid a cash dividend on our Class A common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future.

In 2025, the Company changed the comparative index in the performance chart from S&P 500 Information Technology Index to S&P 500 Systems Software as we believe this index is more appropriate for comparative purposes due to its better reflection of our industry.




**Recent Sales of Unregistered Securities**

None.

**Issuer Purchases of Equity Securities**

In February 2026, our board of directors approved a stock repurchase program for the repurchase of up to $400 million of our outstanding Class A common stock. Under the repurchase program, we may repurchase shares of our outstanding Class A common stock from time to time in the open market, through privately negotiated transactions and/or other means in compliance with the Exchange Act and the rules and regulations thereunder. The timing, manner, price, and amount of any repurchases will be determined by the Company at its discretion, and will depend on a variety of factors, including business, economic and market conditions, prevailing stock prices, corporate and regulatory requirements, and other considerations. The repurchase program may be suspended or discontinued at any time.

**Use of Proceeds**

None.

## Item 6. Reserved

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. As described in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in "Risk Factors" and elsewhere in this Annual Report on Form 10-K.*

*A discussion regarding our financial condition and results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC") on February 20, 2025.*

**Overview**

We provide people-first AI service software that organizations use to deliver exceptional employee and customer experiences. Our employee experience (EX) products include Freshservice, Freshservice for Business Teams, Device42 and FireHydrant. Our customer experience (CX) products include our Freshdesk suite of products. Our AI offerings, which include Freddy AI Agent, Freddy AI Copilot and Freddy AI Insights, further enhance the employee and customer and employee experience and are designed to boost productivity.

In June 2024, we acquired all outstanding shares of D42 Parent, Inc., an IT asset management company for approximately $238.1 million, which primarily consisted of $225.3 million in cash, and approximately $12.9 million of common stock and stock options. Our consolidated financial statements and key business metrics include D42 Parent, Inc. since the acquisition date.

In January 2026, the Company completed the acquisition of FireHydrant, Inc., a provider of AI-powered incident management software. The Company will account for the transaction as a business combination. Since the closing date of the acquisition occurred subsequent to the end of the reporting period, the allocation of purchase price to the underlying net assets has not yet been completed.

We generate revenue primarily from the sale of subscriptions for accessing our cloud-based software products over the contract term. We generally enter into subscription agreements with our customers on monthly, annual, or multi-year terms and invoice customers in advance in either monthly or annual installments. We also sell professional services that include product configuration, data migration, systems integration, and training. With the acquisition of D42 Parent, Inc., we also sell software licenses with associated maintenance.

Our customer base and operations have scaled over time. Our total revenue was $838.8 million, $720.4 million and $596.4 million in the years ended December 31, 2025, 2024 and 2023, respectively, representing year-over-year growth rates of 16% and 21%, respectively. We generated operating income of $13.2 million and incurred operating losses of $138.6 million and $170.2 million in the years ended December 31, 2025, 2024 and 2023, respectively, and recognized net income of $183.7 million and incurred net losses of $95.4 million and $137.4 million in the years ended December 31, 2025, 2024 and 2023, respectively.

**Macroeconomic and Other Factors**

Current macroeconomic uncertainties, including inflationary pressures, significant volatility in global markets, and geopolitical developments have impacted and may continue to impact business spending and the overall economy, and in turn our business. These macroeconomic events could adversely affect demand for our products and services and we expect these pressures to persist for the foreseeable future. Additionally, foreign currency exchange rate fluctuations negatively impacted our revenue growth historically and volatility in the foreign currency market may still exist. For each of the years ended December 31, 2025, 2024, and 2023 we had approximately 28%, 27%, and 27%, respectively, of revenue exposure related to the euro and British pound. If adverse conditions arise, they could have a material adverse impact on our results and our ability to accurately predict our future results and earnings.

Given our business model is primarily subscription-based, the effects of the macroeconomic conditions may not be fully reflected in our revenue until future periods. The ultimate impact on our business and operations remains highly uncertain, and it is not possible for us to predict the duration and extent to which this will affect our business, future results of operations, and financial condition. See the section titled "Risk Factors" for further discussion of the challenges and risks we have encountered and could encounter related to these macroeconomic events.

### Key Factors Affecting Our Performance

The growth and future success of our business depends on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations. For complete definitions of our key metrics, please refer to the section titled "Key Business Metrics" below.

*Acquiring New Customers*

We will continue to invest in acquiring new customers across all of our products. We believe that our focus on offering products that delight our users facilitates our go-to-market strategy, which is designed to be product-led and self-service in nature, reducing the friction new customers have to overcome to adopt our products within their organization. Our approach to acquiring new customers allows us to benefit from user-driven, organic adoption of our products across organizations of all sizes, as well as enable our customers to standardize on our products across the organization. As of December 31, 2025 and 2024, we had nearly 75,000 and over 72,200 paying customers, respectively.

We have made and continue to make significant investments in strengthening our outbound sales motion to enable adoption of department-specific and organization-wide use cases for mid-market and enterprise customers. We believe that larger businesses can benefit from implementing multiple Freshworks products, as once they are a customer they are able to expand their use of these products. We define annual recurring revenue (ARR) as the sum total of the subscription, software license, and maintenance revenue we would contractually expect to recognize over the next 12 months from all customers at a point in time, assuming no increases, reductions, or cancellations in their subscriptions, and assuming that revenues are recognized ratably over the term of subscription and maintenance contracts and upon delivery for software licenses. For monthly subscriptions, we take the recurring revenue run-rate of such subscriptions for the last month of the period and multiply it by 12 to get to ARR. While monthly subscribers as a group have historically maintained or increased their subscriptions over time, there is no guarantee that any particular customer on a monthly subscription will renew its subscription in any given month, and therefore the calculation of ARR for these monthly subscriptions may not accurately reflect revenue to be received over a 12-month period from such customers. As of December 31, 2025 and 2024, 24,762 and 22,558 of our customers contributed more than $5,000 in ARR, respectively, demonstrating the broad appeal of our products to customers of all sizes and geographies, and as of December 31, 2025 and 2024, customers contributing more than $5,000 in ARR represented 91% and 90% of total ARR, respectively. We believe that the number of customers that contribute more than $5,000 in ARR is an indicator of our success in expanding upmarket to larger businesses.

We also run focused programs to acquire startup and incubator customers. These programs include free credits to use our products, and webinars and events specifically tailored to highlight the benefits of our products for these types of customers. By encouraging startups and incubators to use our products early on in their company's lifecycle, we believe we have the opportunity to convert these organizations to paying customers and grow with these customers as they grow their businesses.

*Retaining and Expanding Within Existing Customers*

Our business model relies on rapidly and efficiently landing new customers and expanding our relationships with them over time. We have experienced, and expect to continue to experience that, over time, a significant portion of our revenue growth will come from our existing customers expanding their usage of our products and buying additional products.

We measure the rate of expansion within our customer base using net dollar retention rate (as defined under *Key Business Metrics*), and we believe that our net dollar retention rate demonstrates our rate of expansion within our existing customer base. Our net dollar retention rate was 108% and 103% as of December 31, 2025 and December 31, 2024, respectively. On constant currency basis, our net dollar retention rate was 104% which was an increase from prior year primarily due to an improvement in our overall churn rate.

We have a significant opportunity to expand within our existing customer base and substantially increase the number of customers that purchase multiple Freshworks products. As of December 31, 2025, approximately 31% of our customers purchased two or more Freshworks products. These customers represented 45% of total ARR as of December 31, 2025, illustrating the large opportunity we have to sell additional products to our current customer base and drive growth.

We continue to increase the number of customers that have entered into larger subscriptions with us. We had approximately 3,760 customers each contributing $50,000 or more in ARR as of December 31, 2025, representing an increase of 23% compared to 3,053 customers as of December 31, 2024. As of December 31, 2025 and December 31, 2024, customers contributing more than $50,000 in ARR represented approximately 54% and 50% of total ARR, respectively. We believe that the number of customers contributing $50,000 or more in ARR indicates the strategic importance of our products for our customers and our ability to both initially land significant accounts or grow customers into significant accounts over time. No single customer accounted for more than 1% of ARR and our top 10 customers represented less than 5% of ARR as of December 31, 2025, and we have no significant concentration in a specific industry vertical.

*Investing in Our Growth*

We believe that we are early in addressing our large market opportunity and we intend to continue to make investments to support the growth and expansion of our business. We have a track record of bringing new products to market and scaling these new products over time. As of December 31, 2025, we have two primary products with over $100 million in ARR, Freshservice and Freshdesk. We intend to invest in growing our research and development team to extend the functionality of our solutions and continue to bring new solutions to market. Our investments in our Neo platform have helped us accelerate the pace of innovation.

We believe that our market remains largely underserved. We intend to invest aggressively in our direct and indirect sales and marketing capabilities, including investments in our outbound sales motion. We have been global from our earliest product sales and our global footprint continues to expand, with customers in over 170 countries. During the year ended December 31, 2025, 46%, 39%, and 15% of our revenue was derived from customers in North America; Europe, Middle East and Africa; and the rest of the world, respectively. We have a significant opportunity to further expand globally. We plan to support more languages, recruit partners, hire sales and customer service personnel in additional countries as needed, and expand our presence in countries where we already operate. A critical part of our go-to-market strategy has been our broad and diverse set of partners that enrich our offerings, scale our geographic coverage, and help us reach a broader audience than we would be able to reach on our own, thus amplifying our go-to-market investments. We plan to continue to invest in growing our partner ecosystem to fuel additional customer acquisition and expand use cases within our existing customer base.

We are also focused on attracting new talent and retaining our employees. Our culture is a critical part of our success, and attracting and retaining the best available talent will help us make customer delight easy and continue our growth trajectory.

**Key Business Metrics**

We monitor and review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions. Key business metrics and our financial performance are impacted by various factors discussed below, including fluctuations in the value of foreign currencies relative to the U.S. dollar. We also review customer data used for calculating these key business metrics on an ongoing basis and make necessary modifications resulting from such review. We believe these key business metrics provide meaningful supplemental information for management and investors in assessing our operating performance.

| | December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Number of customers contributing more than $5,000 in ARR | 24,762 | 22,558 | 20,261 |
| *ARR from customers contributing more than $5,000 in ARR as a percent of total ARR* | 91 % | 90 % | 89 % |
| Net dollar retention rate | 108 % | 103% | 108 % |

*Number of Customers Contributing More Than $5,000 in ARR*

We define our total customers contributing more than $5,000 in annual recurring revenue (ARR) as of a particular date as the number of business entities or individuals, represented by a unique domain or a unique email address, with one or more paid subscriptions to one or more of our products that contributed more than $5,000 in ARR. We believe that the number of customers that contribute more than $5,000 in ARR is an indicator of our success in attracting, retaining, and expanding with larger businesses.

*Net Dollar Retention Rate*

Our net dollar retention rate measures our ability to increase revenue across our existing customer base through expansion of users and products associated with a customer as offset by our churn and contraction in the number of users and products associated with a customer. To calculate net dollar retention rate as of a particular date, we first determine "Entering ARR," which is ARR from the population of our customers as of 12 months prior to the end of the reporting period. We then calculate the "Ending ARR" which is ARR from the same set of customers as of the end of the reporting period. We then divide the Ending ARR by the Entering ARR to arrive at our net dollar retention rate. Ending ARR includes upsells, cross-sells, renewals, and expansion as a result of acquisitions during the measurement period and is net of any contraction or attrition over this period.

We define ARR as the sum total of subscription, software license, and maintenance revenue we would contractually expect to recognize over the next 12 months from all customers at a point in time, assuming no increases, reductions, or cancellations in their subscriptions, and assuming that revenues are recognized ratably over the term of subscription and maintenance contracts and upon delivery for software licenses. For monthly subscriptions, we take the recurring revenue run-rate of such subscriptions for the last month of the period and multiply it by 12 to get to ARR. While monthly subscribers as a group have historically maintained or increased their subscriptions over time, there is no guarantee that any particular customer on a monthly subscription will renew its subscription in any given month, and therefore the calculation of ARR for these monthly subscriptions may not accurately reflect revenue to be received over a 12-month period from such customers, and net dollar retention rate may reflect a higher rate than the actual rate if customers on monthly subscriptions choose not to renew during the course of the 12 months. Monthly subscriptions represented 13%, 14%, and 17% of ARR as of December 31, 2025, 2024 and 2023, respectively. The net dollar retention rate for customers on monthly contracts has generally been lower than our overall net dollar retention rate.  In addition, as part of our regular review of customer data that includes reviewing customers purchasing our products via resellers so we can properly attribute them as end customers, we may make adjustments that could impact the calculation of net dollar retention rate.

Our net dollar retention rate was 108% and 103% as of December 31, 2025 and 2024, respectively. Net dollar retention rate increased from prior year primarily due to a favorable foreign currency impact and an improvement in our churn rate.We expect our net dollar retention rate could fluctuate in future periods due to a number of factors, including, but not limited to, difficult macroeconomic conditions, our expected growth, the level of penetration within our customer base, our ability to upsell and cross-sell products to existing customers, and our ability to retain our customers.

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these consolidated financial statements requires our management to make estimates, assumptions, and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, costs and expenses and related disclosures during the applicable periods. We base our estimates, assumptions, and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions, and judgments on an ongoing basis.

Our significant accounting policies are discussed in detail in Note 2—Summary of Significant Accounting Policies, to the consolidated financial statements included in Item 8 of Part II of this 10-K. The critical accounting estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

***Revenue Recognition***

We derive revenue from subscription fees, related professional services, and following the acquisition of D42 Parent, Inc. in June 2024, software licenses. We sell subscriptions for our cloud-based solutions directly to customers and indirectly through channel partners through arrangements that are non-cancelable and non-refundable. Our subscription arrangements do not provide customers with the right to take possession of the software supporting the solutions and, as a result, are accounted for as service arrangements. We also sell software licenses with associated maintenance and professional services based on product offerings introduced upon the acquisition of D42 Parent, Inc. in June 2024. Software license revenue is recognized upon making the software available to the customer and maintenance revenue is recognized as support and updates are provided, which is generally ratably over the contract term. We record revenue net of sales or value-added taxes.

***Subscription Revenue***

Subscription revenue is primarily comprised of fees paid by our customers for accessing our cloud-based software during the term of the arrangement. Our cloud-based services allow customers to use the multi-tenant software without requiring them to take possession of the software. Given that access to the cloud-based software represents a series of distinct services that comprise a single performance obligation that is satisfied over time, subscription revenue is recognized ratably over the contract term beginning on the commencement date of each contract, which is the date that the cloud-based software is made available to customers.

***Professional Services Revenue***

Professional services revenue is comprised of fees charged for services ranging from product configuration, data migration, systems integration and training. Professional services revenue is recognized as services are performed and represents less than 5% of total revenue.

***Software License Revenue***

Software license revenue is generally sold as bundled arrangements that include the rights to a software license and maintenance and cloud-based software in some cases. Software license revenue consists of term licenses and is recognized upfront, upon making the software available to the customer. The associated software maintenance revenue is generally recognized ratably over the contract term as support is provided to the customers over the term of the arrangement.

***Customers with Multiple Performance Obligations***

Some of our contracts with customers contain both subscriptions, professional services and software licenses. For these contracts, we account for individual performance obligations separately. The transaction price is allocated to the separate performance obligations on the basis of relative standalone selling price (SSP). We determine SSP by taking into consideration historical selling price of these performance obligations in similar transactions, as well as current pricing practices and other observable inputs including, but not limited to, customer size and geography. As our go-to-market strategies evolve, we may modify our pricing practices in the future, which could result in changes to SSP.

Evaluating the terms and conditions of our customer contracts for appropriate revenue recognition and determining whether products and services are considered distinct performance obligations may require significant judgment. Judgment is also used to estimate the contract's transaction price and allocate it to each performance obligation.

***Deferred Contract Acquisition Costs***

Deferred contract acquisition costs are incremental costs that are associated with acquiring customer contracts and consist primarily of sales commissions and the associated payroll taxes and certain referral fees paid to third party resellers. The costs incurred upon the execution of initial and expansion contracts are primarily deferred and amortized over an estimated benefit period of three years. The estimated benefit period is determined by taking into consideration our contracts with customers, technology life cycle and other factors. We consider the estimated benefit period to exceed the initial contract term for certain costs because of anticipated renewals and because sales commission rates for renewal contracts are not commensurate with sales commissions for initial contracts. Significant judgment is used to determine the benefit period by taking into consideration our technology life cycle and an estimated customer relationship period, including expected contract renewals.

***Stock-Based Compensation***

We issue stock options and RSUs to employees, consultants, and directors, and stock purchase rights granted under the 2021 Employee Stock Purchase Plan (ESPP) to employees based on their estimated fair value on the date of the grant. Stock-based compensation expense related to stock options and ESPP is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period, which is the vesting period of the respective awards. Forfeitures are accounted for when they occur.

Prior to our Initial Public Offering (IPO), we determined the fair value of the common stock underlying stock options and RSUs by considering numerous objective and subjective factors including, but not limited to: (i) independent third-party valuations, (ii) the prices, rights, preferences, and privileges of our redeemable convertible preferred stock relative to its common stock, (iii) the lack of marketability of the common stock, (iv) current business conditions and financial projections, and (iv) the likelihood of achieving an IPO or sale event. Subsequent to the IPO, the fair values of stock options and the stock purchase rights under the ESPP are estimated using the Black-Scholes option-pricing model, which requires the input of highly subjective assumptions. These assumptions represent our best estimates and involve inherent uncertainties and the application of our judgment.

We also granted a performance-based award with both a service-based vesting condition and a market condition involving a certain range of stock price targets, and the fair value of such award was determined by using the Monte-Carlo simulation model. The associated stock-based compensation expense is recognized over the longer of the derived service period or the requisite service period, using the accelerated attribution method.

Changes in the assumptions, which are subjective and generally require significant analysis and judgment to develop, can materially affect the valuation of our equity awards and impact how much stock-based compensation expense is recognized.

***Leases***

We determine whether an arrangement constitutes a lease and record lease liabilities and right-of-use assets on our consolidated balance sheets at the lease commencement date. Lease liabilities are measured based on the present value of the total lease payments not yet paid, discounted based on either the rate implicit in the lease or our incremental borrowing rate (the estimated rate we would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease), whichever is more readily determinable. The incremental borrowing rate is based on an estimate of our expected unsecured borrowing rate for our notes, adjusted for tenor and collateralized security features. We estimate the incremental borrowing rate using yields for maturities that are in line with the duration of the lease payments.

***Income Taxes***

We are subject to income taxes in the U.S. and in other foreign jurisdictions. We recognize current and deferred income taxes based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carryforwards recognized for financial reporting and income tax purposes. Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, utilizing tax rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. We recognize valuation allowance to reduce deferred tax assets to the amount that we estimate, based on available evidence and management judgment, will more likely than not be realized. We record a valuation allowance in the period the determination is made that all or part of the net deferred tax assets will not be realized. We record interest and penalties related to unrecognized tax benefits in tax expense.

**Non-GAAP Financial Measures**

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance: non-GAAP income (loss) from operations, non-GAAP net income (loss), and free cash flow. We use these non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe these non-GAAP financial measures may be helpful to investors because they provide consistency and comparability with past financial performance.

Non-GAAP financial measures have limitations in their usefulness to investors and should not be considered in isolation or as substitutes for financial information presented under GAAP. Non-GAAP financial measures have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. As a result, our non-GAAP financial measures are presented for supplemental informational purposes only.

We exclude the following items from one or more of our non-GAAP financial measures:

- *Stock-based compensation expense.* We exclude stock-based compensation, which is a non-cash expense, from certain of our non-GAAP financial measures because we believe that excluding this expense provides meaningful supplemental information regarding operational performance. In particular, stock-based compensation expense is not comparable across companies given the variety of valuation methodologies and assumptions.

- *Employer payroll taxes on employee stock transactions.* We exclude the amount of employer payroll taxes on equity awards from certain of our non-GAAP financial measures because they are dependent on our stock price at the time of vesting or exercise and other factors that are beyond our control and do not believe these expenses have a direct correlation to the operation of the business.

- *Amortization of acquired intangibles*. We exclude amortization of acquired intangibles, which is a non-cash expense, from certain of our non-GAAP financial measures. Our expenses for amortization of acquired intangibles are inconsistent in amount and frequency because they are significantly affected by the timing, size of acquisitions, and the allocation of purchase price. We exclude these amortization expenses because we do not believe these expenses have a direct correlation to the operating performance of our business.

- *Restructuring charges.* We exclude restructuring charges, which primarily consist of employee severance and other employee termination benefits associated with the restructuring plan initiated in November 2024, from our non-GAAP financial measures, because we do not believe these expenses have a direct correlation to the operating performance of our business.

- *Gain on sale of non-marketable equity investments*. We exclude gains on sale of non-marketable equity investments from certain of our non-GAAP financial measures because we believe they are unrelated to our ongoing operating performance and are not expected to recur in our continuing operating results.

- *Acquisition expenses*. We exclude acquisition expenses, which primarily consist of legal fees and due diligence costs, from our non-GAAP financial measures because we do not believe these expenses have a direct correlation to the operating performance of our business.

- *Income tax effect and adjustments.* We exclude the income tax effect of the above adjustments, income tax effect associated with acquisitions and tax charges or benefits that are a result of a change in valuation allowance on deferred tax assets and its related impacts, from our non-GAAP financial measures. We exclude these costs because we do not believe these expenses have a direct correlation to the operating performance of our business.

***Non-GAAP Income From Operations and Non-GAAP Net Income***

We define non-GAAP income from operations as GAAP income (loss) from operations excluding stock-based compensation expense, employer payroll taxes on employee stock transactions, amortization of acquired intangibles, restructuring charges and acquisition expenses.

We define non-GAAP net income as GAAP net income (loss), excluding stock-based compensation expense, employer payroll taxes on employee stock transactions, amortization of acquired intangibles, restructuring charges, gain on sale of non-marketable equity investments, acquisition expenses and income tax adjustments.

The following tables present a reconciliation of our GAAP income (loss) from operations to our non-GAAP income from operations and our GAAP net income (loss) to our non-GAAP net income for each of the periods presented (in thousands):

*Non-GAAP Income from Operations*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Income (loss) from operations | $ 13,205 | $ (138,610) | $ (170,172) |
| Non-GAAP adjustments: | | | |
| Stock-based compensation expense | 146,819 | 216,706 | 210,707 |
| Employer payroll taxes on employee stock transactions | 3,026 | 3,223 | 3,711 |
| Amortization of acquired intangibles | 13,854 | 8,160 | 303 |
| Restructuring charges | 405 | 9,664 | — |
| Acquisition expenses | 684 | — | — |
| Non-GAAP income from operations | $ 177,993 | $ 99,143 | $ 44,549 |

*Non-GAAP Net Income*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net income (loss) | $ 183,723 | $ (95,368) | $ (137,436) |
| Non-GAAP adjustments: | | | |
| Stock-based compensation expense | 146,819 | 216,706 | 210,707 |
| Employer payroll taxes on employee stock transactions | 3,026 | 3,223 | 3,711 |
| Amortization of acquired intangibles | 13,854 | 8,160 | 303 |
| Restructuring charges | 405 | 9,664 | — |
| Acquisition expenses | 684 | — | — |
| Gain on sale of non-marketable equity investments | (1,837) | — | — |
| Income tax adjustments (1) | (151,900) | (12,017) | 1,398 |
| Non-GAAP net income | $ 194,774 | $ 130,368 | $ 78,683 |

(1) During the year ended December 31, 2025, income tax adjustments primarily included approximately $151.7 million of tax benefit from a release of our valuation allowance on U.S. deferred tax assets and $39.1 million of income tax effect of non-GAAP adjustments, partially offset by $38.9 million of transition impact as a result of releasing our valuation allowance. During the year ended December 31, 2024, income tax adjustments included $14.3 million of income tax benefit associated with acquisitions.

### *Free Cash Flow*

We define free cash flow as net cash provided by operating activities, less purchases of property and equipment, and capitalized internal-use software costs. We believe that free cash flow is a useful indicator of liquidity as it measures our ability to generate cash from our core operations after purchases of property and equipment. Free cash flow is a measure to determine, among other things, cash available for strategic initiatives, including further investments in our business and potential acquisitions of businesses.

The following table presents a reconciliation of free cash flow to net cash provided by (used in) operating activities, the most directly comparable measure calculated in accordance with GAAP for each of the periods presented (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net cash provided by operating activities | $ 242,370 | $ 160,646 | $ 86,178 |
| Less: | | | |
| Purchases of property and equipment | (5,700) | (9,177) | (2,069) |
| Capitalized internal-use software | (15,791) | (5,485) | (6,271) |
| Free cash flow, including restructuring costs [1] | $ 220,879 | $ 145,984 | $ 77,838 |
| Net cash provided by investing activities | $ 206,133 | $ 38,803 | $ 158,499 |
| Net cash used in financing activities | $ (436,658) | $ (67,260) | $ (60,619) |

[1] Free cash flow includes $2.2 million and $7.3 million of restructuring costs paid during the years ended December 31, 2025 and 2024.

## Components of Our Results of Operations

### *Revenue*

Substantially all of our revenue is derived from subscriptions, which is comprised of fees paid by customers for accessing our cloud-based software products during the term of the subscription. Subscription revenue is recognized ratably over the contract term beginning on the commencement date of each subscription, which is the date that the cloud-based software is made available to customers. We also sell software licenses with associated maintenance and professional services based on product offerings introduced upon the acquisition of D42 Parent, Inc. in June 2024. Software license revenue is recognized upon making the software available to the customer and maintenance revenue is recognized as support and updates are provided, which is generally ratably over the contract term.

Professional services revenue comprises less than 5% of total revenue and includes fees charged for product configuration, data migration, systems integration, and training. Professional services revenue is recognized as services are performed.

We generally enter into subscription and software license agreements with our customers on monthly, annual, or multi-year terms and invoice customers in advance in either monthly or annual installments. Our payment terms generally require the customers to pay the invoiced amount in advance or within 30 days from the invoice date. Our maintenance and professional services are generally billed in advance along with the related subscription and software license arrangements.

### *Cost of Revenue*

Cost of revenue consists primarily of personnel-related expenses (including salaries, related benefits, and stock-based compensation expense) for employees associated with our cloud-based infrastructure, payment gateway fees, voice, product support, and professional services organizations, as well as costs for hosting capabilities. Cost of revenue also includes third-party license fees, amortization of acquired technology intangibles, amortization of capitalized internal-use software, and allocation of general overhead costs such as facilities and information technology.

We expect our cost of revenue to continue to increase in dollar amount as we invest additional resources in our cloud-based infrastructure and customer support and professional services organizations. However, our gross profit and gross margin may fluctuate from period to period due to the timing and extent of our investments in third-party hosting capacity, expansion of our cloud-based infrastructure, customer support, and professional services organizations, as well as the amortization of costs associated with capitalized internal-use software.

***Overhead Allocation***

We allocate shared costs, such as facilities costs (including rent, utilities, and depreciation on capital expenditures related to facilities shared by multiple departments), information technology costs, and certain administrative personnel costs to all departments based on headcount and location. Allocated shared costs are reflected in each of the expense categories described below, in addition to cost of revenue as described above.

***Operating Expenses***

*Research and Development.* Research and development expense consists primarily of personnel-related costs, including salaries, related benefits, and stock-based compensation expense for engineering and product development employees and certain executives, software license fees, rental of office premises, third-party hosting fees, third-party product development services and consulting expenses, and depreciation expense for equipment used in research and development activities. We capitalize a portion of our research and development expenses that meet the criteria for capitalization of internal-use software. All other research and development costs are expensed as incurred.

We believe that continued investment in our products is important for our growth, and as such, we expect that our research and development expenses will continue to increase in dollar amount for the foreseeable future, but such expenses as a percentage of revenue may fluctuate from period to period depending upon the timing and amount of these expenses.

*Sales and Marketing.* Sales and marketing expense consists primarily of personnel-related costs, including salaries, related benefits, and stock-based compensation expense for our sales personnel and certain executives, sales commissions for our sales force and reseller commissions for our channel sales partners, as well as costs associated with marketing activities, travel and entertainment costs, amortization of acquired technology intangibles, software license fees, and rental of office premises. Sales and reseller commissions that are considered incremental costs incurred to obtain contracts with customers, are deferred and amortized over the benefit period of three years. Marketing activities include online lead generation, advertising, and promotional events.

We expect to continue to make significant investments as we expand our customer acquisition, retention efforts and marketing events and associated business travel. As a result, we expect that our sales and marketing expenses will continue to increase in dollar amount for the foreseeable future, however, we expect it to decline as a percentage of revenue over the longer term. This percentage may fluctuate from period to period depending upon the timing and amount of these expenses.

*General and Administrative.* General and administrative expense consists primarily of personnel-related costs, including salaries, related benefits, and stock-based compensation expense for certain executives and other general and administrative personnel, third-party professional services fees, costs of director and officer insurance, and costs associated with acquisitions of businesses, software license fees, and rental of office premises.

We expect to increase personnel-related and professional service expenses associated with ongoing compliance and reporting obligations and costs to broaden our IT related infrastructure. Our general and administrative expenses are expected to continue to increase in dollar amount for the foreseeable future, however, we expect it to decline as a percentage of revenue over the longer term. This percentage may fluctuate from period to period depending upon the timing and amount of our general and administrative expenses.

*Restructuring Charges*. Restructuring charges primarily consist of employee severance and other employee termination benefits associated with the restructuring plan that we initiated in November 2024. Refer to Note 13—Restructuring Charges of our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information.

***Interest and Other Income, Net***

Interest and other income, net primarily consists of interest income from our investment portfolios, amortization of premium or discount on marketable securities, and foreign currency gains and losses.

***Provision for Income Taxes***

We are subject to income taxes in U.S. and in foreign jurisdictions. We monitor the realizability of our deferred tax assets and take into account all relevant factors at each reporting period. As of December 31, 2025, based on the relevant weight of positive and negative evidence, including the amount of our taxable income in the current year, which is objective and verifiable, we concluded that it is more likely than not that our U.S. federal and state deferred tax assets are realizable. As such, we released $151.7 million valuation allowance related to the U.S. deferred tax assets during the year ended December 31,

2025. Our effective tax rate is affected by tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions as well as non-deductible expenses, such as stock-based compensation, and changes in our valuation allowance.

### Results of Operations

The following tables set forth our consolidated statements of operations data for the periods presented (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Revenue | $ 838,809 | $ 720,420 | $ 596,432 |
| Cost of revenue (1) | 126,145 | 113,330 | 103,369 |
| Gross profit | 712,664 | 607,090 | 493,063 |
| Operating expenses: | | | |
| Research and development (1) | 163,208 | 164,590 | 137,756 |
| Sales and marketing (1) | 394,753 | 390,817 | 357,781 |
| General and administrative (1) | 141,093 | 180,629 | 167,698 |
| Restructuring charges | 405 | 9,664 | — |
| Total operating expenses | 699,459 | 745,700 | 663,235 |
| Income (loss) from operations | 13,205 | (138,610) | (170,172) |
| Interest and other income, net | 40,077 | 47,773 | 46,403 |
| Income (loss) before income taxes | 53,282 | (90,837) | (123,769) |
| Provision for (benefit from) income taxes | (130,441) | 4,531 | 13,667 |
| Net income (loss) | $ 183,723 | $ (95,368) | $ (137,436) |

(1) Includes stock-based compensation expense as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cost of revenue | $ 5,833 | $ 6,565 | $ 6,774 |
| Research and development (1) | 34,864 | 41,512 | 37,524 |
| Sales and marketing | 48,384 | 63,219 | 66,755 |
| General and administration (2) | 57,738 | 105,410 | 99,654 |
| Total stock-based compensation expense | $ 146,819 | $ 216,706 | $ 210,707 |

(1) Stock-based compensation expense recorded to research and development in the consolidated statements of operations excludes amounts that were capitalized for internal-use software.

(2) General and administrative expense includes stock-based compensation expense associated with RSUs and PRSUs primarily granted to the Executive Chairman of $(5.1) million, $50.4 million and $55.9 million for the years ended December 31, 2025, 2024 and 2023, respectively, with 2025 including $38.7 million in forfeitures due to the departure of the Executive Chairman.

The following table sets forth our consolidated statements of operations data for the periods presented, as a percentage of revenue:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Revenue | 100% | 100% | 100% |
| Cost of revenue | 15 | 16 | 17 |
| Gross profit | 85 | 84 | 83 |
| Operating expense: | | | |
| Research and development | 19 | 23 | 23 |
| Sales and marketing | 47 | 54 | 60 |
| General administrative | 17 | 25 | 29 |
| Restructuring charges | — | 2 | — |
| Total operating expenses | 83 | 104 | 112 |
| Income (loss) from operations | 2 | (20) | (29) |
| Interest and other income, net | 5 | 7 | 8 |
| Income (loss) before income taxes | 7 | (13) | (21) |
| Provision for (benefit from) income taxes | (16) | 1 | 2 |
| Net income (loss) | 23 % | (14)% | (23)% |

**Comparison of Fiscal Years Ended December 31, 2025 and 2024**

***Revenue***

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (dollars in thousands) | | | |
| Subscription services, software licenses and maintenance | $ 829,403 | $ 710,744 | $ 118,659 | 17% |
| Professional services | $ 9,406 | $ 9,676 | $ (270) | (3%) |
| Total revenue | $ 838,809 | $ 720,420 | $ 118,389 | 16% |

Revenue increased by $118.4 million, or 16%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. Of the total increase in revenue, approximately $80.0 million was attributable to revenue from existing customers as of December 31, 2024, net of contraction and churn, and approximately $38.4 million was attributable to revenue from new customers acquired during the year ended December 31, 2025, net of contraction and churn, as well as all revenue from D42 Parent, Inc. during the year. Our net dollar retention rate of 108% for the year ended December 31, 2025 reflects the expansion within existing customers and the sale of additional products to these customers.

***Cost of Revenue and Gross Margin***

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (dollars in thousands) | | | |
| Cost of revenue | $ 126,145 | $ 113,330 | $ 12,815 | 11% |
| Gross margin | 85% | 84% | | |

Cost of revenue increased by $12.8 million, or 11%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. This increase was primarily due to increases of $3.4 million in third-party hosting costs as we expand capacity to support our growing customer base, $2.7 million in employee related costs driven by annual compensation adjustments, higher variable incentive compensation and changes in retirement benefit obligations for employees in India, partially offset by lower headcount, $2.6 million in software license fees attributable to higher usage and renewal costs, $2.2 million in amortization of developed technology, and $1.8 million in amortization of internally capitalized software. Our gross margin increased to 85% from 84% as we increased revenue and realized benefits from economies of scale primarily related to our third-party hosting costs.

***Operating Expenses***

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (dollars in thousands) | | | |
| Research and development | $ 163,208 | $ 164,590 | $ (1,382) | (1%) |
| Sales and marketing | 394,753 | 390,817 | 3,936 | 1% |
| General and administrative | 141,093 | 180,629 | (39,536) | (22%) |
| Restructuring charges | 405 | 9,664 | (9,259) | (96%) |
| Total operating expenses | $ 699,459 | $ 745,700 | $ (46,241) | (6%) |

The $46.2 million, or 6%, decrease in our operating expenses in the year ended December 31, 2025 compared to the year ended December 31, 2024 were primarily driven by the cancellation of equity awards following the resignation of our former Executive Chairman and lower headcount following the November 2024 restructuring, which decreased stock-based compensation expenses and personnel-related costs. The decrease is partially offset by the impact of annual compensation adjustments and higher variable incentive compensation which increased personnel-related costs.

*Research and Development*

Research and development expense decreased by $1.4 million, or 1%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. This decrease was primarily driven by lower stock-based compensation expense of $6.7 million due to employee terminations and fully vested equity awards, as well as a $1.1 million decrease in personnel-related costs. These decreases were partially offset by increases of $1.6 million in third-party hosting costs to support our development activities, $1.3 million in software license fees, $1.0 million each in professional service fees and allocated rent.

*Sales and Marketing*

Sales and marketing expense increased by $3.9 million, or 1%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. This increase was primarily due to increases of $5.6 million in reseller commissions, $4.7 million in adverting, marketing and branding costs, $4.4 million in software license fees, and $3.6 million amortization of acquired intangible assets from the D42 Parent, Inc. acquisition. The increase was partially offset by lower stock-based compensation expense of $14.9 million from lower headcount following the November 2024 restructuring and the transition of our President to CEO mid 2024.

*General and Administrative*

General and administrative expense decreased by $39.5 million, or 22%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. This decrease was primarily driven by lower stock-based compensation expense of $47.6 million primarily due to the cancellation of equity awards following the resignation of our former Executive Chairman in December 2025. The decrease was partially offset by an increase of $6.8 million in personnel-related costs primarily due to higher variable incentive compensation and annual compensation adjustments.

*Restructuring Charges*

Restructuring charges of $0.4 million and $9.7 million for the years ended December 31, 2025 and 2024, respectively, consisted of employee severance and termination benefits related to a restructuring plan that we initiated in November 2024. The restructuring plan is complete, with no remaining liability as of December 31, 2025.

***Interest and Other Income, Net***

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (dollars in thousands) | | | |
| Interest income | $ 38,181 | $ 51,696 | $ (13,515) | (26)% |
| Other income (expense) net | 1,896 | (3,923) | 5,819 | * |
| Interest and other income, net | $ 40,077 | $ 47,773 | $ (7,696) | (16)% |

- *not meaningful*

Interest income decreased by $13.5 million, primarily due to reduction in average balances held in our marketable securities portfolios as a result of our share repurchases.

Other income (expense), net changed by $5.8 million, primarily due to a $4.4 million favorable impact from changes in British pound and euro against the U.S. dollar, and a $1.8 million gain on sale of non-marketable equity investments.

***Provision for Income Taxes***

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (dollars in thousands) | | | |
| Provision for income taxes | $ (130,441) | $ 4,531 | $ (134,972) | * |

**not meaningful*

We are subject to income taxes in the U.S. and in foreign jurisdictions. We monitor the realizability of our deferred tax assets and take into account all relevant factors at each reporting period. As of December 31, 2025, based on the relevant weight of positive and negative evidence, including the amount of our taxable income in the current year, which is objective and verifiable, we concluded that it is more likely than not that our U.S. federal and state deferred tax assets are realizable. As such, we released $151.7 million valuation allowance related to the U.S. federal and state deferred tax assets during the year ended December 31, 2025.

For the years ended December 31, 2025 and 2024, we recorded income tax provision (benefit) of $(130.4) million and $4.5 million, respectively, on income (loss) before taxes of $53.3 million and $(90.8) million, respectively. The effective tax rates for the years ended December 31, 2025 and 2024 were (244.8)% and (5.0)% respectively. The effective tax rates differ from the statutory rate of 21% primarily due to the release of the U.S. federal and state valuation allowance, profits from foreign jurisdictions, and nondeductible compensation. The $135.0 million decrease in tax expense was primarily related to the tax benefit of $151.7 million related to U.S. federal and state valuation allowance release, partially offset by higher expenses due to higher pre-tax earnings from foreign subsidiaries and nondeductible compensation.

**Liquidity and Capital Resources**

As of December 31, 2025 our principal sources of liquidity were cash and cash equivalents of $569.8 million and marketable securities of $211.6 million, which were primarily held for working capital resources. As of December 31, 2025, we had an accumulated deficit of $3.6 billion. Our operating activities resulted in cash inflows of $242.4 million for the year ended December 31, 2025.

As of December 31, 2025, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Our material cash requirements from known contractual obligations primarily consist of our obligations under operating leases for office space and contractual obligations for third-party cloud infrastructure. See Item 8 of Part I, Financial Statements and Supplementary Data — Note 8—Leases and Note 9—Commitments and Contingencies for additional discussion of our principal contractual commitments and Note 16—Subsequent Events for details on transactions that occurred after December 31, 2025.

We believe our existing sources of liquidity will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. We believe we will meet longer term expected future cash requirements and obligations through a combination of our existing cash available balances, cash flow from operations, and issuances of equity securities or debt offerings, as needed. Our future capital requirements will depend on many factors, including the rate of our revenue growth, the timing and extent of spending on research and development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product offerings, and other business initiatives and the continuing market adoption of our products. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing in connection with such activities. If we raise additional funds through the incurrence of indebtedness, such indebtedness may have rights that are senior to holders of our equity securities and could contain covenants that restrict our operational flexibility. Any additional equity or convertible debt financing may be dilutive to stockholders. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all.

***Cash Flows***

The following table summarizes our cash flows for the periods presented (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net cash provided by operating activities | $ 242,370 | $ 160,646 | $ 86,178 |
| Net cash provided by investing activities | $ 206,133 | $ 38,803 | $ 158,499 |
| Net cash used in financing activities | $ (436,658) | $ (67,260) | $ (60,619) |

***Cash Flows from Operating Activities***

Net cash provided by operating activities of $242.4 million for the year ended December 31, 2025 reflects our net income of $183.7 million, adjusted for non-cash items such as stock-based compensation of $146.8 million, amortization of deferred contract acquisition costs of $31.7 million, depreciation and amortization of $25.9 million, non-cash lease expense of $9.7 million, offset by $6.6 million from discount amortization on marketable securities and $1.8 million in gain on sale of non-marketable equity investments. Additionally, net cash inflows from changes in operating assets and liabilities were $1.3 million. The net cash inflows from changes in operating assets and liabilities were due to increases of operating liabilities of $61.2 million in deferred revenue, $19.1 million in accrued and other liabilities and $9.6 million in accounts payable; partially offset by increases in operating assets of $40.1 million in deferred contract acquisition costs, $28.1 million in accounts receivable, $11.9 million in prepaid expenses and other assets and decreases of operating liabilities of $8.5 million in operating lease liabilities.

Net cash provided by operating activities of $160.6 million for the year ended December 31, 2024 reflects our net loss of $95.4 million, adjusted for non-cash items such as stock-based compensation of $216.7 million, amortization of deferred contract acquisition costs of $28.6 million, depreciation and amortization of $19.4 million, non-cash lease expense of $8.8 million, offset by $16.0 million from discount amortization on marketable securities and $12.6 million from changes in deferred income taxes. Additionally, net cash inflows from changes in operating assets and liabilities were $9.7 million. The net cash inflows from changes in operating assets and liabilities were due to increases of operating liabilities of $54.8 million in deferred revenue and $14.5 million in accrued and other liabilities; partially offset by increases in operating assets of $34.5 million in deferred contract acquisition costs, $17.1 million in accounts receivable, $1.4 million in prepaid expenses and other assets and decreases of operating liabilities of $4.3 million in operating lease liabilities and $2.2 million in accounts payable.

***Cash Flows from Investing Activities***

Net cash provided by investing activities of $206.1 million for the year ended December 31, 2025 consisted of $243.9 million in proceeds from maturities and sales, net of purchases of marketable securities and $2.0 million in proceeds from sale of non-marketable securities; partially offset by $18.4 million advances paid for the business combination, $15.8 million related to the capitalization of internal-use software, and $5.6 million in purchases, net of proceeds from sale, of property and equipment.

Net cash provided by investing activities of $38.8 million for the year ended December 31, 2024 consisted of $267.1 million in proceeds from maturities and sales, net of purchases of marketable securities; partially offset by $213.9 million cash paid for the business combination, net of cash acquired, $8.9 million in purchases, net of proceeds from sale, of property and equipment, and $5.5 million related to the capitalization of internal-use software.

***Cash Flows from Financing Activities***

Net cash used in financing activities of $436.7 million for the year ended December 31, 2025 consisted primarily of $386.3 million cash paid to repurchase shares of our common stock and $56.7 million in payment of withholding taxes on net share settlement of equity awards; partially offset by $6.2 million in net proceeds from issuance of common stock under our employee stock purchase plan.

Net cash used in financing activities of $67.3 million for the year ended December 31, 2024 consisted primarily of $60.3 million in payment of withholding taxes on net share settlement of equity awards, $13.7 million cash paid to repurchase shares of our common stock; partially offset by $6.6 million in net proceeds from issuance of common stock under our employee stock purchase plan.

### Recent Accounting Pronouncements

See "Summary of Significant Accounting Policies" in Note 2 of the notes to our consolidated financial statements for more information.

### Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

***Foreign Currency Exchange Risk***

The functional currency of our foreign subsidiaries is the U.S. dollar. The majority of our sales are derived in U.S. dollars. Our operating expenses incurred by our foreign subsidiaries are denominated in their respective local currencies, and remeasured at the exchange rates in effect on the transaction date. Additionally, fluctuations in foreign exchange rates may result in the recognition of transaction gains and losses in our consolidated statements of operations. Our consolidated results of operations and cash flows are, therefore, subject to foreign exchange rate fluctuations, particularly changes in the Indian rupee, British pound and euro, and may be adversely affected in the future due to changes in foreign exchange rates. Based on a sensitivity analysis we have performed as of December 31, 2025, a hypothetical 10% foreign currency exchange rate change applied to total monetary assets and liabilities denominated in currencies other than the U.S. dollar would result in a gain or loss of approximately $15.1 million.

Starting in 2023, to reduce the risk that our earnings and cash flows will be adversely affected by changes in exchange rates, we entered into foreign exchange forward contracts to hedge a portion of our forecasted foreign currency expenses denominated in Indian rupee. Gains or losses on these contracts are generally recognized in income at the time the related transactions being hedged are recognized. As of December 31, 2025, the total notional amount of outstanding designated foreign currency forward contracts was $86.7 million. The fair value of derivative assets and liabilities as of December 31, 2025, and all related unrealized and realized gains and losses during the year ended December 31, 2025 were not material.

We do not use foreign exchange contracts for speculative trading purposes and we may enter into other hedging transactions in the future if our exposure to foreign currency becomes more significant. We monitor our exposures in other currencies and assess the need to utilize financial instruments to hedge currency exposures on an ongoing basis.

***Interest Rate Risk***

Our cash, cash equivalents, and marketable securities primarily consist of deposits held at financial institutions, highly liquid money market funds, and investments in U.S. treasury securities, U.S. government agency securities, corporate bonds and commercial paper. We had cash and cash equivalents of $569.8 million and marketable securities of $211.6 million as of December 31, 2025. We do not enter into investments for trading and speculative purposes. The carrying amount of our cash equivalents reasonably approximate fair value, due to the maturities of three months or less of these instruments. Our investments are subject to market risk due to changes in interest rates, which may affect our interest income and the fair value of our investments. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Due in part to these factors, our future investment income may fall short of our expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our marketable securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

Based on an interest rate sensitivity analysis we have performed as of December 31, 2025, a hypothetical 100 basis points favorable or adverse movement in interest rates would not have a material effect in the combined market value of our cash and cash equivalents and marketable securities.

## Item 8. Financial Statements and Supplementary Data

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Freshworks Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Freshworks Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Revenue — Refer to Note 2 and Note 10 to the financial statements***

*Critical Audit Matter Description*

The Company predominately derives its revenue from subscription contracts providing access to the Company’s cloud-based software solutions and related professional services. The Company’s cloud-based software solutions allow customers to use the software without requiring them to take possession of the software, and as a result, subscription revenue is recognized ratably over the contract term.

We identified subscription revenue as a critical audit matter given the significant volume of transactions, including contracts that may have varying terms and conditions. This required an increased extent of audit effort in performing procedures and evaluating audit evidence relating to the appropriate recognition of subscription revenue.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's subscription revenue included the following, among others:

- Testing the effectiveness of controls relating to the subscription revenue recognition process.
- Testing subscription revenue transactions through a combination of procedures including (1) obtaining and inspecting, on a sample basis, source documents, such as contracts, invoices and cash receipts, evaluating management's identification of distinct performance obligations and recalculating revenue recognized, (2) obtaining and performing customer contract reviews to identify terms and conditions that could impact the recognition of subscription revenue, and (3) developing an expectation of revenue recognized and comparing that expectation to the amounts recorded by the Company for certain revenue transactions.

/s/ Deloitte & Touche LLP

San Jose, California
February 26, 2026

We have served as the Company's auditor since 2018.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Freshworks Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Freshworks Inc. and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 26, 2026, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

San Jose, California
February 26, 2026

**Consolidated Financial Statements**

**FRESHWORKS INC.**
**CONSOLIDATED BALANCE SHEETS**
*(in thousands, except share and per share amounts)*

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 569,774 | $ 620,315 |
| Restricted cash | 62,374 | 3 |
| Marketable securities | 211,597 | 449,750 |
| Accounts receivable, net of allowance of $10,809 and $8,885 | 150,817 | 122,910 |
| Deferred contract acquisition costs | 29,830 | 26,106 |
| Prepaid expenses and other current assets | 72,774 | 46,343 |
| Total current assets | 1,097,166 | 1,265,427 |
| Property and equipment, net | 38,843 | 25,893 |
| Operating lease right-of-use assets | 39,893 | 36,891 |
| Deferred contract acquisition costs, noncurrent | 27,179 | 22,534 |
| Goodwill | 146,676 | 147,014 |
| Intangible assets, net | 76,986 | 90,840 |
| Deferred tax assets, net | 157,466 | 8,499 |
| Other assets | 18,503 | 14,786 |
| Total assets | $ 1,602,712 | $ 1,611,884 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 11,507 | $ 1,619 |
| Accrued liabilities | 97,631 | 81,933 |
| Deferred revenue | 385,320 | 323,435 |
| Income tax payable | 3,571 | 728 |
| Total current liabilities | 498,029 | 407,715 |
| Operating lease liabilities, non-current | 33,282 | 30,221 |
| Other liabilities | 38,751 | 36,027 |
| Total liabilities | 570,062 | 473,963 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity: | | |
| Preferred stock, $0.00001 par value per share; 10,000,000 shares authorized as of December 31, 2025 and 2024, respectively; zero shares issued and outstanding as of December 31, 2025 and 2024 | — | — |
| Class A common stock, $0.00001 par value per share; 1,000,000,000 shares authorized as of December 31, 2025 and 2024; 248,359,124 and 244,965,000 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 2 | 2 |
| Class B common stock, $0.00001 par value per share; 350,000,000 shares authorized as of December 31, 2025 and 2024; 35,067,987 and 58,417,396 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 1 | 1 |

**FRESHWORKS INC.**

**CONSOLIDATED BALANCE SHEETS**

*(in thousands, except share and per share amounts)*

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Additional paid-in capital | 4,586,392 | 4,874,133 |
| Accumulated other comprehensive loss | (1,591) | (338) |
| Accumulated deficit | (3,552,154) | (3,735,877) |
| Total stockholders' equity | 1,032,650 | 1,137,921 |
| Total liabilities and stockholders' equity | $ 1,602,712 | $ 1,611,884 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRESHWORKS INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
*(in thousands, except per share amounts)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Revenue | $ 838,809 | $ 720,420 | $ 596,432 |
| Cost of revenue | 126,145 | 113,330 | 103,369 |
| Gross profit | 712,664 | 607,090 | 493,063 |
| Operating expense: | | | |
| Research and development | 163,208 | 164,590 | 137,756 |
| Sales and marketing | 394,753 | 390,817 | 357,781 |
| General and administrative | 141,093 | 180,629 | 167,698 |
| Restructuring charges | 405 | 9,664 | — |
| Total operating expenses | 699,459 | 745,700 | 663,235 |
| Income (loss) from operations | 13,205 | (138,610) | (170,172) |
| Interest and other income, net | 40,077 | 47,773 | 46,403 |
| Income (loss) before income taxes | 53,282 | (90,837) | (123,769) |
| Provision for (benefit from) income taxes | (130,441) | 4,531 | 13,667 |
| Net income (loss) | 183,723 | (95,368) | (137,436) |
| Net income (loss) per share - basic | $ 0.63 | $ (0.32) | $ (0.47) |
| Net income (loss) per share - diluted | $ 0.63 | $ (0.32) | $ (0.47) |
| | | | |
| Weighted-average shares used in computing net income (loss) per share: | | | |
| Basic | 291,079 | 300,843 | 293,087 |
| Diluted | 293,769 | 300,843 | 293,087 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRESHWORKS INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
*(in thousands)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net income (loss) | $ 183,723 | $ (95,368) | $ (137,436) |
| Other comprehensive income (loss), net of taxes: | | | |
| Unrealized gains (losses) on available-for-sale debt securities | (592) | 1,310 | 7,105 |
| Net change on cash flow hedging | (661) | (894) | (428) |
| Total other comprehensive income (loss), net of taxes: | $ (1,253) | $ 416 | $ 6,677 |
| Comprehensive income (loss) | $ 182,470 | $ (94,952) | $ (130,759) |

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRESHWORKS INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
*(in thousands)*

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' (Deficit) Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| Balances as of January 1, 2023 | 289,093 | $ 3 | $ 4,562,319 | $ (7,431) | $ (3,503,073) | $ 1,051,818 |
| Issuance of common stock upon exercise of stock options | 360 | — | 88 | — | — | 88 |
| Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for tax purposes | 6,615 | — | (68,621) | — | — | (68,621) |
| Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes | 627 | — | 7,271 | — | — | 7,271 |
| Stock-based compensation | — | — | 212,465 | — | — | 212,465 |
| Other comprehensive income | — | — | — | 6,677 | — | 6,677 |
| Net loss | — | — | — | — | (137,436) | (137,436) |
| Balances as of December 31, 2023 | 296,695 | 3 | 4,713,522 | (754) | (3,640,509) | 1,072,262 |
| Issuance of common stock upon exercise of stock options | 338 | — | 89 | — | — | 89 |
| Issuance of common stock and options in connection with acquisition | 687 | — | 12,874 | — | — | 12,874 |
| Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for tax purposes | 6,078 | — | (59,629) | — | — | (59,629) |
| Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes | 569 | — | 6,643 | — | — | 6,643 |
| Repurchase and retirement of common stock | (985) | — | (15,535) | — | — | (15,535) |
| Stock-based compensation | — | — | 216,169 | — | — | 216,169 |
| Other comprehensive income | — | — | — | 416 | — | 416 |
| Net loss | — | — | — | — | (95,368) | (95,368) |
| Balances as of December 31, 2024 | 303,382 | $ 3 | $ 4,874,133 | $ (338) | $ (3,735,877) | $ 1,137,921 |
| Issuance of common stock upon exercise of stock options | 227 | — | 74 | — | — | 74 |
| Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for tax purposes | 6,148 | — | (56,492) | — | — | (56,492) |
| Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes | 566 | — | 6,228 | — | — | 6,228 |
| Repurchase and retirement of common stock, including excise tax | (26,896) | — | (387,426) | — | — | (387,426) |
| Stock-based compensation | — | — | 149,875 | — | — | 149,875 |
| Other comprehensive income | — | — | — | (1,253) | — | (1,253) |
| Net income | — | — | — | — | 183,723 | 183,723 |
| Balances as of December 31, 2025 | 283,427 | $ 3 | $ 4,586,392 | $ (1,591) | $ (3,552,154) | $ 1,032,650 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRESHWORKS INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(in thousands)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Cash Flows from Operating Activities:** | | | |
| Net income (loss) | $ 183,723 | $ (95,368) | $ (137,436) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 25,857 | 19,415 | 12,144 |
| Amortization of deferred contract acquisition costs | 31,702 | 28,556 | 23,965 |
| Non-cash lease expense | 9,700 | 8,842 | 7,736 |
| Stock-based compensation | 146,819 | 216,706 | 210,707 |
| Discount amortization on marketable securities | (6,557) | (15,992) | (15,652) |
| Gain on sale of non-marketable equity investments | (1,837) | — | — |
| Release of valuation allowance | (151,738) | — | — |
| Deferred income taxes | 2,637 | (12,642) | (1,322) |
| Other | 779 | 1,397 | 119 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (28,059) | (17,145) | (26,982) |
| Deferred contract acquisition costs | (40,071) | (34,524) | (26,962) |
| Prepaid expenses and other assets | (11,868) | (1,393) | (7,411) |
| Accounts payable | 9,573 | (2,204) | (2,423) |
| Accrued and other liabilities | 19,078 | 14,454 | 1,839 |
| Deferred revenue | 61,179 | 54,808 | 60,773 |
| Operating lease liabilities | (8,547) | (4,264) | (12,917) |
| **Net cash provided by operating activities** | 242,370 | 160,646 | 86,178 |
| **Cash Flows from Investing Activities:** | | | |
| Purchases of property and equipment | (5,700) | (9,177) | (2,069) |
| Proceeds from sale of property and equipment | 149 | 279 | 110 |
| Capitalized internal-use software | (15,791) | (5,485) | (6,271) |
| Purchases of marketable securities | (586,833) | (620,573) | (842,803) |
| Sale of non-marketable equity investments | 1,984 | — | — |
| Maturities and redemptions of marketable securities | 830,756 | 887,664 | 1,009,532 |
| Advances paid for business combination (Note 16) | (18,432) | — | — |
| Business combination, net of cash acquired | — | (213,905) | — |
| **Net cash provided by investing activities** | 206,133 | 38,803 | 158,499 |
| **Cash Flows from Financing Activities:** | | | |
| Proceeds from issuance of common stock under employee stock purchase plan, net | 6,228 | 6,643 | 7,271 |
| Proceeds from exercise of stock options | 74 | 89 | 88 |
| Payment of withholding taxes on net share settlement of equity awards | (56,654) | (60,299) | (67,978) |
| Repurchase of common stock | (386,306) | (13,693) | — |
| **Net cash used in financing activities** | (436,658) | (67,260) | (60,619) |
| Net increase in cash, cash equivalents and restricted cash | 11,845 | 132,189 | 184,058 |
| Cash, cash equivalents and restricted cash, beginning of period | 620,405 | 488,216 | 304,158 |
| **Cash, cash equivalents and restricted cash, end of period** | $ 632,250 | $ 620,405 | $ 488,216 |
| **Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets:** | | | |
| Cash and cash equivalents | $ 569,774 | $ 620,315 | $ 488,121 |
| Restricted cash, current | 62,374 | 3 | — |
| Restricted cash included in other assets | 102 | 87 | 95 |
| Total cash, cash equivalents and restricted cash | $ 632,250 | $ 620,405 | $ 488,216 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Supplemental cash flow information:** | | | | | | |
| Cash paid for taxes | $ | 14,384 | $ | 11,949 | $ | 12,034 |
| **Non-cash investing and financing activities:** | | | | | | |
| Operating lease right-of-use assets obtained in exchange for operating lease obligations | $ | 12,755 | $ | 13,275 | $ | 7,461 |
| Stock-based compensation capitalized as internal-use software | $ | 3,199 | $ | 1,358 | $ | 1,758 |
| Issuance of common stock and options in connection with acquisition | $ | — | $ | 12,874 | $ | — |
| Excise tax liability accrued for common stock repurchased | $ | 2,961 | $ | — | $ | — |
| Payables related to unsettled common stock repurchases | $ | — | $ | 1,840 | $ | — |

*The accompanying notes are an integral part of these consolidated financial statements.*

FRESHWORKS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Description of Business**

Freshworks Inc. is a software development company that provides software-as-a-service (SaaS) products that provide people-first, AI service software that organizations use to deliver exceptional employee and customer experiences. We are headquartered in San Mateo, California, and have subsidiaries located in the United States, India, Australia, the United Kingdom, Ireland, Germany, France, the Netherlands, and Singapore.

In June 2024, we acquired all outstanding shares of D42 Parent, Inc., an IT asset management company, for approximately $238.1 million. See Note 6—Business Combination.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The consolidated financial statements include the accounts of Freshworks and its wholly owned subsidiaries, and all intercompany balances and transactions have been eliminated in consolidation.

***Foreign Currency Remeasurement and Transactions***

The functional currency of our foreign subsidiaries is the U.S. dollar. Accordingly, each foreign subsidiary remeasures monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenues and expenses are remeasured at the exchange rates in effect on the day the transaction occurred, except for those expenses related to non-monetary assets and liabilities which are remeasured at historical exchange rates. Remeasurement adjustments are recognized in interest and other income, net in the consolidated statements of operations, and have not been material for the years ended December 31, 2025, 2024, and 2023.

***Use of Estimates***

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. Significant items subject to such estimates and assumptions include, but are not limited to, the following:

- determination of standalone selling price (SSP) for each distinct performance obligation included in customer contracts with multiple performance obligations;
- allowance for doubtful accounts;
- benefit period of deferred contract acquisition costs;
- capitalization of internal-use software development costs;
- fair value of goodwill;
- useful lives of long-lived assets, including intangible assets;
- valuation of deferred tax assets;
- valuation of employee defined benefit plan and other compensation liabilities;
- fair value of share-based awards; and
- incremental borrowing rate used for operating leases.

***Revenue Recognition***

We derive revenue from subscription fees, related professional services, and following the acquisition of D42 Parent, Inc. in June 2024, software licenses.

*Subscription Revenue*

We sell subscriptions for our cloud-based solutions directly to customers and indirectly through channel partners through arrangements that are non-cancelable and non-refundable. Our subscription arrangements do not provide customers with the right to take possession of the software supporting the solutions and, as a result, are accounted for as service arrangements. We record revenue net of sales or value-added taxes.

We sell subscriptions to third-party resellers. The price at which subscriptions are sold to the reseller is typically discounted, as compared to the price at which we would sell to an end customer, in order to enable the reseller to realize a margin on the eventual sale to the end customer. As pricing to the reseller is fixed, and we lack visibility into the pricing provided by the reseller to the end customer, reseller revenue is recorded net of any reseller discounts.

Subscription revenue is primarily comprised of fees paid by our customers for accessing our cloud-based software during the term of the arrangement. Cloud-based services allow customers to use our multi-tenant software without requiring them to take possession of the software. Given that access to the cloud-based software represents a series of distinct services that comprise a single performance obligation that is satisfied over time, subscription revenue is recognized ratably over the contract term beginning on the commencement date of each contract, which is the date that the cloud-based software is made available to customers.

*Professional Service Revenue*

Professional services revenue is comprised of fees charged for services ranging from product configuration, data migration, systems integration, and training. We recognize professional services revenues as services are performed.

*Software License Revenue*

Software license revenue is generally sold as bundled arrangements that include the rights to a software license and maintenance and cloud-based software in some cases. Software license revenue consists of term licenses and is recognized upfront, upon making the software available to the customer. The associated software maintenance revenue is generally recognized ratably over the contract term as support and updates are provided to the customers over the term of the arrangement.

*Customers with Multiple Performance Obligations*

Some of our contracts with customers contain both subscriptions and professional services, and software licenses. For these contracts, we account for individual performance obligations separately. The transaction price is allocated to the separate performance obligations on the basis of relative standalone selling price (SSP). We determine SSP by taking into consideration historical selling price of these performance obligations in similar transactions, as well as current pricing practices and other observable inputs including, but not limited to, customer size and geography. As our go-to-market strategies evolve, we may modify our pricing practices in the future, which could result in changes to SSP.

***Cost of Revenue***

Cost of revenue consists mainly of personnel-related expenses (primarily including salaries, related benefits, and stock-based compensation) for employees associated with our cloud-based infrastructure, payment gateway fees, voice, product support, and professional service organizations, as well as costs incurred by us for third-party hosting capabilities. Cost of revenue also includes third-party license fees, amortization of acquired intangibles, amortization of capitalized internal-use software, and allocation of general overhead expenses such as facilities and information technology.

***Research and Development***

Research and development costs are expensed as incurred and consist primarily of personnel-related expenses (primarily including salaries, related benefits, and stock-based compensation) for our product development employees. Research and development expenses also include non-personnel-related expenses such as third-party services for product development and consulting expenses, depreciation expense related to equipment used in research and development activities, and allocation of our general overhead expenses.

***Advertising Costs***

Advertising costs are charged to sales and marketing expense in the consolidated statements of operations as incurred. We recognized $41.3 million, $41.4 million, and $41.2 million of advertising costs for the years ended December 31, 2025, 2024, and 2023, respectively.

***Stock-Based Compensation***

We issue stock options and restricted stock units (RSUs) to employees, consultants and directors under our 2021 Equity Incentive Plan (2021 Plan) and stock purchase rights granted under the 2021 Employee Stock Purchase Plan (ESPP) to employees based on the estimated fair value on the date of the grant. Stock-based compensation expense related to stock options and RSUs under the 2021 Plan and stock purchase rights under the ESPP is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period, which is the vesting period of the respective awards. Forfeitures are accounted for when they occur.

The fair value of RSUs is based on the closing market price of our Class A common stock on the date of the grant. Prior to the Initial Public Offering (IPO) in 2021, we determined the fair value of the common stock underlying stock options and RSUs by considering numerous objective and subjective factors including, but not limited to: (i) independent third-party valuations, (ii) the prices, rights, preferences, and privileges of our redeemable convertible preferred stock relative to its common stock, (iii) the lack of marketability of the common stock, (iv) current business conditions and financial projections, and (iv) the likelihood of achieving an IPO or sale event. Subsequent to the IPO, the fair values of stock options and the stock purchase rights under the ESPP are estimated using the Black-Scholes option-pricing model, which requires the input of highly subjective assumptions. These assumptions represent our best estimates and involve inherent uncertainties and the application of our judgment. The main assumptions used in the Black-Scholes option-pricing model include:

*Expected term*—The expected term represents the period that stock-based awards are expected to be outstanding. The expected term for option grants is determined using the simplified method which represents the average of the contractual term of the option and the weighted-average vesting period of the option. We consider this appropriate as there is not sufficient historical information available to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The expected term for ESPP is the length of time from the grant date to the date on which the stock is purchased by the employees.

*Stock price volatility*—For the stock price volatility over the expected term where our common stock has sufficient trading history, we generally estimate the stock price volatility using the historical volatility of our own stock. If our common stock lacks sufficient trading history, the stock price volatility over the expected term is estimated based on the historical volatility of comparable companies with similar characteristics to those of ours.

*Risk-free interest rate*—The risk-free interest rate is based on the yield of the U.S. treasury debt securities commensurate with the expected term.

*Dividend yield*—Because we have never paid and have no intention to pay cash dividends on our common stock, the dividend yield is zero.

For the performance-based award granted to the then CEO, subsequently Executive Chairman and now former Executive Chairman, with both a service-based vesting condition and a market condition (2021 Executive Chairman Performance Award as discussed further in Note 12 —*Stockholders' Equity and Stock-Based Compensation*), we determined the fair value of the award by using the Monte Carlo simulation model. The main assumptions used in the Monte Carlo simulation model include stock price volatility, risk-free interest rate, dividend yield and the measurement period, which is the period over which our simulated stock prices are used to evaluate the possibility of achieving the specified stock price targets. Since both vesting conditions have to be met for each tranche of the award to ultimately vest, the associated stock-based compensation expense is recognized over the longer of the derived service period or the requisite service period, using the accelerated attribution method.

In March 2025 and February 2024, the Board approved performance awards (PRSUs) to be granted to certain members of the executive team subject to service and performance-based vesting conditions (referred to as Executive PRSUs in Note 12—*Stockholders' Equity and Stock-Based Compensation*). The performance-based vesting conditions include revenue and free cash flow targets. The fair value of each Executive PRSU is based on the fair value of our common stock on the date of grant. Stock-based compensation associated with these Executive PRSUs is recognized using the accelerated attribution method over the requisite service period, based on Freshworks' periodic assessment of the probability that the performance will be achieved. If the performance goals are not met as of the end of the performance period, no compensation expense is recognized and any previously recognized compensation expense is reversed.

***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

We recognized the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is more likely than not of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

We recognize interest and penalties related to income tax matters as a component of income tax expense.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of deposits held at financial institutions, money market funds, as well as highly liquid investments with an original maturity of three months or less when purchased. Cash and cash equivalents are recorded at cost, which approximates fair value.

***Restricted Cash***

Restricted cash consists of cash balances that are legally or contractually restricted as to withdrawal or use. Such restrictions primarily relate to cash held as collateral under certain contractual arrangements, amounts restricted for the settlement of specific obligations, or cash held in escrow. Restricted cash is recorded at cost, which approximates fair value.

***Marketable Securities***

Marketable securities consist primarily of debt securities such as corporate bonds, commercial paper, U.S. treasury securities, U.S. government agency securities and certificates of deposit. These securities are classified as available-for-sale securities at the time of purchase as they represent funds readily available for current operations, and we have the ability and intent to liquidate them at any time to meet our operating cash needs, if necessary. All available-for-sale debt securities are recorded at their estimated fair value, with changes in fair value recognized as unrealized gains or losses in accumulated other comprehensive income. For available-for-sale debt securities in an unrealized loss position, we evaluate whether a current expected credit loss exists based on available information relevant to the credit rating of the security, current economic conditions and reasonable and supportable forecasts. Expected credit losses are recorded in interest and other income, net, on the consolidated statements of income, and any remaining unrealized losses are recognized in accumulated other comprehensive income or loss in the stockholders' equity section of the consolidated balance sheets. Realized gains and losses are determined based on the specific identification method and are reported in interest and other income, net in the consolidated statements of operations. There were no credit losses or impairment on available-for-sale debt securities recognized for the years ended December 31, 2025, 2024, and 2023.

***Accounts Receivable and Allowance for Credit Losses***

Trade accounts receivable are recorded at the invoiced amount, net of allowance for credit losses. The allowance is based on our assessment of the collectability of accounts and is recorded as an offset to revenue and deferred revenue. We regularly review the adequacy of the allowance by considering the age of each outstanding invoice and the collection history.

***Concentrations of Risk***

Financial instruments that potentially expose us to significant concentration of credit risk consist primarily of cash, cash equivalents, marketable securities, and accounts receivable. Our cash and cash equivalents and marketable securities are generally held with large financial institutions and are in excess of the federally insured limits provided on such deposits. In addition, we have cash and cash equivalents held in international bank accounts, which are denominated primarily in euros, British pounds, and Indian rupees.

There were no customers that individually exceeded 10% of our revenue for the years ended December 31, 2025, 2024, and 2023, or that represented 10% or more of our consolidated accounts receivable balance as of December 31, 2025 and 2024.

We primarily rely upon third-party cloud infrastructure partner, Amazon Web Services (AWS), to serve customers and operate certain aspects of its services. Any disruption of this cloud infrastructure partner would impact our operations and our business could be adversely impacted.

***Derivative Instruments***

We enter into foreign currency forward contracts, all of which were designated as cash flow hedges, in order to manage the volatility of cash flows that relate to cost of revenues and operating expenses denominated in Indian rupee. All derivative instruments are measured at fair value based upon quoted market prices for comparable instruments and as such, classified within Level 2 of the fair value hierarchy. Derivative assets and liabilities are presented on a gross basis on the consolidated balance sheets under prepaid expenses and other current assets and accrued liabilities, respectively.

Gains or losses related to cash flow hedges are recorded as a component of accumulated other comprehensive income (AOCI) on the consolidated statements of stockholders' equity until the forecasted transaction occurs in earnings. When the forecasted transaction occurs, the related gains and losses are reclassified into earnings within the financial statement line item associated with the underlying hedged transaction. If the underlying hedged transaction does not occur, or it becomes probable that the hedged transaction will not occur, the cumulative unrealized gain or loss is reclassified immediately from AOCI into earnings within interest and other income. Changes in the fair value of currency forward exchange contracts due to changes in time value were excluded from the assessment of effectiveness. The initial value of this excluded component is amortized on a straight-line basis over the life of the hedging instrument and recognized in the financial statement line item to which the hedge relates. A majority of the balance related to foreign exchange derivative instruments included in AOCI at December 31, 2025 is expected to be reclassified into earnings within 12 months.

Derivative instruments are classified in the consolidated statements of cash flows as cash from operating activities, which reflect the classification of the underlying hedged transactions.

We do not use derivative financial instruments for trading or speculative purposes.

Entering into derivative instruments exposes us to credit risk to the extent that the counterparties are unable to meet the terms of the contract. We mitigate this credit risk by transacting with major financial institutions with high credit ratings. In addition, we have entered into master netting arrangements that mitigate credit risk by permitting net settlement of transactions. As such, our exposure is not considered significant. We do not have any collateral requirements with counterparties.

***Deferred Contract Acquisition Costs***

Deferred contract acquisition costs are incremental costs that are associated with acquiring customer contracts and consist primarily of sales commissions and the associated payroll taxes and certain referral fees paid to third-party resellers. The costs incurred upon the execution of initial and expansion contracts are primarily deferred and amortized over an estimated benefit period of three years. The estimated benefit period is determined by taking into consideration our contracts with customers, technology life cycle and other factors. We consider the estimated benefit period to exceed the initial contract term for certain costs because of anticipated renewals and because sales commission rates for renewal contracts are not commensurate with sales commissions for initial contracts. We include amortization of deferred commissions in sales and marketing expense in our consolidated statements of operations. There was no impairment loss in relation to the incremental selling costs capitalized for the years ended December 31, 2025, 2024, and 2023.

We have elected to apply the practical expedient under Accounting Standards Codification (ASC) No. 340-40—Other Assets and Deferred Costs to account for costs incurred in obtaining a contract with a benefit period of one year or less as commission expenses. Deferred contract acquisition costs are included in sales and marketing expense in our consolidated statements of operations.

***Property and Equipment, net***

Property and equipment, net, including capitalized internally-developed software, is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

| | Estimated Useful Life |
|---|---|
| Computers | 3 years |
| Capitalized internal-use software | 3 years |
| Office equipment, furniture and fixtures | 5 years |
| Motor vehicles | 5 years |
| Leasehold improvements | Lesser of lease term or 5 years |

*Capitalized Internal-Use Software*

We capitalize costs incurred in our software development projects and implementation of certain enterprise cloud computing services during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Once the development project is available for general release, capitalization ceases, and we estimate the useful life of the asset and begin amortization. Internal-use software and cloud computing services are amortized on a straight-line basis over its estimated useful life, within cost of revenue in the consolidated statements of operations.

***Long-Lived Assets (Including Goodwill)***

Long-lived assets with finite lives include property and equipment, capitalized internal-use software and right-of-use (ROU) assets. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds these estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group. We did not recognize any impairment of long-lived assets during the years ended December 31, 2025, 2024, and 2023.

Goodwill is not amortized but rather is tested for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. We elected to bypass the qualitative assessment, and performed a quantitative goodwill impairment test. Goodwill impairment is recognized when the quantitative assessment results in the carrying value of the reporting unit exceeding its fair value, in which case an impairment charge in the amount of such excess is recorded to goodwill, limited to the amount of goodwill. We did not recognize any impairment of goodwill during the years ended December 31, 2025, 2024, and 2023.

***Deferred Revenue***

Deferred revenue consists of customer billings in advance of revenue being recognized from our subscription and professional services arrangements. Customers are invoiced for subscription service arrangements in advance for monthly, quarterly, semi-annual and annual subscription plans. Our payment terms generally provide that customers pay the invoiced portion of the total arrangement fee either in advance or within 30 days from the invoice date.

***Net Income (Loss) per Share***

Basic and diluted net income (loss) per share is computed by dividing the net income (loss) by the number of weighted-average shares of common stock outstanding during the reporting period. Diluted net income (loss) per share adjusts basic net income (loss) per share for the potentially dilutive impact of outstanding stock options, RSUs, PRSUs, and stock purchases rights granted under the ESPP. The dilutive potential shares are computed using the treasury stock method. In periods when we report net losses, all potentially dilutive securities are considered antidilutive, and accordingly, diluted net loss per share is the same as basic net loss per share.

***Defined Benefit Plan***

Employees in India are entitled to benefits under the Gratuity Act, a defined benefit retirement plan covering eligible employees. The plan requires employers to provide for a lump-sum payment to eligible employees at retirement, death, and incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. Employees in India are also entitled to a defined benefit plan with benefits based on an employee's accumulated leave balance and salary. Both plans are unfunded arrangements.

Current service costs are accrued in the period to which they relate. The benefit obligations are calculated by a qualified actuary using the projected unit credit method and the unfunded position is recognized as a liability in the consolidated balance sheets. In measuring the defined benefit obligations, we use a discount rate at the reporting date based on yields of local government treasury bills denominated in the same currency in which the benefits are expected to be paid, with maturities approximating the terms of our obligations.

Because the plan is unfunded, no annual contributions are required to be made as per applicable regulations. Disclosures required under ASC 715—Compensation—Retirement Benefits, have been omitted because we have deemed them immaterial to our consolidated financial statements. The benefit plans had a plan benefit obligation of $13.0 million and $11.4 million as of December 31, 2025 and 2024, respectively. The long-term portion for the amount of $10.9 million and $9.6 million is included in other liabilities in the consolidated balance sheets as of December 31, 2025 and 2024, respectively. The current portion for the amount of $2.1 million and $1.8 million is included in accrued expenses in the consolidated balance sheets as of December 31, 2025 and 2024, respectively.

***Leases***

We lease office space under operating leases with expiration dates through 2032. We determine whether an arrangement constitutes a lease and records lease liabilities and ROU assets on our consolidated balance sheets at the lease commencement date. Lease liabilities are measured based on the present value of the total lease payments not yet paid, discounted based on either the rate implicit in the lease or our incremental borrowing rate (the estimated rate we would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease), whichever is more readily determinable. The incremental borrowing rate is based on an estimate of our expected unsecured borrowing rate for its notes, adjusted for tenor and collateralized security features. Lease liabilities due within 12 months are included within accrued liabilities on our consolidated balance sheets. ROU assets are measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the lease commencement date, (ii) initial direct costs incurred, and (iii) tenant incentives received, incurred or payable under the lease. Recognition of rent expense begins when the lessor makes the underlying asset available to us. We do not assume renewals or early terminations of its leases unless it is reasonably certain to exercise these options at commencement and does not allocate consideration between lease and non-lease components.

For short-term leases, we record rent expense in our consolidated statements of operations on a straight-line basis over the lease term and records variable lease payments as incurred.

***Restructuring Charges***

Costs associated with our restructuring plan primarily consist of severance payments, benefits continuation, and other employee separation costs. In general, we record involuntary employee-related exit costs when we communicate to employees that they are entitled to receive such benefits and the amount can be reasonably estimated. Related costs are included in restructuring charges in the consolidated statements of operations. The remaining restructuring liability is included in accrued liabilities in the consolidated balance sheet.

***Recent Accounting Pronouncements***

*Accounting Standards Recently Adopted*

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires entities to provide more information in the rate reconciliation table and about income taxes paid, including certain disclosures that would be disaggregated by jurisdiction and other categories. This authoritative guidance was adopted on January 1, 2025 prospectively for our annual disclosures starting 2025. This guidance is only related to disclosures and did not have a significant impact on our consolidated financial statements. See Note 14—Income Taxes.

*Accounting Standards Not Yet Adopted*

In November 2024, the FASB issued ASU No. 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard provides guidance to expand disclosures related to the disaggregation of income statement expenses, which requires more detailed information about specified categories of expenses included in certain expense captions presented on the face of the income statement. This authoritative guidance is effective for us starting in our annual disclosures for 2027 and interim periods starting 2028. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. This guidance is only related to disclosure and is not expected to have a significant impact on our consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments-Credit Losses: Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient to measure credit losses on current accounts receivable and current contract assets under Accounting Standards Codification 606, Revenue from Contracts with Customers. The practical expedient assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. This guidance is effective for us starting in our annual disclosures for 2026. Early adoption is permitted. We do not expect this guidance to have a material impact on our consolidated financial statements.

In September 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 updates guidance on accounting for software costs by aligning capitalization with when management commits to funding a project and completion is probable. Additionally, the ASU introduces new disclosure requirements, including significant judgments made in applying the guidance and the nature and amount of capitalized software costs. This guidance is effective for us starting in our annual and interim disclosures for periods starting January 1, 2028. Early adoption is permitted. We are currently assessing the impact of this update on our consolidated financial statements, including which transition method to apply.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which clarifies that the interim reporting requirements in Topic 270 apply to all entities that issue interim financial statements prepared in accordance with U.S. GAAP and consolidates such requirements within Topic 270. The amendments provide a comprehensive list within Topic 270 of required interim disclosures, establish a principle requiring disclosure of events or changes occurring after the end of the most recent annual reporting period that have a material impact on interim results. and clarifies the form and content requirements applicable to interim financial statements. ASU 2025-11 will be effective for our interim periods starting January 1, 2028, with early adoption permitted. This guidance is only related to disclosure and is not expected to have a significant impact on our consolidated financial statements.

### 3. Cash Equivalents and Investments

Cash equivalents and available-for-sale debt securities consisted of the following as of December 31, 2025 and 2024 (in thousands):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Cash equivalents: | | | | |
| Money market funds | $ 120,923 | $ — | $ — | $ 120,923 |
| U.S. treasury securities | 100,235 | 16 | — | 100,251 |
| U.S. government agency securities | 26,168 | 3 | (1) | 26,170 |
| Commercial paper | 47,466 | — | — | 47,466 |
| Fixed deposits | 129,875 | — | — | 129,875 |
| Total cash equivalents | 424,667 | 19 | (1) | 424,685 |
| Debt securities: | | | | |
| U.S. treasury securities | 131,286 | 102 | (9) | 131,379 |
| U.S. government agency securities | 30,868 | 40 | — | 30,908 |
| Corporate debt securities | 36,878 | 69 | (6) | 36,941 |
| Commercial paper | 12,369 | — | — | 12,369 |
| Total debt securities | 211,401 | 211 | (15) | 211,597 |
| Total cash equivalents and debt securities | **$ 636,068** | $ 230 | $ (16) | $ 636,282 |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Cash equivalents: | | | | |
| Money market funds | $ 507,655 | $ — | $ — | $ 507,655 |
| Total cash equivalents | 507,655 | — | — | 507,655 |
| Debt securities: | | | | |
| U.S. treasury securities | 215,773 | 612 | (17) | 216,368 |
| U.S. government agency securities | 144,474 | 321 | (12) | 144,783 |
| Corporate debt securities | 45,682 | 101 | (21) | 45,762 |
| Commercial paper | 16,388 | — | — | 16,388 |
| Certificates of deposit | 26,449 | — | — | 26,449 |
| Total debt securities | 448,766 | 1,034 | (50) | 449,750 |
| Total cash equivalents and debt securities | $ 956,421 | $ 1,034 | $ (50) | $ 957,405 |

The following table presents gross unrealized losses and fair values for the securities that were in a continuous unrealized loss position as of December 31, 2025 and 2024 (in thousands):

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | Greater than 12 months | | Total | |
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. treasury securities | $ 21,500 | $ (9) | $ — | $ — | $ 21,500 | $ (9) |
| Corporate debt securities | 7,495 | (6) | — | — | 7,495 | (6) |
| Total | $ 28,995 | $ (15) | $ — | $ — | $ 28,995 | $ (15) |

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | Greater than 12 months | | Total | |
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. treasury securities | $ 13,819 | $ (16) | $ 4,993 | $ (1) | $ 18,812 | $ (17) |
| U.S. government agency securities | 8,197 | (7) | 9,995 | (5) | 18,192 | (12) |
| Corporate debt securities | 7,998 | (19) | 5,982 | (2) | 13,980 | (21) |
| Total | $ 30,014 | $ (42) | $ 20,970 | $ (8) | $ 50,984 | $ (50) |

The amortized cost and fair value of the available-for-sale debt securities based on contractual maturities are as follows (in thousands):

| | December 31, 2025 | |
|---|---|---|
| | Amortized Cost | Fair Value |
| Due within one year | $ 182,634 | $ 182,772 |
| Due after one year but within five years | 28,767 | 28,825 |
| Total | $ 211,401 | $ 211,597 |

Accrued interest receivable of $1.5 million and $3.3 million was classified in prepaid expenses and other current assets in the consolidated balance sheets as of December 31, 2025 and December 31, 2024, respectively.

***Non-Marketable Equity Securities***

Non-marketable equity securities represent our interests in privately held entities which have no readily determinable fair values. We carry these investments at cost, less impairment, and report them under other assets in the consolidated balance sheets. In July 2025, we sold our interest in a privately held entity for $2.2 million which resulted in a gain of $1.8 million. The gain was recorded within Interest and other income, net in the consolidated statements of operations.

### 4. Fair Value Measurements

We measure our financial assets at fair value each reporting period using a fair value hierarchy that prioritizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

***Level 1***—Inputs are observable and reflect quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

***Level 2***—Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

***Level 3***—Inputs that are unobservable.

Money market funds and U.S. treasury securities are classified within Level 1 because they are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Other debt securities and investments are classified within Level 2 if the investments are valued using model driven valuations which use observable inputs such as quoted market prices, benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency. Available-for-sale debt securities are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models.

We did not have any assets or liabilities subject to fair value remeasurement on a nonrecurring basis as of December 31, 2025 and 2024.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The following table represents the fair value hierarchy for our financial assets measured at fair value on a recurring basis as of December 31, 2025 and 2024 (in thousands):

| | December 31, 2025 | | |
|---|---|---|---|
| | Fair Value Measured Using | | |
| | Level 1 | Level 2 | Total |
| **Financial assets:** | | | |
| Cash equivalents: | | | |
| Money market funds | $ 120,923 | $ — | $ 120,923 |
| U.S. treasury securities | 100,251 | — | 100,251 |
| U.S. government agency securities | — | 26,170 | 26,170 |
| Commercial paper | — | 47,466 | 47,466 |
| Fixed deposits | — | 129,875 | 129,875 |
| Marketable securities: | | | |
| U.S. treasury securities | 131,379 | — | 131,379 |
| U.S. government agency securities | — | 30,908 | 30,908 |
| Corporate debt securities | — | 36,941 | 36,941 |
| Commercial paper | — | 12,369 | 12,369 |
| Total financial assets | $ 352,553 | $ 283,729 | $ 636,282 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Fair Value Measured Using | | |
| | Level 1 | Level 2 | Total |
| **Financial assets:** | | | |
| Cash equivalents: | | | |
| Money market funds | $ 507,655 | $ — | $ 507,655 |
| Marketable securities: | | | |
| U.S. treasury securities | 216,368 | — | 216,368 |
| U.S. government agency securities | — | 144,783 | 144,783 |
| Corporate debt securities | — | 45,762 | 45,762 |
| Commercial paper | — | 16,388 | 16,388 |
| Certificates of deposit | — | 26,449 | 26,449 |
| Total financial assets | $ 724,023 | $ 233,382 | $ 957,405 |

The fair value of derivative assets and liabilities as of December 31, 2025 and 2024, and all related unrealized and realized gains and losses during the year ended December 31, 2025 and 2024, were not material. As of December 31, 2025 and 2024, the total notional amount of outstanding designated foreign currency forward contacts were $86.7 million and $50.5 million, respectively.

**5. Balance Sheet Components**

***Property and Equipment, net***

The following table summarizes property and equipment, net as of December 31, 2025 and 2024 (in thousands):

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Computers | $ 18,835 | $ 19,694 |
| Capitalized internal-use software | 53,245 | 34,255 |
| Office equipment | 7,887 | 6,700 |
| Furniture and fixtures | 9,518 | 10,066 |
| Motor vehicles | 267 | 400 |
| Leasehold improvements | 8,994 | 7,847 |
| Construction in progress | 269 | 13 |
| Total property and equipment | 99,015 | 78,975 |
| Less: accumulated depreciation and amortization | (60,172) | (53,082) |
| Property and equipment, net | $ 38,843 | $ 25,893 |

The following table summarizes depreciation expense and internal-use software capitalization and amortization expense for the years ended December 31, 2025, 2024 and 2023 (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Capitalization of costs associated with internal-use software | $ 18,990 | $ 6,843 | $ 8,029 |
| Amortization expense of capitalized internal-use software | 7,410 | 5,631 | 5,106 |
| Depreciation expense | 4,593 | 5,623 | 6,735 |

As of December 31, 2025 and 2024, the net carrying value of capitalized internal-use software was $26.1 million and $14.5 million, respectively.

***Accrued and Other Liabilities***

The following table summarizes accrued liabilities as of December 31, 2025 and 2024 (in thousands):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Accrued compensation | $ 28,233 | $ 28,269 |
| Accrued third-party cloud infrastructure expenses | 5,922 | — |
| Accrued reseller commissions | 11,512 | 11,569 |
| Accrued advertising and marketing expenses | 7,835 | 4,414 |
| Advanced payments from customers | 6,097 | 4,487 |
| Accrued taxes | 14,499 | 14,747 |
| Operating lease liabilities, current | 9,221 | 8,073 |
| Contributions withheld for employee stock purchase plan | 1,198 | 1,127 |
| Unsettled share repurchases | — | 1,840 |
| Other accrued expenses | 13,114 | 7,407 |
| Total accrued liabilities | $ 97,631 | $ 81,933 |

Other liabilities include $21.1 million of long term accrued compensation each as of December 31, 2025 and 2024.

**6. Business Combination**

In June 2024, we acquired all outstanding shares of D42 Parent, Inc., an IT asset management company. Through the combination, we are able to offer a more comprehensive IT solution for customers. The total purchase price consideration is $238.1 million, which consists of $225.3 million in cash paid, including $11.4 million of cash acquired, $8.9 million in common stock issued, and $3.9 million in assumed and converted stock option awards.

As part of the business combination, we assumed certain unvested, in-the-money options held by D42 Parent, Inc.'s founder, which were converted into 511,770 replacement stock option awards issued pursuant to our 2021 Equity Incentive Plan. These awards have a fair value of $5.7 million and will vest two years from the closing date subject to continued employment. The portion of the fair value of the assumed and converted awards related to pre-combination vesting was $3.9 million and is included as consideration discussed above, and the remaining $1.8 million is post-combination expense that will be recognized as compensation expense over the remaining service period. Refer to Note 12—Stockholders' Equity and Stock-Based Compensation.

Transaction costs associated with the acquisition were approximately $2.1 million for the year ended December 31, 2024 and were recorded in general and administrative expense.

As of June 30, 2025, we finalized the purchase price allocation, including the valuation pertaining to deferred tax liabilities. An immaterial adjustment was recorded during the measurement period, resulting in a decrease to goodwill and an increase to deferred tax balances. The following table summarizes the final fair value of assets acquired and liabilities assumed from the acquisition, inclusive of measurement period adjustments:

| | Amount (in thousands) |
|---|---|
| Assets acquired: | |
| Cash | $ 11,432 |
| Trade accounts and other receivables | 8,916 |
| Prepaid expenses and other current assets | 1,792 |
| Customer relationships | 67,600 |
| Developed technology | 30,700 |
| Trademarks | 700 |
| Goodwill | 140,495 |
| Total | $ 261,635 |
| Liabilities assumed: | |
| Accounts payable and other current liabilities | 3,510 |
| Deferred revenue | 6,080 |
| Deferred tax liability | 13,940 |
| Total | 23,530 |
| Total purchase price consideration | $ 238,105 |

The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets and liabilities acquired was recorded as goodwill. The goodwill recognized is not deductible for U.S. income tax purposes. We expect to derive value from the combination of D42 Parent, Inc.'s existing customer base, IT asset management technology, and trademarks, as well as through other synergies. The deferred tax liability was primarily driven by the fair value of intangible assets. The fair values assigned to assets acquired and liabilities assumed are based on management's best estimates and assumptions as of the acquisition date.

The customer relationships, developed technology, and trademarks are amortized on a straight-line basis over their estimated useful lives of 8 years, 6 years, and 1 year, respectively. We used the income approach to estimate the fair value of intangible assets acquired.

We have included the operating results of D42 Parent, Inc. in our consolidated financial statements since the date of the acquisition. The revenue and net loss of D42 Parent, Inc. included in the consolidated statement of operations from the date of acquisition to December 31, 2024 were not material.

The following unaudited supplemental pro forma financial information is provided for informational purposes only and summarizes our combined results of operations as if the acquisition had occurred on January 1, 2023 (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Revenue | $ 735,591 | $ 631,608 |
| Net loss | (99,999) | (151,546) |

The unaudited supplemental pro forma results reflect certain adjustments for the amortization of acquired intangible assets, recognition of stock-based compensation, and acquisition-related transaction expenses. Such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the date indicated, nor are they indicative of our future operating results.

**7. Intangible Assets, Net**

Acquired intangible assets consist of developed technology, customer relationships, and trademarks and are amortized on a straight-line basis over their estimated useful lives. The following tables summarize acquired intangible assets as of December 31, 2025 and 2024 (amounts in thousands):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Gross Amount | Accumulated Amortization | Net Carrying Value | Weighted Average Remaining Useful Life |
| | | | | (in years) |
| Developed technology | $ 41,196 | $ (18,535) | $ 22,661 | 4.4 |
| Customer relationships | 69,200 | (14,875) | 54,325 | 6.4 |
| Trademarks | $ 700 | $ (700) | $ — | — |
| Total | $ 111,096 | $ (34,110) | $ 76,986 | |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Gross Amount | Accumulated Amortization | Net Carrying Value | Weighted Average Remaining Useful Life |
| | | | | (in years) |
| Developed technology | $ 41,196 | $ (13,423) | $ 27,773 | 5.4 |
| Customer relationships | 69,200 | (6,433) | 62,767 | 7.4 |
| Trademarks | $ 700 | $ (400) | $ 300 | 0.4 |
| Total | $ 111,096 | $ (20,256) | $ 90,840 | |

Total amortization of acquired intangible assets for the years ended December 31, 2025, 2024, and 2023 is as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cost of revenue | $ 5,113 | $ 2,927 | $ 158 |
| Sales and marketing | 8,741 | 5,233 | 145 |
| Total amortization expense | $ 13,854 | $ 8,160 | $ 303 |

As of December 31, 2025, expected future amortization expense related to acquired intangible assets is as follows (in thousands):

| | |
|---|---|
| Year Ending December 31, | |
| 2026 | $ 13,553 |
| 2027 | 13,553 |
| 2028 | 13,591 |
| 2029 | 13,553 |
| 2030 | 10,640 |
| Thereafter | 12,096 |
| Total future amortization | $ 76,986 |

## 8. Leases

We have operating leases primarily for office space. The leases have remaining lease terms of 1 to 8 years, some of which include options to extend the lease for up to 6 years. Our leases do not contain any residual value guarantee.

The following table presents various components of the lease costs (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| **Operating Leases** | **2025** | **2024** |
| Operating lease cost | $ 13,112 | $ 12,093 |
| Short-term lease cost | 492 | 489 |
| Variable lease cost | 4,802 | 3,842 |
| Total lease cost | $ 18,406 | $ 16,424 |

The weighted-average remaining term of our operating leases and the weighted-average discount rate used to measure the present value of the operating lease liabilities are as follows:

| | December 31, | |
|---|---|---|
| **Lease Term and Discount Rate** | **2025** | **2024** |
| Weighted-average remaining lease term (in years) | 3.9 | 4.3 |
| Weighted-average discount rate | 8.3 % | 9.0 % |

The following table presents supplemental information arising from lease transactions. Cash payments related to short-term leases are not included in the measurement of the operating lease liabilities, and as such, are excluded from the amounts below (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| **Supplemental Cash Flow Information:** | **2025** | **2024** |
| Cash payments included in the measurement of operating lease liabilities | $ 11,527 | $ 6,808 |

Maturities of the operating lease liabilities are as follows (in thousands):

| **Year Ending December 31:** | **Operating Leases** |
|---|---|
| 2026 | $ 12,307 |
| 2027 | 13,489 |
| 2028 | 12,152 |
| 2029 | 6,136 |
| 2030 | 3,580 |
| Thereafter | 2,579 |
| Total lease payments | 50,243 |
| Less: imputed interest | (7,740) |
| Present value of operating lease liabilities | $ 42,503 |

As of December 31, 2025, there were $6.4 million of future payments related to signed leases that have not yet commenced.

## 9. Commitments and Contingencies

### *Contractual Commitments*

Our contractual commitments primarily consist of third-party cloud infrastructure agreements and service subscription purchase arrangements used to support operations at the enterprise level. Future minimum payments under our non-cancelable purchase commitments as of December 31, 2025 are presented in the table below (in thousands):

| Year ending December 31, | Contractual Commitments |
|---|---|
| 2026 | $ 95,447 |
| 2027 | 91,498 |
| 2028 | 68,723 |
| Total | $ 255,668 |

### *Litigation and Loss Contingencies*

On November 1, 2022, a purported Company stockholder filed a securities class action complaint in the U.S. District Court for the Northern District of California against us, certain of our current officers and directors, and underwriters of our initial public offering (IPO). On February 8, 2023, the court-appointed lead plaintiff and lead counsel. On April 14, 2023, lead plaintiff filed an amended complaint. The amended complaint alleges that defendants violated Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 by making material misstatements or omissions in offering documents filed in connection with our IPO. The amended complaint seeks unspecified damages, interest, fees, costs, and rescission on behalf of purchasers and/or acquirers of common stock issued in our IPO. On September 28, 2023, the court issued an order granting in part and denying in part defendants' motion to dismiss. On January 16, 2025, we filed a motion for summary judgment, which the court granted and entered judgment in our and the other defendants’ favor on April 10, 2025. Plaintiff has appealed the judgment, and we continue to vigorously defend against the claims in this action.

On March 20, 2023, a purported stockholder derivative complaint was filed in the U.S. District Court for the Northern District of California. The complaint names as defendants our current directors, as well as Freshworks, as nominal defendant, and asserts state and federal claims based on some of the same alleged misstatements as the securities class action complaint. The derivative complaint seeks unspecified damages, attorneys’ fees, and other costs. On June 21, 2023, the court stayed the case in light of the pending securities class action. On October 16, 2023, the court extended the stay of the case in light of the pending securities class action. We and the other defendants continue to vigorously defend against the claims in this action.

From time to time, we have been and may be in the future subject to other legal proceedings, claims, investigations, and government inquiries (collectively, legal proceedings) in the ordinary course of business. We have received and may receive claims from third parties asserting, among other things, infringement of their intellectual property rights, defamation, labor and employment rights, privacy, and contractual rights. There are no currently pending legal proceedings that we believe will have a material adverse impact on our business or condensed consolidated financial statements.

### *Indemnifications*

In the ordinary course of business, we enter into contractual arrangements under which we agree to provide indemnification of varying scope and terms to customers, business partners, and other parties with respect to certain matters, including losses arising out of intellectual property infringement claims made by third parties, if we have violated applicable laws, if we are negligent or commit acts of willful misconduct, and other liabilities with respect to our products and services and our business. In these circumstances, payment is typically conditional on the other party making a claim pursuant to the procedures specified in the particular contract. We also indemnify certain of our officers, directors and certain key employees while they are serving in good faith in their respective capacities. To date, we have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in our consolidated financial statements.

## 10. Revenue From Contracts with Customers

We primarily derive revenue from subscription fees and related professional services, as well as through sale of software licenses with associated maintenance and professional services.

We sell subscriptions and software licenses directly to customers and indirectly through channel partners with arrangements that are non-cancelable and non-refundable. Our subscription arrangements do not provide customers with the right to take possession of the software supporting the solutions and, as a result, are accounted for as service arrangements.

Subscription revenue is recognized ratably over the contract term when the cloud-based software is made available to customers.

Software license revenue is generally sold as bundled arrangements that include the rights to a software license and maintenance and cloud-based software in some cases. For software licenses sold with maintenance and professional services, revenue from the software license is recognized when the software is made available to the customer and maintenance revenue is recognized as support and updates are provided, which is generally ratably over the contract term.

Professional services revenue is comprised of fees charged for services ranging from product configuration, data migration, systems integration, and training. We recognize professional services revenues as services are performed.

We record revenue net of sales or value-added taxes.

***Disaggregation of Revenue***

The following table summarizes revenue by our service offerings (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Subscription services, software licenses and maintenance | $ 829,403 | $ 710,744 | $ 582,868 |
| Professional services | 9,406 | 9,676 | 13,564 |
| Total revenue | $ 838,809 | $ 720,420 | $ 596,432 |

See Note 11—Segment and Geographic Information for revenue by geographic location.

***Unbilled Receivables, Deferred Revenue and Remaining Performance Obligations***

Unbilled receivables primarily represent revenue recognized in excess of billings from non-cancellable multi-year contract arrangements. As of December 31, 2025 and 2024, we had $9.8 million and $6.3 million of unbilled receivables, respectively. Unbilled receivables are included within accounts receivable, net on the consolidated balance sheets.

The aggregate balance of remaining performance obligations as of December 31, 2025 was $644.4 million. We expect to recognize $464.4 million of the balance as revenue in the next 12 months and the remainder thereafter. The aggregate balance of remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods.

Deferred revenue consists of customer billings in advance of revenue being recognized from our subscription and professional services arrangements. The following table summarizes the changes in the balance of deferred revenue during the years (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Balance at beginning of the year (2) | $ 327,288 | $ 266,399 | $ 205,626 |
| Add: Billings during the year (1) | 899,988 | 781,309 | 657,205 |
| Less: Revenue recognized during the year | (838,809) | (720,420) | (596,432) |
| Balance at end of the year (2) | $ 388,467 | $ 327,288 | $ 266,399 |

(1) Includes deferred revenue and unbilled receivables acquired as part of D42 Parent, Inc. acquisition and changes in unbilled receivable.
(2) As of December 31, 2025 and 2024, non-current deferred revenue of $3.1 million and $3.9 million was included in Other Liabilities in the consolidated balance sheets, respectively.

Revenue recognized during the years ended December 31, 2025, 2024, and 2023 from amounts included in deferred revenue at the beginning of these periods was $323.5 million, $265.4 million, and $204.8 million, respectively.

***Deferred Contract Acquisition Costs***

The change in the balance of deferred contract acquisition costs during the periods presented is as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Balance at beginning of the year | $ 48,640 | $ 42,672 | $ 39,675 |
| Add: Contract costs capitalized during the year | 40,071 | 34,524 | 26,962 |
| Less: Amortization of contract costs during the year | (31,702) | (28,556) | (23,965) |
| Balance at end of the year | $ 57,009 | $ 48,640 | $ 42,672 |

**11. Segment and Geographic Information**

We operate in a single operating segment composed of the consolidated financial results of Freshworks. Our Chief Executive Officer (CEO) is the chief operating decision maker (CODM) of Freshworks and the key measures of segment profit or loss that our CODM uses to allocate resources and assess performance is our revenue and consolidated net income (loss). Significant segment expenses reviewed by our CODM for our single operating segment comprise of stock-based compensation, amortization of acquired intangible assets, and other segment expenses. Other segment expenses utilize operating expenses recognized as research and development, selling and marketing and general and administrative expenses within our consolidated statement of operations less stock-based compensation and amortization of acquired intangible assets, and primarily related to personnel-related costs. Refer to Note 12—*Stockholders' Equity and Stock-Based Compensation* and Note 7—*Intangible Assets, Net* for information regarding amounts pertaining to stock-based compensation and amortization of acquired intangibles.

Revenue by geographic location is determined based on the customers' billing address. The following table summarizes revenue by geographic region (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| North America | $ 390,795 | $ 329,934 | $ 266,331 |
| Europe, Middle East and Africa | 324,618 | 277,851 | 229,983 |
| Asia Pacific | 100,183 | 91,442 | 83,109 |
| Other | 23,213 | 21,193 | 17,009 |
| Total revenue | $ 838,809 | $ 720,420 | $ 596,432 |

Revenue from North America primarily includes revenue from the United States. For the years ended December 31, 2025, 2024 and 2023, revenue generated from the United States was $354.3 million, $294.5 million and $235.3 million, or 42%, 41% and 39% of total consolidated revenue, respectively. The United Kingdom, categorized within Europe, Middle East and Africa in the table above, contributed $113.5 million, $94.1 million and $75.1 million or 14%, 13% and 13% of total consolidated revenue for the years ended December 31, 2025, 2024 and 2023, respectively.

Long-lived assets consist primarily of property, plant and equipment and ROU assets. The following table summarizes long-lived assets by geographic information (in thousands):

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| North America | $ 39,747 | $ 20,052 |
| Europe, Middle East and Africa | 6,383 | 8,391 |
| Asia Pacific | 32,606 | 34,341 |
| Total long-lived assets | $ 78,736 | $ 62,784 |

Long-lived assets in North America are primarily located in the United States, and long-lived assets in Asia Pacific are primarily located in India.

## 12. Stockholders' Equity and Stock-Based Compensation

### *Common Stock*

We have two classes of common stock: Class A common stock and Class B common stock. The shares of Class A common stock and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes. Class A and Class B common stock are referred to as common stock throughout these notes to the consolidated financial statements, unless otherwise noted. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the board of directors.

Shares of Class B common stock may be converted to Class A common stock at any time at the option of the stockholder. Shares of Class B common stock automatically convert to Class A common stock upon the following: (1) sale or transfer of such share of Class B common stock, except for certain permitted transfers as described in our amended and restated certificate of incorporation; (2) the death of such Class B common stockholder (or nine months after the date of death if the stockholder is our founder); and (3) on the final conversion date, defined as the earlier of (a) the last trading day of the fiscal year following the seventh anniversary of our IPO; or (b) the date specified by a vote of the holders of a majority of the outstanding shares of Class B common stock, voting as a single class.

### *Share Repurchase*

In November 2024, our board of directors (the Board) approved the share repurchase program, which authorized the repurchase of up to $400 million of our outstanding Class A common stock. During the year ended December 31, 2025 we repurchased a total of 26,895,424 shares of Class A common stock under this program in open market transactions for an aggregate purchase price of $384.5 million, resulting in an average price of $14.29 per share. During the year ended December 31, 2024, we repurchased a total of 985,234 shares for an aggregate price of $15.5 million and average price of $15.77 per share. The program was completed in August 2025. Under the repurchase program, we repurchased shares in the open market, through privately negotiated transactions and/or other means in compliance with the Exchange Act and the rules and regulations thereunder. These repurchases were executed in accordance with Rule 10b-18 under the Exchange Act and, where applicable, Rule 10b5-1 trading plans.

All shares of Class A common stock subsequently repurchased were retired. Upon retirement, the par value of the common stock repurchased was deducted from common stock and any excess of repurchase price over par value was recorded to additional-paid-in capital.

### *Accumulated Other Comprehensive Income (Loss)*

Accumulated other comprehensive income (loss) is comprised of two components — unrealized gains or losses on available-for-sale debt securities and net changes in cash flow hedges.

The following tables shows the changes in the components of accumulated other comprehensive (loss) income (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Beginning balance | $ (338) | $ (754) | $ (7,431) |
| Unrealized gains (losses) on available-for-sale debt securities | (592) | 1,310 | 7,105 |
| Net change on cash flow hedging | (661) | (894) | (428) |
| Net impact to other comprehensive (loss) income in current period | (1,253) | 416 | 6,677 |
| Ending balance | $ (1,591) | $ (338) | $ (754) |

***Equity Compensation Plans***

In August 2021, the Board adopted the 2021 Plan and the ESPP. Pursuant to the 2021 Plan, the Board may grant incentive stock options to purchase shares of our common stock, non-statutory stock options to purchase shares of our common stock, stock appreciation rights, restricted stock, restricted stock units (RSUs), performance awards (PRSUs) and other awards. The ESPP enables eligible employees to purchase our Class A common stock. Both the 2021 Plan and ESPP include an automatic increase to their shares reserve on January 1 of each year as set forth in the respective plan documents.

In August 2022, the Compensation Committee of the Board adopted the 2022 Inducement Plan (the Inducement Plan) in accordance with Listing Rule 5635(c)(4) of the Nasdaq Stock Market. Under the Inducement Plan, nonstatutory stock options, stock appreciation rights, restricted stock, RSUs, PRSUs and other awards may be granted as an inducement material for eligible persons to enter into employment with us. Upon adoption, we have initially reserved 10,000,000 shares of Class A common stock for issuance under the Inducement Plan.

Shares of common stock reserved for future issuance were as follows (in thousands):

| | December 31, 2025 |
|---|---|
| 2021 Equity Incentive Plan: | 89,696 |
| 2022 Inducement Plan: | 6,958 |
| 2021 Employee Stock Purchase Plan | 15,421 |
| Total shares of common stock reserved for issuance | 112,075 |

***2021 Employee Stock Purchase Plan***

Under the ESPP, the price at which common stock is purchased is equal to 85% of the fair market value of a share of our common stock on the first day of the offering period or the applicable purchase date, whichever is lower. The fair market value of common stock will generally be the closing sales price on the determination date. The ESPP provides an offering period of 24 months, with four purchase periods that are generally six months long and end on May 15 and November 15 of each year. The following table summarizes the information on shares purchased under the ESPP for the years ended December 31, 2025, 2024 and 2023:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net shares issued under ESPP[(1)] | 566,042 | 569,003 | 627,371 |
| Weighted average purchase price | $ 11.10 | $ 11.81 | $ 11.88 |
| Aggregate net proceeds (in thousands) | $ 6,228 | $ 6,643 | $ 7,271 |

(1) Net of shares withheld and retired to satisfy withholding tax requirements for certain employees in jurisdictions outside the United States

The ESPP also includes a reset provision for the purchase price if the fair market value of a share of our common stock on the first day of any purchase period is less than or equal to the fair market value of a share of our common stock on the first day of an ongoing offering. If the reset provision is triggered, a new 24-month offering period begins. Each triggering of the reset provision was considered a modification in accordance with ASC 718, *Stock Based Compensation*, with the modification charge recognized on a straight-line basis over the new offering period. The modifications did not have a material effect on our stock-based compensation expense during the years ended December 31, 2025, 2024, and 2023.

As of December 31, 2025 and 2024, we have withheld $1.2 million and $1.1 million of contributions from its employees.

During the years ended December 31, 2025, 2024 and 2023, we recognized $3.8 million, $5.3 million and $7.6 million of stock-based compensation expense related to the ESPP, respectively.

*Determination of Fair Value of the ESPP*

We estimate the fair value of the ESPP using the Black-Scholes option-pricing model, which requires certain complex valuation assumption inputs such as expected term, expected stock price volatility, risk-free interest rate and dividend yield.

The fair value of each of the four purchase periods is estimated separately. The following table summarizes the range of valuation assumptions used in estimating the fair value of the ESPP during the period:

| Valuation Assumption Inputs | Year Ended December 31, 2025 | 2024 | 2023 |
|---|---|---|---|
| Expected term (in years) | 0.5 - 2.0 | 0.5 - 2.0 | 0.5 - 1.5 |
| Stock price volatility | 33.8% - 48.5% | 48.3% - 57.2% | 47.4% - 77.3% |
| Risk-free interest rate | 3.60% - 4.30% | 4.29% - 5.41% | 4.47% - 5.38% |
| Dividend yield | —% | —% | —% |

***Stock Options***

Stock options are generally granted with an exercise price equal to the fair market value of a share of common stock at the date of grant, have a 10-year contractual term, and vest over a four-year period.

Stock option activity during the year ended December 31, 2025 is as follows (in thousands, except per share data):

| Share Information: | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (1) |
|---|---|---|---|---|
| **Balance as of December 31, 2024** | 2,569 | $ 10.30 | 7.4 | $ 15,066 |
| Stock options exercised | (227) | $ 0.33 | | |
| Stock options cancelled / forfeited / expired | (10) | $ 0.42 | | |
| **Balance as of December 31, 2025** | 2,332 | $ 11.32 | 7.1 | $ 4,650 |
| Options vested and expected to vest as of December 31, 2025 | 2,332 | $ 11.32 | 7.1 | $ 4,650 |
| Options exercisable as of December 31, 2025 | 1,480 | $ 13.57 | 6.7 | $ 49 |

(1) Aggregate intrinsic value for stock options represents the difference between the exercise price and the per share fair value of our common stock as of the end of the period, multiplied by the number of stock options outstanding, exercisable, or vested.

Total intrinsic value of options exercised during the years ended December 31, 2025, 2024, and 2023 was $3.4 million, $5.4 million, and $6.8 million, respectively.

There were no options granted during the years ended December 31, 2025, 2024 and 2023, other than the replacement awards related to the D42 Parent Inc. acquisition in 2024. The weighted-average grant date fair value per share of the assumed and converted stock options related to the D42 Parent, Inc. acquisition was $11.09 for the year ended December 31, 2024, of which approximately $1.8 million was related to post-combination services and will be recognized as stock-based compensation over requisite service period of two years (Note 6).

*Determination of Fair Value of Stock* Options

We estimate the fair value of stock options using the Black-Scholes option-pricing model, which requires certain complex valuation assumption inputs such as expected term, expected stock price volatility, risk-free interest rate, and dividend yield. The following table summarizes the valuation assumptions used in estimating the fair value of stock options assumed and granted for the years presented:

| Valuation Assumption Inputs | Year Ended December 31, 2024 |
|---|---|
| Expected term (in years) | 6.0 |
| Stock price volatility | 65.0% |
| Risk-free interest rate | 4.29% |
| Dividend yield | —% |

***Restricted Stock Units***

RSUs are granted at fair market value at the date of the grant and typically vest over a four-year period.

RSU activity, which includes PRSUs, during the year ended December 31, 2025 is as follows (in thousands, except per share data):

| Share Information: | Number of Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| **Unvested, as of December 31, 2024** | 21,797 | $ 18.54 |
| Granted | 15,450 | $ 14.93 |
| Vested [(1)] | (10,128) | $ 19.69 |
| Forfeited/Cancelled | (5,183) | $ 20.58 |
| **Unvested, as of December 31, 2025** | 21,936 | $ 14.98 |

(1) During the year ended December 31, 2025, total shares that vested were 10.1 million, of which 4.0 million shares were withheld for tax purposes.

The total fair value of vested RSUs during the years ended December 31, 2025, 2024, and 2023 were $199.5 million, $180.0 million, and $175.3 million, respectively.

*Performance-Based Awards*

*Executive Chairman Awards*

In September 2021, the Board approved a grant of 6,000,000 PRSUs to our then Chief Executive Officer, subsequently Executive Chairman and now former Executive Chairman, with a time-based service condition beginning January 1, 2022, and a market condition involving five separate stock price targets ranging from $70.00 to $200.00 per share for each of the five vesting tranches (2021 Executive Chairman Performance Award). In February 2024, the Board approved the cancellation of the 2021 Executive Chairman Performance Award and the grant of a 2024 Executive Chairman Award with a fair value of $19.0 million, both effective March 1, 2024.

We accounted for the 2024 Executive Chairman Award as a modification. There were no incremental costs recognized as a result of the modification and the remaining unrecognized stock-based compensation expense from the 2021 Executive Chairman Performance Award of $61.9 million was to be recognized over the vesting period of the new 2024 Executive Chairman Award. The 2024 Executive Chairman Award is comprised of 70% time-based RSUs that vest quarterly over four years and 30% PRSUs with the same terms as the Executive PRSUs discussed below.

As of March 31, 2025, the performance conditions for this award had been met and time-based vesting was the only condition yet to be satisfied over the remaining requisite service period. Effective December 1, 2025, the Executive Chairman and Chairman of the Board, retired from his role in the Company. As a result of the termination, unvested shares of the Executive Chairman Award were forfeited and certain previously recorded compensation expenses related to the Executive Chairman Award were reversed.

For the years ended December 31, 2025, 2024 and 2023, we recognized $(25.8) million, $24.0 million and $28.1 million, respectively, of stock-based compensation expense (benefit) related to the Executive Chairman awards, with 2025 including $38.7 million in forfeitures.

*Executive PRSUs*

In March 2025 and February 2024, the Board approved the grant of PRSUs to certain members of the executive team (Executive PRSUs), subject to service and performance-based vesting conditions. The performance-based vesting conditions include revenue and free cash flow targets for each respective performance year, from January 1 to December 31, and vest over three years from the grant date. 70% and 30% of each Executive PRSU award will be earned based on our achievement of revenue and free cash flow targets, respectively. As of March 31, 2025, the performance conditions for the Executive PRSUs had been met and time-based vesting was the only condition yet to be satisfied over the remaining requisite service period. The 2025 performance target allows our executives to earn up to a maximum of 173.6% of target performance in the aggregate for significant outperformance.

The fair value of each PRSU is based on the fair value of our common stock on the date of grant. Stock-based compensation associated with these Executive PRSUs is recognized using the accelerated attribution method over the requisite service period, based on our periodic assessment of the probability that the performance will be achieved. During the years ended December 31, 2025 and 2024, we recognized $9.3 million and $5.0 million of stock-based compensation expense related to the Executive PRSUs, respectively.

*Stock-Based Compensation*

Total stock-based compensation expense recorded for the years ended December 31, 2025, 2024, and 2023 was as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Equity awards: | | | |
| Cost of revenue | $ 5,833 | $ 6,565 | $ 6,774 |
| Research and development (1) | 34,864 | 41,512 | 37,524 |
| Sales and marketing | 48,384 | 63,219 | 66,755 |
| General and administrative (2) | 57,738 | 105,410 | 99,654 |
| Stock-based compensation, net of amounts capitalized | 146,819 | 216,706 | 210,707 |
| Capitalized stock-based compensation | 3,199 | 1,358 | 1,758 |
| Total stock-based compensation expense | $ 150,018 | $ 218,064 | $ 212,465 |

(1) Stock-based compensation expense recorded to research and development in the consolidated statements of operations excludes amounts that were capitalized for internal-use software.
(2) General and administrative expense includes stock-based compensation associated with RSUs and PRSUs granted to our Executive Chairman of $(5.1) million, $50.4 million and $55.9 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, unrecognized stock-based compensation expense related to unvested stock-based awards was as follows (in thousands, except for period data):

| | December 31, 2025 | |
|---|---|---|
| | Unrecognized Stock-Based Compensation | Weighted-Average Period to Recognize Expense (in years) |
| RSUs and PSUs | $ 289,786 | 2.7 |
| Stock options | 2,880 | 0.5 |
| ESPP | 6,257 | 1.1 |
| Total unrecognized stock-based compensation expense | $ 298,923 | |

## 13. Restructuring Charges

In November 2024, the Board approved a restructuring plan as a part of our efforts to align our talent with our strategic priorities and to improve operating efficiency. As a result, during the year ended December 31, 2024, we recorded restructuring charges of $9.7 million in our consolidated statements of operations, which consist of severance costs of $8.1 million and other related-personnel and exit costs of $1.6 million. During the year ended December 31, 2025, we recorded restructuring charges of $0.4 million. The restructuring plan is complete, with no remaining liability as of December 31, 2025.

The following table shows the total amount incurred and accrued related to restructuring charges (in thousands):

| | Amount |
|---|---|
| Accrued restructuring costs as of December 31, 2024 | $ 2,350 |
| Restructuring charges incurred during the period | 405 |
| Amounts paid during the period | (2,221) |
| Other | (534) |
| Accrued restructuring costs as of December 31, 2025 | $ — |

## 14. Income Taxes

We adopted ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* prospectively during the year ended December 31, 2025.

Our net income (loss) before provision for income taxes for the years ended December 31, 2025, 2024, and 2023 was as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Domestic | $ 12,935 | $ (130,763) | $ (165,144) |
| Foreign | 40,347 | 39,926 | 41,375 |
| Total | $ 53,282 | $ (90,837) | $ (123,769) |

The components of the provision for income taxes for the years ended December 31, 2025, 2024, and 2023 were as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Current: | | | |
| Federal | $ 4,010 | $ 2,897 | $ 2,589 |
| State | 1,051 | 484 | 221 |
| Foreign | 13,599 | 13,792 | 12,179 |
| Deferred: | | | |
| Federal | (131,046) | (12,725) | — |
| State | (17,973) | (1,440) | — |
| Foreign | (82) | 1,523 | (1,322) |
| Total provision for income taxes | $ (130,441) | $ 4,531 | $ 13,667 |

A reconciliation of provision for income taxes to the amount computed by applying the 21% statutory U.S. federal income tax rate to income before income taxes after the adoption of ASU 2023-09 is as follow:

| | Year Ended December 31, 2025 | |
|---|---|---|
| | Amount | Rate % |
| U.S Federal statutory tax rate | $ 11,189 | 21.0 % |
| United States | | |
| State and local income taxes[1] | (14,365) | (27.0) |
| Foreign tax effects | | |
| India | | |
| Effect of rates different than statutory | 1,358 | 2.5 |
| Lease accounting | 660 | 1.2 |
| Other | 1,066 | 2.0 |
| United Kingdom | | |
| Other | (698) | (1.3) |
| Brazil | | |
| Withholding tax | 563 | 1.1 |
| Other foreign jurisdictions | 2,095 | 3.9 |
| Effect of cross-border tax laws | | |
| Global intangible low-taxed income, net of credits | 3,021 | 5.7 |
| Foreign-derived intangible income | (4,777) | (9.0) |
| Branch taxes | 6,640 | 12.5 |
| Tax Credits | | |
| Foreign tax credits | (14,577) | (27.4) |
| Research and development credits | (4,562) | (8.6) |
| Changes in valuation allowances | (137,367) | (257.8) |
| Nontaxable or nondeductible items | | |
| Stock-based compensation | 11,020 | 20.7 |
| Non-deductible expenses | 464 | 0.9 |
| Foreign exchange loss | 1,075 | 2.0 |
| Other Adjustments | 320 | 0.7 |
| Changes in unrecognized tax benefits | 6,434 | 12.1 |
| Total provision for income taxes | $ (130,441) | (244.8)% |

(1) Income taxes in California made up the majority (greater than 50 percent) of the state tax effect.

A reconciliation of the provision for income taxes to the amount computed by applying the 21% statutory U.S. federal income tax rate to income before income taxes for years prior to the adoption of ASU 2023-09 is as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Federal income tax | 21.0 % | 21.0 % |
| Stock-based compensation | (23.9) | (16.9) |
| Change in valuation allowance | 4.3 | (6.4) |
| Foreign tax rate differential | (4.9) | — |
| Earnings from foreign subsidiaries | (2.1) | (1.8) |
| Uncertain tax positions | (3.2) | (2.1) |
| U.S. taxes on foreign operations | 3.5 | (4.8) |
| Other items | 0.3 | — |
| Total provision for income taxes | (5.0)% | (11.0)% |

The components of our net deferred tax assets as of December 31, 2025 and 2024, were as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 21,269 | $ 58,907 |
| Foreign tax credit carryforwards | 21,488 | 8,489 |
| Capitalized R&E under IRC 174 | 112,700 | 98,274 |
| Stock-based compensation | 6,327 | 6,705 |
| Accruals and reserves | 24,344 | 9,965 |
| Allowance for uncollectible accounts | 328 | 412 |
| Operating lease liability | 11,605 | 9,518 |
| Total deferred tax assets | 198,061 | 192,270 |
| Less: valuation allowance | — | (151,738) |
| Deferred tax assets, net of valuation allowance | 198,061 | 40,532 |
| Deferred tax liabilities: | | |
| Commissions | (7,764) | (6,102) |
| Depreciation and amortization | (14,903) | (17,159) |
| Federal tax effect of non-US branches | (7,119) | — |
| Operating lease right-of-use assets | (10,809) | (8,772) |
| Net deferred tax assets | $ 157,466 | $ 8,499 |

We monitor the realizability of our deferred tax assets taking into account all relevant factors at each reporting period. As of December 31,2025, based on the relevant weight of positive and negative evidence, including the implemented tax restructuring, we concluded that it is more likely than not that our U.S. federal and state deferred tax assets are realizable. As such, we released $151.7 million valuation allowance related to U.S. federal and state deferred tax assets during the year ended December 31, 2025. Our valuation allowance decreased by $3.1 million during the year ended December 31, 2024.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, introducing significant changes to the U.S. tax code, including the immediate expensing of U.S. research and development costs, the immediate expensing of certain capital expenditures, and other tax code changes effective beginning in 2026.

Effective January 1, 2025, all non-U.S. earnings are not permanently reinvested.

*Net Operating Loss and Credit Carryforwards*

As of December 31, 2025, we have U.S. federal net operating loss (NOL) carryforwards of approximately $67.3 million. If not utilized, the federal NOL carryforwards will begin to expire in 2034. For the Federal NOL carryforwards arising in tax years beginning after December 31, 2017, the Tax Cuts Jobs Act of 2017 (TCJA) limits our ability to utilize carryforwards to 80% of taxable income; however, these NOLs may be carried forward indefinitely. We have foreign tax credit of $17.6 million, which will begin to expire in 2028 if not utilized. We also have research and development credits of $4.6 million, which will begin to expire in 2041 if not utilized.

As of December 31, 2025, the NOL carryforwards for all the states in the United States is $112.0 million, of which $110.3 million will begin to expire in 2026, and $1.7 million will be carried forward indefinitely.

Utilization of the NOL carryforwards may be subject to a substantial annual limitation due to the ownership change provisions of IRC Section 382 and similar state provisions. The annual limitation may result in the expiration of NOL carryforwards before utilization. We continually monitors the impact to net operating losses of any ownership changes.

*Income Taxes Paid*

The following presents cash paid for income taxes, net of refunds by jurisdiction for the year ended December 31, 2025 (in thousands):

| | Year Ended December 31, 2025 |
|---|---|
| U.S. Federal | $ — |
| U.S. State | 695 |
| **Foreign** | |
| India | 11,889 |
| Other foreign jurisdictions | 1,800 |
| Total cash paid for taxes, net of refunds | $ 14,384 |

For the years ended December 31, 2024 and 2023, cash paid for taxes, net of refunds was $11.9 million and $12.0 million, respectively.

*Unrecognized Tax Benefits*

We recognize financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount we recorded is the largest benefit that has no likelihood of being realized upon ultimate settlement with the relevant tax authority. As of December 31, 2025 and 2024, we had gross unrecognized tax benefits of $13.3 million and $8.1 million, respectively, all of which would affect the effective tax rate.

The following table presents a reconciliation of the beginning and ending amount of the unrecognized tax benefits (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Unrecognized gross tax benefits at the beginning of the period | $ 8,144 | $ 5,634 |
| Increases related to prior year tax positions | 2,612 | 449 |
| Decreases related to prior year tax positions | (512) | — |
| Increases in current year unrecognized benefits | 3,071 | 2,061 |
| Unrecognized gross tax benefits at the end of the period | $ 13,315 | $ 8,144 |

We recognize interest and penalties related to income tax matters as a component of income tax expense. Accrued interest of $3.2 million and $2.2 million has been recorded as of December 31, 2025 and 2024, respectively.

Our major tax jurisdictions are India and the United States and we also file income tax returns in various U.S. states and foreign jurisdictions. Carryover attributes beginning December 31, 2008, remain open to adjustment by the U.S. federal and state authorities. The U.S. federal, state, and foreign jurisdictions have statutes of limitations that generally range from three to five years. Due to our net losses, substantially all of our U. S. federal and state income tax returns are subject to examination since inception. We are under examination in India and have appealed our case to the appeals court. As of December 31, 2025, we are waiting the results of the appeal. We believe that we have provided adequate reserves for our income tax uncertainties in all open tax years. As the outcome of our tax audits are resolved in a manner inconsistent with management's expectations, we could adjust our provision for income taxes in the future.

**15. Net Income (Loss) Per Share**

Basic net income (loss) per share is computed by dividing the net income (loss) by the number of weighted-average outstanding shares of common stock. Diluted net income (loss) per share is determined by giving effect to all potential common equivalents during the reporting period, unless including them yields an antidilutive result. We consider our stock options and RSUs as potential common stock equivalents. In periods when we report net losses, we exclude potential common stock equivalents from the computation of diluted net loss per share, as their effects are antidilutive.

The rights, including the liquidation and dividend rights, of the holders of Class A and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net income (loss) per share are the same for both Class A and Class B common stock on both an individual and combined basis.

The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share data):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Numerator: | | | |
| Net income (loss) | $ 183,723 | $ (95,368) | $ (137,436) |
| | | | |
| Denominator: | | | |
| Weighted-average shares used in computing net income (loss) per share - basic | 291,079 | 300,843 | 293,087 |
| Weighted-average effect of potentially dilutive equity awards | 2,690 | — | — |
| Weighted-average shares used in computing net income (loss) per share - diluted | 293,769 | 300,843 | 293,087 |
| Net income (loss) per share - basic | $ 0.63 | $ (0.32) | $ (0.47) |
| Net income (loss) per share - diluted | $ 0.63 | $ (0.32) | $ (0.47) |
| | | | |
| Equity awards excluded from diluted net income (loss) per share because their effect would have been anti-dilutive | 10,679 | 24,462 | 29,259 |

**16. Subsequent Events**

*FireHydrant Acquisition*

In January 2026, the Company completed the acquisition of FireHydrant, Inc., a provider of AI-powered incident management software. As of December 31, 2025, the Company paid $18.4 million of advances for the acquisition, included within prepaid expenses and other current assets in the consolidated balance sheet, and held $61.3 million of restricted cash with its payments administrator specifically for the acquisition.

The Company will account for the transaction as a business combination. Since the closing date of the acquisition occurred subsequent to the end of the reporting period, the allocation of purchase price to the underlying net assets has not yet been completed.

*Share Repurchase Program*

In February 2026, the Board of Directors of the Company approved a stock repurchase program for the repurchase of up to $400 million of the Company's outstanding Class A common stock. Under the repurchase program, the Company may repurchase shares of the Company's outstanding Class A common stock from time to time in the open market, through privately negotiated transactions and/or other means in compliance with the Exchange Act and the rules and regulations thereunder. The timing, manner, price, and amount of any repurchases will be determined by the Company at its discretion, and will depend on a variety of factors, including business, economic and market conditions, prevailing stock prices, corporate and regulatory requirements, and other considerations. The repurchase program may be suspended or discontinued at any time.

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. Controls and Procedures

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level, that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025 based on the guidelines established in the *Internal Control—Integrated Framework* (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP.

Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Our independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on our internal control over financial reporting, which appears in Part II, Item 8 of this Form 10-K.

**Changes in Internal Controls over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting**

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations, misstatements due to error or fraud may occur and not be detected.

## Item 9B. Other Information

### Rule 10b5-1 Trading Plans

During the three months ended December 31, 2025, our officers (as defined in Rule 16a-1(f) under the Exchange Act) or directors adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K, as further set below:

| Name | Title | Action | Date | Expiration Date | Total number of securities to be sold |
|---|---|---|---|---|---|
| Tyler Sloat | Chief Financial Officer and Chief Operating Officer | Termination(1) | November 7, 2025 | August 31, 2026 | Up to 500,000 shares |

(1) Represents the termination of a written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) adopted on May 27, 2025.

## Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

# Part III

## Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item (other than the information set forth in the next paragraph) is incorporated by reference to the information as set forth under the captions “Proposal 1 — Election of Directors,” “Information Regarding our Board of Directors and Corporate Governance,” “Delinquent Section 16(a) Reports,” and “Executive Officers” in the definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

We have adopted a code of business conduct and ethics that applies to, among others, our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of business conduct and ethics is available under the Corporate Governance section of our investor relations website at ir.freshworks.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waivers from, a provision of our code of business conduct and ethics by posting such information on the website address and location specified above.

## Item 11. Executive Compensation

The information required by this item is incorporated by reference to the information as set forth under the captions “Executive Compensation,” “Director Compensation,” and “Information Regarding our Board of Directors and Corporate Governance” in the definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the information as set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in the definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the information as set forth under the captions “Transactions with Related Persons and Indemnification” and "Information Regarding our Board of Directors and Corporate Governance" in the definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

## Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the information as set forth under the caption “Proposal 2 — Ratification of Selection of Independent Registered Public Accounting Firm” in the definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2025.

## Part IV

### Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements

See Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

(b) Financial Statement Schedule

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

(c) Exhibits.

The documents listed in the Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K.

| Exhibit Number | Description of Exhibit | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation. | 8-K | 001-40806 | 3.1 | September 24, 2021 | |
| 3.2 | Amended and Restated Bylaws. | S-1/A | 333-259118 | 3.4 | September 13, 2021 | |
| 4.1 | Form of Class A common stock certificate of Freshworks Inc. | S-1/A | 333-259118 | 4.1 | September 13, 2021 | |
| 4.2 | Seventh Amended and Restated Investors' Rights Agreement by and among Freshworks Inc. and certain of its stockholders, dated December 16, 2019. | S-1 | 333-259118 | 4.2 | August 27, 2021 | |
| 4.3 | Description of Securities. | 10-K | 001-40806 | 4.4 | February 23, 2022 | |
| 10.1† | Freshworks Inc. 2011 Stock Plan, as amended, and forms of agreements thereunder. | S-1 | 333-259118 | 10.1 | August 27, 2021 | |
| 10.2† | Freshworks Inc. 2021 Equity Incentive Plan and forms of agreements thereunder. | S-1/A | 333-259118 | 10.2 | September 13, 2021 | |
| 10.3† | Freshworks Inc. 2021 Employee Stock Purchase Plan. | S-1/A | 333-259118 | 10.3 | September 13, 2021 | |
| 10.4† | Amended and Restated Offer Letter by and between Freshworks Inc. and Rathna Girish Mathrubootham, dated August 25, 2021. | S-1 | 333-259118 | 10.6 | August 27, 2021 | |
| 10.5† | Amended and Restated Offer Letter by and between Freshworks Inc. and Tyler Sloat, dated August 25, 2021. | S-1 | 333-259118 | 10.7 | August 27, 2021 | |
| 10.6† | Amended and Restated Offer Letter by and between Freshworks Inc. and Mika Yamamoto, dated September 28, 2023. | 10-K | 001-40806 | 10.9 | February 16, 2024 | |
| 10.7 | Lease by and between Freshworks Inc. and Bay Meadows Station 2 Investors, LLC, dated September 20, 2018. | S-1 | 333-259118 | 10.11 | August 27, 2021 | |
| 10.8 | Lease Deed by and between Registrant and Faery Estates Private Limited, dated December 20, 2018. | S-1 | 333-259118 | 10.12 | August 27, 2021 | |
| 10.9 | Lease Deed by and between Registrant and Faery Estates Private Limited, dated May 20, 2019. | S-1 | 333-259118 | 10.15 | August 27, 2021 | |
| 10.10 | Lease Deed by and between Registrant and Faery Estates Private Limited, dated May 31, 2019. | S-1 | 333-259118 | 10.16 | August 27, 2021 | |
| 10.11 | Lease Deed by and between Registrant and Faery Estates Private Limited, dated May 31, 2019. | S-1 | 333-259118 | 10.17 | August 27, 2021 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 10.12 | Lease Deed by and between Registrant and Faery Estates Private Limited, dated November 29, 2019. | S-1 | 333-259118 | 10.18 | August 27, 2021 | |
| 10.13† | Form of Indemnification Agreement entered into by and between Freshworks Inc. and each director and executive officer. | S-1/A | 333-259118 | 10.19 | September 13, 2021 | |
| 10.14† | 2022 Inducement Plan and forms of agreements thereunder. | S-8 | 333-267201 | 4.2 | August 31, 2022 | |
| 10.15† | 2022 Inducement Plan Form of Global RSU Grant Package. | S-8 | 333-267201 | 4.3 | August 31, 2022 | |
| 10.16† | 2022 Inducement Plan Form of Global Stock Option Grant Package. | S-8 | 333-267201 | 4.4 | August 31, 2022 | |
| 10.17† | Offer Letter by and between Freshworks Inc. and Dennis Woodside dated August 15, 2022. | 10-Q | 001-40806 | 10.4 | November 4, 2022 | |
| 10.18 | Lease Deed by and between Registrant and Airoli ITP Development Private Limited, dated December 14, 2022 | 10-K | 001-40806 | 10.25 | May 1, 2024 | |
| 10.19† | Freshworks, Inc. Cash Incentive Plan (as amended on February 13, 2025) | 10-Q | 001-40806 | 10.1 | April 29, 2025 | |
| 10.20 | Freshworks, Inc. Cash Incentive Plan (as amended on January 17, 2026) | | | | | X |
| 10.21 | Agreement and Plan of Merger, dated as of April 30, 2024, by and among Freshworks Inc., Doppler Merger Sub, Inc., D42 Parent, Inc. and Shareholder Representative Services LLC | 8-K | 001-40806 | 2.1 | May 1, 2024 | |
| 10.22 | Lease Deed by and between Registrant and Airoli ITP Development Private Limited, dated October 15, 2024 | 10-K | 001-40806 | 10.24 | February 20, 2025 | |
| 10.23 | Lease Deed by and between Registrant and Airoli ITP Development Private Limited, dated October 15, 2024 | 10-K | 001-40806 | 10.25 | February 20, 2025 | |
| 10.24† | Non-Employee Director Compensation Program; Effective January 1, 2026 | | | | | X |
| 10.25 | First Amendment to Lease by and between Freshworks Inc. and Bay Meadows Station 3 Investors, LLC date July 10, 2025 | 10-Q | 001-40806 | 10.1 | November 5, 2025 | |
| 19.1 | Freshworks Inc. Insider Trading Policy (Adopted August 5, 2021; Effective on September 21, 2021) (as amended October 23, 2024) | 10-K | 001-40806 | 19.1 | February 20, 2025 | |
| 21.1 | List of subsidiaries of Freshworks Inc. | | | | | X |
| 23.1 | Consent of Deloitte & Touche LLP, independent registered public accounting firm. | | | | | X |
| 24.1 | Power of Attorney (included on signature page). | | | | | X |
| 31.1 | Section 302 Certification of Principal Executive Officer | | | | | X |
| 31.2 | Section 302 Certification of Principal Financial Officer | | | | | X |
| 32.1# | Section 906 Certification of Principal Executive Officer | | | | | X |
| 32.2# | Section 906 Certification of Principal Financial Officer | | | | | X |
| 97.1 | Freshworks Incentive Compensation Recoupment (Clawback) Policy | 10-K | 001-40806 | 97 | February 16, 2024 | |
| 101.INS | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | | | | | |

| | | |
|---|---|---|
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | X |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | X |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | |

† Indicates management contract or compensatory plan.
# The certifications attached as Exhibit 32.1 and 32.2 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of the Registrant's filings under the Securities Act of 1933, as amended, irrespective of any general incorporation language contained in any such filing.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 26, 2026.

**Freshworks Inc.**

By: /s/ Dennis Woodside
Dennis Woodside
Chief Executive Officer and President (Principal Executive Officer)

By: /s/ Tyler Sloat
Tyler Sloat
Chief Operating Officer and Financial Officer (Principal Financial Officer)

By: /s/ Philippa Lawrence
Philippa Lawrence
Chief Accounting Officer
(Principal Accounting Officer)

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**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dennis Woodside and Tyler Sloat and each or any one of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant, and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Dennis Woodside<br>Dennis Woodside | Chief Executive Officer, President, and Director (Principal Executive Officer) | February 26, 2026 |
| /s/ Tyler Sloat<br>Tyler Sloat | Chief Operating Officer and Chief Financial Officer (Principal Financial Officer) | February 26, 2026 |
| /s/ Philippa Lawrence<br>Philippa Lawrence | Chief Accounting Officer (Principal Accounting Officer) | February 26, 2026 |
| /s/ Roxanne S. Austin<br>Roxanne S. Austin | Chairperson of the Board of Directors | February 26, 2026 |
| /s/ Johanna Flower<br>Johanna Flower | Director | February 26, 2026 |
| /s/ Sameer Gandhi<br>Sameer Gandhi | Director | February 26, 2026 |
| /s/ Randy Gottfried<br>Randy Gottfried | Director | February 26, 2026 |
| /s/ Barry Padgett<br>Barry Padgett | Director | February 26, 2026 |
| /s/ Frank Pelzer<br>Frank Pelzer | Director | February 26, 2026 |
| /s/ Jennifer Taylor<br>Jennifer Taylor | Director | February 26, 2026 |