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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

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	**2950 S Delaware Street, Suite 201**	**33-1218825**
(State or other jurisdiction of incorporation or organization)	**San Mateo, CA 94403**	**(I.R.S. Employer Identification No.)**

(Address of principal executive offices and Zip Code)

(650) 513-0514
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 30, 2026, the number of shares of the registrant's Class A common stock outstanding was 236,959,436 and the number of shares of the registrant's Class B common stock outstanding was 23,961,336.

FRESHWORKS INC.

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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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, 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 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 effectively manage our growth, including any international expansion;
- 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 Quarterly Report on Form 10-Q 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" in our Annual Report on Form 10-K for the year ended December 31, 2025 and elsewhere in this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q 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.

Where You Can Find More Information

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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 494,665	$ 569,774
Restricted cash, current	1,154	62,374
Marketable securities	169,442	211,597
Accounts receivable, net of allowance of $10,538 and $10,809	137,678	150,817
Deferred contract acquisition costs	32,105	29,830
Prepaid expenses and other current assets	66,866	72,774
Total current assets	901,910	1,097,166
Property and equipment, net	46,387	38,843
Operating lease right-of-use assets	32,264	39,893
Deferred contract acquisition costs, noncurrent	28,661	27,179
Goodwill	198,010	146,676
Intangible assets, net	92,473	76,986
Deferred tax assets	174,047	157,466
Other assets	16,716	18,503
Total assets	$ 1,490,468	$ 1,602,712
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 26,902	$ 11,507
Accrued liabilities	105,290	101,202
Deferred revenue	400,469	385,320
Total current liabilities	532,661	498,029
Operating lease liabilities, non-current	25,565	33,282
Other liabilities	36,299	38,751
Total liabilities	594,525	570,062
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, $0.00001 par value per share; 10,000,000 shares authorized; zero shares issued and outstanding	—	—
Class A common stock, $0.00001 par value per share; 1,000,000,000 shares authorized; 238,848,283 and 248,359,124 shares issued and outstanding	2	2
Class B common stock, $0.00001 par value per share; 350,000,000 shares authorized; 23,961,336 and 35,067,987 shares issued and outstanding	1	1
Additional paid-in capital	4,451,395	4,586,392
Accumulated other comprehensive loss	(1,730)	(1,591)
Accumulated deficit	(3,553,725)	(3,552,154)
Total stockholders' equity	895,943	1,032,650
Total liabilities and stockholders' equity	$ 1,490,468	$ 1,602,712

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 237,377	$ 204,678	$ 466,010	$ 400,951
Cost of revenue	36,096	31,142	70,784	61,020
Gross profit	201,281	173,536	395,226	339,931
Operating expenses:				
Research and development	43,815	39,943	93,076	79,944
Sales and marketing	106,450	95,223	218,767	184,381
General and administrative	37,924	47,026	78,351	94,273
Restructuring charges	7,032	—	7,032	405
Total operating expenses	195,221	182,192	397,226	359,003
Income (loss) from operations	6,060	(8,656)	(2,000)	(19,072)
Interest and other income, net	4,204	12,547	5,630	25,516
Income before income taxes	10,264	3,891	3,630	6,444
Provision for income taxes	7,025	5,630	5,201	9,487
Net income (loss)	$ 3,239	$ (1,739)	$ (1,571)	$ (3,043)
Weighted-average shares used in calculating net income (loss) per share:				
Basic	271,951	294,435	277,612	297,839
Diluted	272,988	294,435	277,612	297,839
Net income (loss) per share - basic and diluted				
Basic	$ 0.01	$ (0.01)	$ (0.01)	$ (0.01)
Diluted	$ 0.01	$ (0.01)	$ (0.01)	$ (0.01)

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ 3,239	$ (1,739)	$ (1,571)	$ (3,043)
Other comprehensive income (loss):				
Change in unrealized gain or loss on marketable securities	(33)	(433)	(257)	(747)
Net change on cash flow hedges	1,953	(73)	118	1,187
Total other comprehensive income (loss)	1,920	(506)	(139)	$ 440
Comprehensive income (loss)	$ 5,159	$ (2,245)	$ (1,710)	$ (2,603)

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

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

	Three Months Ended June 30, 2026					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of March 31, 2026	278,982	$ 3	$ 4,579,812	$ (3,650)	$ (3,556,964)	$ 1,019,201
Issuance of common stock upon exercise of stock options	4	—	2	—	—	2
Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for taxes	1,767	—	(9,390)	—	—	(9,390)
Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes	403	—	3,061	—	—	3,061
Repurchase and retirement of common stock, including excise tax	(18,346)	—	(160,392)	—	—	(160,392)
Stock-based compensation	—	—	38,302	—	—	38,302
Other comprehensive income (loss)	—	—	—	1,920	—	1,920
Net income (loss)	—	—	—	—	3,239	3,239
Balances as of June 30, 2026	262,810	$ 3	$ 4,451,395	$ (1,730)	$ (3,553,725)	$ 895,943

	Three Months Ended June 30, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of March 31, 2025	298,380	$ 3	$ 4,798,400	$ 608	$ (3,737,181)	$ 1,061,830
Issuance of common stock upon exercise of stock options	43	—	14	—	—	14
Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for taxes	1,519	—	(13,638)	—	—	(13,638)
Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes	281	—	3,307	—	—	3,307
Repurchase and retirement of common stock, including excise tax	(8,181)	—	(114,683)	—	—	(114,683)
Stock-based compensation	—	—	50,057	—	—	50,057
Other comprehensive income	—	—	—	(506)	—	(506)
Net loss	—	—	—	—	(1,739)	(1,739)
Balances as of June 30, 2025	292,042	$ 3	$ 4,723,457	$ 102	$ (3,738,920)	$ 984,642

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

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

	Six Months Ended June 30, 2026					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2025	283,427	$ 3	$ 4,586,392	$ (1,591)	$ (3,552,154)	$ 1,032,650
Issuance of common stock upon exercise of stock options	4	—	2	—	—	2
Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for taxes	3,020	—	(16,901)	—	—	(16,901)
Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes	403	—	3,061	—	—	3,061
Repurchase and retirement of common stock, including excise tax	(24,044)	—	(206,132)	—	—	(206,132)
Stock-based compensation	—	—	84,973	—	—	84,973
Other comprehensive loss	—	—	—	(139)	—	(139)
Net loss	—	—	—	—	(1,571)	(1,571)
Balances as of June 30, 2026	262,810	$ 3	$ 4,451,395	$ (1,730)	$ (3,553,725)	$ 895,943

	Six Months Ended June 30, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2024	303,382	$ 3	$ 4,874,133	$ (338)	$ (3,735,877)	$ 1,137,921
Issuance of common stock and options in connection with acquisition	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	189	—	62	—	—	62
Issuance of common stock upon vesting and settlement of restricted stock units, net of shares withheld for taxes	3,103	—	(30,392)	—	—	(30,392)
Issuance of common stock under employee stock purchase plan, net of shares withheld and retired for taxes	281	—	3,307	—	—	3,307
Repurchase and retirement of common stock	(14,913)	—	(226,660)	—	—	(226,660)
Stock-based compensation	—	—	103,007	—	—	103,007
Other comprehensive income	—	—	—	440	—	440
Net loss	—	—	—	—	(3,043)	(3,043)
Balances as of June 30, 2025	292,042	$ 3	$ 4,723,457	$ 102	$ (3,738,920)	$ 984,642

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

	Six Months Ended June 30,	
	2026	2025
Cash Flows from Operating Activities:		
Net loss	$ (1,571)	$ (3,043)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	16,126	12,641
Amortization of deferred contract acquisition costs	17,533	15,431
Non-cash lease expense	5,608	4,623
Stock-based compensation	81,770	100,944
Discount amortization on marketable securities	(1,244)	(3,694)
Deferred income taxes	(2,641)	(459)
Other	9,390	470
Changes in operating assets and liabilities:		
Accounts receivable	14,577	6,981
Deferred contract acquisition costs	(21,290)	(18,758)
Prepaid expenses and other assets	(10,269)	(22,689)
Accounts payable	15,568	3,280
Accrued and other liabilities	(5,749)	7,813
Deferred revenue	9,456	15,439
Operating lease liabilities	(6,352)	(2,415)
Net cash provided by operating activities	120,912	116,564
Cash Flows from Investing Activities:		
Purchases of property and equipment	(8,942)	(1,676)
Proceeds from sale of property and equipment	8	40
Capitalized internal-use software	(4,850)	(7,448)
Purchases of marketable securities	(273,825)	(347,206)
Maturities and redemptions of marketable securities	316,896	359,679
Business combination, net of cash acquired	(56,913)	—
Net cash provided by (used in) investing activities	(27,626)	3,389
Cash Flows from Financing Activities:		
Proceeds from issuance of common stock under employee stock purchase plan, net	3,061	3,307
Proceeds from exercise of stock options	2	62
Payment of withholding taxes on net share settlement of equity awards	(16,986)	(30,460)
Repurchase of common stock	(207,411)	(227,196)
Net cash used in financing activities	(221,334)	(254,287)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(8,383)	—
Net decrease in cash, cash equivalents and restricted cash	(136,431)	(134,334)
Cash, cash equivalents and restricted cash, beginning of period	632,250	620,405
Cash, cash equivalents and restricted cash, end of period	$ 495,819	$ 486,071
Reconciliation of cash, cash equivalents and restricted cash to condensed consolidated balance sheets:		
Cash and cash equivalents	$ 494,665	$ 485,970
Restricted cash included in prepaid expenses and other current assets	1,154	—
Restricted cash included in other assets	—	101
Total cash, cash equivalents and restricted cash	$ 495,819	$ 486,071
Supplemental cash flow information:		
Cash paid for taxes	$ 5,374	$ 7,146
Non-cash investing and financing activities:		
Property and equipment purchases in accounts payable	$ 1,019	$ —
Operating lease right-of-use assets obtained in exchange for operating lease obligations, net of modifications	—	90
Stock-based compensation capitalized as internal-use software	1,165	1,713
Accrued excise tax on share repurchases	1,682	1,305

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

FRESHWORKS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements of Freshworks Inc. and its subsidiaries have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). All intercompany balances and transactions have been eliminated in consolidation.

The accompanying interim condensed consolidated financial statements of Freshworks Inc. and its subsidiaries (we, us, and our) and the related notes are unaudited. These unaudited interim condensed consolidated financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. In management's opinion, the unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of our financial position as of June 30, 2026 and our results of operations and cash flows for the three and six months ended June 30, 2026 and 2025. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2025 which was filed with the SEC on February 26, 2026.

In January 2026, we acquired all outstanding shares of FireHydrant, Inc., an incident management software company, for $88.7 million. See Note 5 - Business Combinations.

Use of Estimates

The preparation of the condensed 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 revenue 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.

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, 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 three and six months ended June 30, 2026 and 2025 or that represented 10% or more of our consolidated accounts receivable balance as of June 30, 2026.

We primarily rely upon our third-party cloud infrastructure partner, Amazon Web Services, 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.

Significant Accounting Policies

Our significant accounting policies are described in the Annual Report on Form 10-K for the year ended December 31, 2025. Except for the updated policy regarding credit losses described below, there have been no significant changes to these policies that have had a material impact on the condensed consolidated financial statements and the related notes for the three and six months ended June 30, 2026.

Accounts Receivable and Contract Assets

Effective January 1, 2026, we elected to apply the practical expedient provided by ASU 2025-05 to measure expected credit losses for qualifying current accounts receivable and contract assets and assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. See "Recent Adopted Accounting Pronouncements" below for further details.

Recent Adopted Accounting Pronouncements

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. Effective January 1, 2026, we adopted this guidance. The adoption of this standard did not have a material impact on our condensed consolidated financial statements and related disclosures.

Recent Accounting Pronouncements Not Yet Adopted

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.

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 condensed consolidated financial statements, including which transition method to apply.

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 condensed consolidated financial statements.

2. Cash Equivalents and Investments

Cash equivalents and available-for-sale debt securities consisted of the following as of the periods presented below (in thousands):

	June 30, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 258,285	$ —	$ —	$ 258,285
U.S. treasury securities	28,705	—	—	28,705
U.S. government agency securities	100,916	—	(5)	100,911
Commercial paper	54,873	—	—	54,873
Total cash equivalents	442,779	—	(5)	442,774
Debt securities:				
U.S. treasury securities	20,556	1	(29)	20,528
U.S. government agency securities	8,691	—	(23)	8,668
Corporate debt securities	12,976	2	(13)	12,965
Commercial paper	1,000	—	—	1,000
Certificates of deposit	126,281	—	—	126,281
Total debt securities	169,504	3	(65)	169,442
Total cash equivalents and debt securities	$ 612,283	$ 3	$ (70)	$ 612,216

	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
Corporate debt securities	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

The following table presents gross unrealized losses and fair values for the securities that were in a continuous unrealized loss position as of the periods presented below (in thousands):

	June 30, 2026					
	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	$ 12,523	$ (28)	$ 5,001	$ (1)	$ 17,524	$ (29)
U.S. government agency securities	8,668	(23)	—	—	8,668	(23)
Corporate debt securities	9,455	(13)	—	—	9,455	(13)
Total	$ 30,646	$ (64)	$ 5,001	$ (1)	$ 35,647	$ (65)

	December 31, 2025					
	Less Than 12 Months		12 Months or Greater		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)

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

	June 30, 2026	
	Amortized Cost	Fair Value
Due within one year	$ 164,745	$ 164,709
Due after one year but within five years	4,759	4,733
Total	$ 169,504	$ 169,442

Accrued interest receivable of $0.7 million and $1.5 million was classified in prepaid expenses and other current assets in the condensed consolidated balance sheet as of June 30, 2026 and December 31, 2025, respectively.

3. 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 June 30, 2026 and December 31, 2025.

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 the periods presented below (in thousands):

	June 30, 2026		
	Fair Value Measured Using		
	Level 1	Level 2	Total
Financial assets:			
Cash equivalents:			
Money market funds	$ 258,285	$ —	$ 258,285
U.S. treasury securities	28,705	—	28,705
U.S. government agency securities	—	100,911	100,911
Commercial paper	—	54,873	54,873
Marketable securities:			
U.S. treasury securities	20,528	—	20,528
U.S. government agency securities	—	8,668	8,668
Corporate debt securities	—	12,965	12,965
Commercial paper	—	1,000	1,000
Certificates of deposit	—	126,281	126,281
Total financial assets	$ 307,518	$ 304,698	$ 612,216

	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

The fair value of derivative assets and liabilities as of June 30, 2026, and all related unrealized and realized gains and losses during the three and six months ended June 30, 2026 and 2025, were not material. As of June 30, 2026 and December 31, 2025, the total notional amount of outstanding designated foreign currency forward contracts was $72.5 million and $86.7 million, respectively.

4. Balance Sheet Components

Property and Equipment, net

The following table summarizes property and equipment, net as of the periods presented below (in thousands):

	June 30, 2026	December 31, 2025
Computers	$ 20,038	$ 18,835
Capitalized internal-use software	59,259	53,245
Office equipment	10,530	7,887
Furniture and fixtures	11,210	9,518
Motor vehicles	207	267
Leasehold improvements	12,727	8,994
Construction in progress	197	269
Total property and equipment	114,168	99,015
Less: accumulated depreciation and amortization	(67,781)	(60,172)
Property and equipment, net	$ 46,387	$ 38,843

The following table summarizes depreciation expense and internal-use software capitalization and amortization during the periods presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Capitalization of costs associated with internal-use software	$ 1,924	$ 5,697	$ 6,013	$ 9,161
Amortization expense of capitalized internal-use software	2,712	1,634	5,219	3,274
Depreciation expense	$ 1,322	$ 1,138	$ 2,495	$ 2,345

As of June 30, 2026 and December 31, 2025, the net carrying value of capitalized internal-use software was $26.9 million and $26.1 million, respectively.

Accrued Liabilities

The following table summarizes accrued liabilities as of the periods presented below (in thousands):

	June 30, 2026	December 31, 2025
Accrued compensation	$ 23,901	$ 28,233
Acquisition-related liabilities	9,043	—
Accrued third-party cloud infrastructure expenses	2,000	5,922
Accrued reseller commissions	14,267	11,512
Accrued advertising and marketing expenses	7,724	7,835
Advanced payments from customers	6,791	6,097
Accrued taxes	17,456	14,499
Operating lease liabilities, current	9,029	9,221
Contributions withheld for employee stock purchase plan	835	1,198
Income tax payable	1,804	3,571
Other accrued expenses	12,440	13,114
Total accrued liabilities	$ 105,290	$ 101,202

Noncurrent liabilities include $19.1 million and $21.1 million of long term accrued compensation as of June 30, 2026 and December 31, 2025, respectively.

5. Business Combinations

On January 1, 2026, we acquired all outstanding shares of FireHydrant, Inc., an incident management software company, for $88.7 million in cash, including $4.3 million of cash acquired, to expand its IT service and operations portfolio. As of June 30, 2026, $9.0 million in unpaid indemnity and purchase price adjustment holdbacks were recorded within accrued liabilities in our condensed consolidated balance sheets. The purchase price is subject to customary post-closing adjustments and conditions.

All existing FireHydrant stock options were canceled, and we issued new time-based and performance-based RSUs to certain continuing employees under our 2021 Equity Incentive Plan. These awards were excluded from the purchase consideration and will be recognized as post-combination compensation expense over their requisite service periods. Refer to Note 11—Stockholders' Equity and Stock-Based Compensation.

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the date of acquisition:

		Amount (in thousands)
Assets acquired:		
Cash and cash equivalents	$	4,349
Other current assets		1,928
Customer relationship		13,200
Developed technology		10,700
Goodwill		51,334
Deferred tax assets		14,399
Total	$	95,910
Liabilities assumed:		
Current liabilities	$	7,173
Total	$	7,173
Total purchase price consideration	$	88,737

The assets acquired and liabilities assumed were recognized at their estimated acquisition-date fair values, with goodwill representing the excess of the purchase price over the fair value of the net identifiable assets acquired. Goodwill includes the fair value of assets that were not identifiable and as such, not separately recognizable. Goodwill recognized from the transaction is not deductible for U.S. income tax purposes and primarily reflects expected synergies from FireHydrant’s customer base and technology.

The Company expects to finalize the purchase price allocation, including any related post-closing adjustments to deferred tax provisions, within the measurement period, but not later than one year from the acquisition date. The fair values assigned to assets acquired and liabilities assumed are based on management’s best estimates and assumptions as of the acquisition date and are considered preliminary pending finalization of the valuation pertaining to deferred tax assets and liabilities assumed.

Customer relationships and developed technology were valued using the income approach and will be amortized on a straight-line basis over their estimated lives of 7 years.

FireHydrant's operating results are included in our condensed consolidated financial statements from the acquisition date and are not material to our financial results, as well as any transaction costs associated with the acquisition.

6. Goodwill and Intangible Assets, Net

The change in the carrying amounts of goodwill during the six months ended June 30, 2026 is presented below (in thousands):

Balance as of December 31, 2025	$	146,676
Goodwill acquired (Note 5)		51,334
Balance as of June 30, 2026	$	198,010

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 the periods presented below:

	June 30, 2026			
	Gross Amount	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life
		(amounts in thousands)		(in years)
Developed technology	$ 51,896	$ (21,828)	$ 30,068	4.8
Customer relationships	82,400	(19,995)	62,405	6.1
Trademarks	700	(700)	—	—
Total	$ 134,996	$ (42,523)	$ 92,473	

	December 31, 2025			
	Gross Amount	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life
		(amounts in thousands)		(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	

Amortization of acquired intangible assets is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1,655	$ 1,275	$ 3,292	$ 2,536
Sales and marketing	2,574	2,233	5,120	4,486
Total amortization expense	$ 4,229	$ 3,508	$ 8,412	$ 7,022

As of June 30, 2026, expected future amortization expense related to acquired intangible assets is as follows (in thousands):

Year Ending December 31,	Amortization Expense
Remainder of 2026	$ 8,552
2027	16,965
2028	17,011
2029	16,965
2030	14,052
Thereafter	18,928
Total future amortization	$ 92,473

7. Leases

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

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

Operating Leases	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease cost	$ 3,451	$ 3,181	$ 7,207	$ 6,289
Short-term lease cost	327	153	683	283
Variable lease cost	1,018	1,228	1,977	2,531
Total lease cost	$ 4,796	$ 4,562	$ 9,867	$ 9,103

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:

Lease Term and Discount Rate	June 30, 2026	June 30, 2025
Weighted-average remaining lease term (in years)	3.6	3.9
Weighted-average discount rate	8.0 %	8.9 %

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):

	Three Months Ended June 30,		Six Months Ended June 30,	
Supplemental Cash Flow Information:	**2026**	**2025**	**2026**	**2025**
Cash payments included in the measurement of operating lease liabilities, net of tenant allowance receipts	$ 3,390	$ 3,715	$ 6,687	$ 4,752

As of June 30, 2026, maturities of the operating lease liabilities are as follows (in thousands):

	Operating Leases
Remainder of 2026	$ 5,263
2027	12,036
2028	11,042
2029	5,942
2030	3,492
Thereafter	2,503
Total lease payments	40,278
Less: imputed interest	(5,684)
Present value of operating lease liabilities	$ 34,594

As of June 30, 2026, there were $6.4 million future payments related to signed leases that have not yet commenced.

8. Commitments and Contingencies

Other Contractual Commitments

Our other contractual commitments primarily consist of third-party cloud infrastructure agreements, service subscription purchase arrangements used to support operations at the enterprise level, and sponsorship arrangement to promote our brand and services. As of June 30, 2026, other contractual commitments totaling $199.6 million remain outstanding under these agreements through 2029.

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 its condensed consolidated financial statements.

9. 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. 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 product and service offerings during the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Subscription services, software licenses and maintenance	234,588	$ 201,982	$ 461,101	$ 396,175
Professional services	2,789	2,696	4,909	4,776
Total revenue	$ 237,377	$ 204,678	$ 466,010	$ 400,951

See Note 10 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 June 30, 2026 and December 31, 2025, we had $8.3 million and $9.8 million of unbilled receivables, respectively. Unbilled receivables are included within accounts receivable, net on the condensed consolidated balance sheets.

Deferred revenue consists of customer billings in excess of revenue being recognized. As of June 30, 2026 and December 31, 2025, non-current deferred revenue of $2.9 million and $3.1 million, respectively, was included in other liabilities on the condensed consolidated balance sheet.

Revenue recognized during the three months ended June 30, 2026 and 2025 from amounts included in deferred revenue at the beginning of these periods was $178.2 million and $152.1 million, respectively. Revenue recognized during the six months ended June 30, 2026 and 2025 from amounts included in deferred revenue at the beginning of these periods was $280.2 million and $243.8 million, respectively.

The aggregate balance of remaining performance obligations as of June 30, 2026 was $680.6 million. We expect to recognize $493.3 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 Contract Acquisition Costs

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Balance at beginning of the period	$ 58,639	$ 49,761	$ 57,009	$ 48,640
Add: Contract costs capitalized during the period	11,093	10,054	21,290	18,758
Less: Amortization of contract costs during the period	(8,966)	(7,848)	(17,533)	(15,431)
Balance at end of the period	$ 60,766	$ 51,967	$ 60,766	$ 51,967

10. Segment and Geographic Information

We operate in a single operating segment composed of the condensed 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 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 condensed consolidated statement of operations less stock-based compensation and amortization of acquired intangible assets, and primarily related to personnel-related costs. Refer to Note 11—Stockholders' Equity and Stock-Based Compensation and Note 6—Goodwill and 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
North America	$ 112,313	$ 95,140	$ 219,853	$ 186,611
Europe, Middle East and Africa	91,163	79,279	179,790	155,089
Asia Pacific	26,965	24,704	52,830	48,058
Other	6,936	5,555	13,537	11,193
Total revenue	$ 237,377	$ 204,678	$ 466,010	$ 400,951

Revenue from North America consists primarily of revenue from the United States. For the three months ended June 30, 2026 and 2025, revenue generated from the United States was approximately $100.8 million and $86.1 million, or approximately 42% and 42% of total consolidated revenue, respectively. For the six months ended June 30, 2026 and 2025, revenue generated from the United States was $197.3 million and $168.5 million, or 42% and 42% of total consolidated revenue, respectively.

The United Kingdom, included within Europe, Middle East and Africa in the table above, contributed $30.7 million and $27.2 million, or approximately 13% and 13% of total consolidated revenue for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, revenue generated from the United Kingdom was $60.9 million and $54.3 million, or approximately 13% and 14% of the total consolidated revenue, 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):

	June 30, 2026	December 31, 2025
North America	$ 43,205	$ 39,747
Europe, Middle East and Africa	5,247	6,383
Asia Pacific	30,199	32,606
Total long-lived assets	$ 78,651	$ 78,736

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.

11. Stockholders' Equity and Stock-Based Compensation

Share Repurchase

In November 2024, our board of directors (the Board) approved a share repurchase program ("2024 Share Repurchase Program"), which authorized the repurchase of up to $400 million of our outstanding Class A common stock. During the three and six months ended June 30, 2025 we repurchased a total of 8,180,399 shares and 14,912,789 shares of Class A common stock, respectively, under the 2024 Share Repurchase Program in open market transactions for an aggregate purchase price of $113.6 million and 225.4 million, resulting in an average price of $13.89 per share and $15.11 per share, respectively. The 2024 Share Repurchase Program was completed during the year ended December 31, 2025.

In February 2026, the Board approved another share repurchase program ("2026 Share Repurchase Program"), which authorized the repurchase of up to $400.0 million of our outstanding Class A common stock. During the three and six months ended June 30, 2026 we repurchased a total of 18,345,885 shares and 24,043,521 shares of Class A common stock, respectively, under the 2026 Share Repurchase Program in open market transactions for an aggregate purchase price of $159.0 million and $204.5 million, resulting in an average price of $8.67 and $8.50 per share, respectively, excluding any excise taxes. As of June 30, 2026, $195.5 million remained available for future repurchases under the 2026 Share Repurchase Program.

Under both repurchase programs, 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 entirely to additional-paid-in capital, or in the absence of additional-paid-in capital, to accumulated deficit, in the condensed consolidated balance sheets.

Equity Compensation Plans

Pursuant to the 2021 Equity Incentive Plan (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 restricted stock units (PRSUs) and other awards. The 2021 Employee Stock Purchase Plan (ESPP) enables eligible employees to purchase shares of 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.

Additionally, pursuant to the 2022 Inducement Plan (the Inducement Plan) in accordance with Listing Rule 5635(c)(4) of the Nasdaq Stock Market, nonstatutory stock options, stock appreciation rights, restricted stock, RSUs, PRSUs and other awards may be granted as an inducement material to an eligible person's entering into employment with us.

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

	June 30, 2026
2021 Equity Incentive Plan[1]	91,578
2022 Inducement Plan	7,066
2021 Employee Stock Purchase Plan	17,843
Total shares of common stock reserved for issuance	116,487

l) Outstanding shares include the 2026 Executive PRSUs as discussed below, based on 100% achievement of target performance.

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:

	Three and Six Months Ended June 30,	
	2026	2025
Net shares issued under ESPP[1]	403,394	208,870
Weighted average purchase price	$ 7.62	$ 11.84
Aggregate net proceeds (in millions)	$ 3.1	$ 3.3

l) 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. Historically and during this quarter, the reset provision has been triggered by stock price declines, and the resulting modifications have not been material on our stock-based compensation expense.

Stock-based compensation expense related to the ESPP was $1.0 million and $1.1 million for the three months ended June 30, 2026 and 2025, respectively, and $2.0 million each for the six months ended June 30, 2026 and 2025, respectively.

Determination of Fair Value of the ESPP

The Company estimates 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:

	Three and Six Months Ended June 30,	
Valuation Assumption Inputs	**2026**	**2025**
Expected term (in years)	0.5 - 2.0	0.5 - 1.0
Stock price volatility	45.0% - 54.1%	48.2% - 48.5%
Risk-free interest rate	3.77% - 4.07%	4.13% - 4.30%
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 on the date of grant, have a 10-year contractual term, and vest over a four-year period.

Stock option activity for the six months ended June 30, 2026 is as follows (in thousands, except per share data):

Share Information:	**Number of Shares (in thousands)**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value (in thousands)(1)**
Balance as of December 31, 2025	2,332	$ 11.32	7.1	$ 4,650
Stock options exercised	(4)	$ 0.40		
Balance as of June 30, 2026	2,328	$ 11.33	6.6	$ 3,511
Options vested and expected to vest as of June 30, 2026	2,328	$ 11.33	6.6	$ 3,511
Options exercisable as of June 30, 2026	2,214	$ 11.22	6.6	$ 3,511

(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.

Restricted Stock Units

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

RSU activity, which includes PRSUs, during the six months ended June 30, 2026 was as follows:

Share Information:	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value Per Share
Unvested, as of December 31, 2025	21,936	$ 14.98
Granted	20,155	$ 11.00
Vested [1]	(4,852)	$ 14.95
Forfeited/Cancelled	(6,155)	$ 13.50
Unvested, as of June 30, 2026	31,084	$ 12.70

l) During the six months ended June 30, 2026, total shares that vested were 4.9 million, of which 1.8 million were withheld for tax purposes.

The total fair value of vested RSUs during the three months ended June 30, 2026 and 2025 was $41.1 million and $50.4 million, respectively. For the six months ended June 30, 2026 and 2025, the total fair value of vested RSUs was $72.5 million and $106.0 million, respectively.

Performance-Based Awards

Executive PRSUs

Beginning in 2024, certain members of the executive team were granted PRSUs awards (the "Executive PRSUs"). The Executive PRSUs are granted annually in the first quarter, are subject to service and performance-based vesting conditions and vest over three years from the grant date. The PRSUs granted in 2026 have fiscal 2026 revenue and non-GAAP operating income performance targets with 70% and 30% of each award tied to these targets, respectively. The 2026 performance targets can be earned from 0% up to a maximum of 173.6% of target shares 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 the 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 three months ended June 30, 2026 and 2025, we recognized $3.6 million and $2.5 million of stock-based compensation expense related to Executive PRSUs, respectively. For the six months ended June 30, 2026 and 2025, we recognized $7.5 million and $4.4 million of stock-based compensation expense related to the Executive PRSUs, respectively.

Stock-Based Compensation

Total stock-based compensation expense recorded was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1,636	$ 1,437	$ 3,254	$ 2,955
Research and development[1]	8,956	8,618	21,257	17,831
Sales and marketing	11,088	11,819	24,088	25,228
General and administrative[2]	16,168	27,406	33,170	54,930
Stock-based compensation, net of amounts capitalized	37,848	49,280	81,769	100,944
Capitalized stock-based compensation	454	1,021	1,165	1,713
Total stock-based compensation expense	$ 38,302	$ 50,301	$ 82,934	$ 102,657

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

2) General and administrative expense includes stock-based compensation associated with RSUs and PRSUs granted to our former Executive Chairman of $10.4 million and $21.7 million for the three and six months ended June 30, 2025, respectively.

As of June 30, 2026, unrecognized stock-based compensation expense related to unvested stock-based awards was as follows (in thousands, except for period data):

	Unrecognized Stock-Based Compensation	Weighted-Average Period to Recognize Expense (in years)
RSUs and PRSUs	$ 345,837	2.8
Stock options	707	0.2
ESPP	6,077	1.2
Total unrecognized stock-based compensation expense	$ 352,621	

12. Restructuring Charges

In May 2026, the Company announced a restructuring plan (the Plan) to streamline the Company's organizational efforts and product development process, as well as increase leverage of AI and automation across the business. During the three and six months ended June 30, 2026, we recognized $7.0 million in restructuring charges primarily associated with employee severance and benefit costs, in our condensed consolidated statements of operations. During the three and six months ended June 30, 2026, we paid $5.6 million of the restructuring costs, resulting in an unpaid restructuring liability of $1.4 million as of June 30, 2026, which is included in accrued liabilities in our condensed consolidated balance sheets. The Plan is substantially complete as of June 30, 2026, and the Company does not expect to incur any additional material charges.

13. Income Taxes

The quarterly tax provision and estimates of annual effective tax rate are affected by several factors, including changes in pre-tax income (or loss), the mix of jurisdictions to which such income relates, and discrete items (such as windfalls or lower excess tax benefits from stock-based compensation). The provision for income taxes was $7.0 million and $5.6 million for the three months ended June 30, 2026 and 2025, respectively. The provision for income taxes was $5.2 million and $9.5 million for the six months ended June 30, 2026 and 2025, respectively.

The increase in the provision for income taxes for the three months ended June 30, 2026 was primarily driven by higher pre-tax income in the current quarter compared to the same quarter in 2025 and stock-based compensation lower excess tax benefits during the three months period ended June 30, 2026. The decrease in the provision for income taxes for the six months ended June 30, 2026 was mostly driven by lower pre-tax income in the period compared to the corresponding period of 2025 partially offset by lower excess tax benefits from stock based compensation during the six months period ended June 30, 2026.

14. Net Income (Loss) Per Share

Basic net income (loss) per share attributable to common stockholders 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 attributable to common stockholders 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 attributable to common stockholders, 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 attributable to common stockholders, 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 loss per share attributable to common stockholders (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	$ 3,239	$ (1,739)	$ (1,571)	$ (3,043)
Denominator:				
Weighted-average shares used in computing net income (loss) per share - basic	271,951	294,435	277,612	297,839
Weighted-average effect of potentially dilutive equity awards	1,037	—	—	—
Weighted-average shares used in computing net income (loss) per share - diluted	272,988	294,435	277,612	297,839
Net income (loss) per share - basic	$ 0.01	$ (0.01)	$ (0.01)	$ (0.01)
Net income (loss) per share - diluted	$ 0.01	$ (0.01)	$ (0.01)	$ (0.01)
Equity awards excluded from diluted net income (loss) per share because their effect would have been anti-dilutive	29,870	27,817	33,198	27,817

ITEM 2. 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 unaudited condensed consolidated financial statements and related notes that appear elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025 included in the 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 Quarterly Report on Form 10-Q, particularly in the section titled "Risk Factors."

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 January 2026, the Company completed the acquisition of FireHydrant, Inc. (FireHydrant), a provider of AI-powered incident management software. The Company accounted for the transaction as a business combination and our consolidated financial statements and key business metrics include FireHydrant since the acquisition date.

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 software licenses with associated maintenance for Device42 and professional services that include product configuration, data migration, systems integration, and training.

Our customer base and operations have scaled over time. Our total revenue was $237.4 million and $204.7 million in the three months ended June 30, 2026 and 2025, respectively, representing year-over-year growth of 16%; and $466.0 million and $401.0 million in the six months ended June 30, 2026 and 2025, respectively, representing year-over-year growth of 16%. Our income (loss) from operations was $6.1 million and $(8.7) million for three months ended June 30, 2026 and 2025, respectively; and $(2.0) million and $(19.1) million for the six months ended June 30, 2026 and 2025, 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 still exists. For the quarters ended June 30, 2026, March 31, 2026, and June 30, 2025, we had approximately 29%, 29% and 27%, respectively, of revenue exposure related to the euro and British pound. If adverse conditions persist, 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" in our Annual Report on

Form 10-K for the year ended December 31, 2025 for further discussion of the challenges and risks we have encountered and could encounter related to these macroeconomic events.

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 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.

	As of June 30,		
	2026	2025	% Growth
Number of customers contributing more than $5,000 in ARR	25,356	23,975	6 %
ARR from customers contributing more than $5,000 in ARR as a percentage of total ARR	92 %	91 %	
Net dollar retention rate	104 %	106 %	

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 12% and 13% of ARR as of June 30, 2026 and 2025, 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 104% as of June 30, 2026, compared to 106% as of June 30, 2025. This decrease was primarily due to unfavorable fluctuations in foreign exchange rates. We expect our net dollar retention rate may fluctuate more in future periods due to a number of factors, including, but not limited to, difficult macroeconomic conditions, volatility in foreign exchange rates, 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.

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. generally accepted accounting principles (GAAP), we believe the following non-GAAP financial measures are useful in evaluating our operating performance: non-GAAP income from operations, non-GAAP net income, 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, from our non-GAAP financial measures because we do not believe these expenses have a direct correlation to the operating performance of our business.
- *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*. Starting 2026, we utilize a long-term projected non-GAAP tax rate to compute our non-GAAP income tax provision in order to provide better consistency across interim reporting periods. Our non-GAAP tax rate reflects our estimated long-term effective tax rate based on our anticipated geographic earnings mix and statutory tax regimes. For fiscal year 2026, we determined the

projected non-GAAP tax rate to be 24%. The difference between our GAAP income tax provision and our non-GAAP income tax provision is presented as non-GAAP income tax reconciling adjustments. We have not provided a reconciliation of our projected non-GAAP tax rate for fiscal year 2026 to GAAP due to the uncertainty and potential variability of the items we exclude from our GAAP financial measures to calculate our non-GAAP financial measures and the resulting income tax effects of such items. Accordingly, a reconciliation is not available without unreasonable effort and we are unable to address the probable significance of the unavailable information, although it is important to note that these items could be material to our results computed in accordance with GAAP. Prior to 2026, we excluded 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 excluded 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, restructuring charges, amortization of acquired intangibles, 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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Income (loss) from operations	$ 6,060	$ (8,656)	$ (2,000)	$ (19,072)
Non-GAAP adjustments:				
Stock-based compensation expense	37,848	49,280	81,769	100,944
Employer payroll taxes on employee stock transactions	721	702	1,478	1,901
Amortization of acquired intangibles	4,229	3,508	8,412	7,022
Restructuring charges	7,032	—	7,032	405
Acquisition expenses	38	—	193	—
Non-GAAP income from operations	$ 55,928	$ 44,834	$ 96,884	$ 91,200

Non-GAAP Net Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ 3,239	$ (1,739)	$ (1,571)	$ (3,043)
Non-GAAP adjustments:				
Stock-based compensation expense	37,848	49,280	81,769	100,944
Employer payroll taxes on employee stock transactions	721	702	1,478	1,901
Amortization of acquired intangibles	4,229	3,508	8,412	7,022
Restructuring charges	7,032	—	7,032	405
Acquisition expenses	38	—	193	—
Income tax adjustments	(7,407)	782	(19,403)	1,192
Non-GAAP net income	$ 45,700	$ 52,533	$ 77,910	$ 108,421

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 and excluding the impact of non-recurring strategic and restructuring activities. 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 operating activities, the most directly comparable measure calculated in accordance with GAAP for each of the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net cash provided by operating activities	$ 58,523	$ 58,591	$ 120,912	$ 116,564
Less:				
Purchases of property and equipment	(5,041)	(380)	(8,942)	(1,676)
Capitalized internal-use software	(1,471)	(4,676)	(4,850)	(7,448)
Free cash flow, including acquisition expenses and restructuring costs[1]	$ 52,011	$ 53,535	$ 107,120	$ 107,440
Net cash provided by (used in) investing activities	$ 54,632	$ (42,842)	$ (27,626)	$ 3,389
Net cash used in financing activities	$ (165,805)	$ (124,014)	$ (221,334)	$ (254,287)

(1) Free cash flow includes $0.7 million of acquisition costs paid during the six months ended June 30, 2026 and $5.6 million of restructuring costs paid during the three and six months ended June 30, 2026. There were no acquisition costs paid during the three months ended June 30, 2026. Additionally, free cash flow includes $0.7 million and $2.2 million of restructuring costs paid during the three and six months ended June 30, 2025, respectively.

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.

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 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.

Interest and Other Income (Expense), Net

Interest and other income (expense), 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 (Benefit from) Income Taxes

We are subject to income taxes in U.S. states and in foreign jurisdictions. 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 table sets forth our condensed consolidated statements of operations data for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 237,377	$ 204,678	$ 466,010	$ 400,951
Cost of revenue[1]	36,096	31,142	70,784	61,020
Gross profit	201,281	173,536	395,226	339,931
Operating expenses:				
Research and development[1]	43,815	39,943	93,076	79,944
Sales and marketing[1]	106,450	95,223	218,767	184,381
General and administrative[1]	37,924	47,026	78,351	94,273
Restructuring charges	7,032	—	7,032	405
Total operating expenses	195,221	182,192	397,226	359,003
Income (loss) from operations	6,060	(8,656)	(2,000)	(19,072)
Interest and other income, net	4,204	12,547	5,630	25,516
Income before income taxes	10,264	3,891	3,630	6,444
Provision for income taxes	7,025	5,630	5,201	9,487
Net income (loss)	$ 3,239	$ (1,739)	$ (1,571)	$ (3,043)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1,636	$ 1,437	$ 3,254	$ 2,955
Research and development[1]	8,956	8,618	21,257	17,831
Sales and marketing	11,088	11,819	24,088	25,228
General and administrative[2]	16,168	27,406	33,170	54,930
Total stock-based compensation expense	$ 37,848	$ 49,280	$ 81,769	$ 100,944

(1) Stock-based compensation expense recorded to research and development in the condensed 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 primarily granted to the former Executive Chairman of $10.4 million and $21.7 million for the three and six months ended June 30, 2025, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	100%	100%	100%	100%
Cost of revenue	15	15	15	15
Gross profit	85	85	85	85
Operating expenses:				
Research and development	18	20	20	20
Sales and marketing	45	46	47	46
General and administrative	16	23	17	24
Restructuring charges	3	—	2	—
Total operating expenses	82	89	86	90
Income (loss) from operations	3	(4)	(1)	(5)
Interest and other income, net	2	6	1	6
Income before income taxes	5	2	—	1
Provision for income taxes	3	3	1	2
Net income (loss)	2 %	(1)%	(1)%	(1)%

Comparison of the Three Months Ended June 30, 2026 and 2025

Revenue

	Three Months Ended June 30,		Change	
	2026	2025	$	%
		(dollars in thousands)		
Subscription services, software licenses and maintenance	$ 234,588	$ 201,982	$ 32,606	16 %
Professional services	2,789	2,696	93	3 %
Total revenue	$ 237,377	$ 204,678	$ 32,699	16 %

Total revenue increased by $32.7 million, or 16%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. Of the total increase in revenue, approximately $16.0 million was attributable to revenue from existing customers as of June 30, 2025, net of contraction and churn, and approximately $16.7 million was attributable to revenue from new customers acquired during the twelve months ended June 30, 2026, net of contraction and churn.

Cost of Revenue and Gross Margin

	Three Months Ended June 30,		Change	
	2026	2025	$	%
		(dollars in thousands)		
Cost of revenue	$ 36,096	$ 31,142	$ 4,954	16 %
Gross Margin	85%	85%		

Cost of revenue increased by $5.0 million, or 16%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily driven by a $4.6 million increase in third-party hosting costs, which was driven by the increased capacity and volume required to support new customers. . Our gross margin remained flat at 85% for the three months ended June 30, 2026 and 2025.

Operating Expenses

	Three Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Research and development	$ 43,815	$ 39,943	$ 3,872	10 %
Sales and marketing	106,450	95,223	11,227	12 %
General and administrative	37,924	47,026	(9,102)	(19)%
Restructuring charges	7,032	—	7,032	— %
Total operating expenses	$ 195,221	$ 182,192	$ 13,029	7 %

The $13.0 million or 7%, increase in our operating expenses for the three months ended June 30, 2026 compared to the three months ended June 30, 2025 was primarily due to restructuring charges, higher marketing sponsorship costs, and merit-driven salary increases, partially offset by lower stock-based compensation expense from the departure of our former Executive Chairman in December 2025.

Research and Development

Research and development expense increased by $3.9 million, or 10%, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The increase was primarily driven by a $1.4 million increase in personnel-related costs, reflecting a decrease in capitalized internally-developed software costs, annual compensation adjustments and lower headcount following the restructuring. The overall increase in research and development was further driven by a $0.8 million net loss related to foreign currency exchange rate fluctuations, as well as a $0.5 million increase in professional service fees due to higher contractor costs.

Sales and Marketing

Sales and marketing expense increased by $11.2 million, or 12%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to $5.3 million in marketing sponsorship costs, $3.1 million in personnel-related costs primarily from annual compensation adjustment partially offset by lower average headcount resulting from the impacts of restructuring, and $1.2 million in professional service fees.

General and Administrative

General and administrative expense decreased by $9.1 million, or 19%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The decrease was primarily driven by $11.3 million in stock-based compensation expense primarily due to the departure of our former Executive Chairman in December 2025 partially offset by an increase of $1.6 million in personnel-related costs primarily due to annual compensation adjustments and lower average headcount resulting from the impacts of restructuring.

Restructuring charges

Restructuring charges of $7.0 million for the three months ended June 30, 2026, consisted of employee severance and termination benefits related to the restructuring plan that we initiated in May 2026. See Note 12—Restructuring Charges.

Interest and Other Income (Expense), Net

	Three Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Interest income	$ 6,233	$ 10,155	$ (3,922)	(39)%
Other income (expense), net	(2,029)	2,392	(4,421)	*
Interest and other income, net	$ 4,204	$ 12,547	$ (8,343)	(66)%

not meaningful

Interest income decreased by $3.9 million, or 39%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025, primarily due to reduction in average balances held in our marketable securities portfolios used for share repurchases.

Other income (expense), net changed by $4.4 million for the three months ended June 30, 2026 compared to the three months ended June 30, 2025, primarily due to a $4.2 million unrealized foreign exchange loss during the period, mostly from unfavorable changes in foreign exchange rates in the Indian rupee against the U.S. dollar.

Provision for Income Taxes

	Three Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Provision for income taxes	$ 7,025	$ 5,630	$ 1,395	25 %

not meaningful

We are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions. For the three months ended June 30, 2026 and 2025, we recorded a provision for income taxes of $7.0 million and $5.6 million on income before taxes of $10.3 million and $3.9 million, respectively. The increase in the provision for income taxes for the three months ended June 30, 2026, was largely driven by higher income before income taxes in the period compared to the same quarter of 2025 and lower excess tax benefits from stock-based compensation during the three months period ended June 30, 2026.

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, which were not material to our tax expense.

Comparison of the Six Months Ended June 30, 2026 and 2025

Revenue

	Six Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Subscription services, software licenses and maintenance	$ 461,101	$ 396,175	$ 64,926	16 %
Professional services	4,909	4,776	133	3 %
Total revenue	$ 466,010	$ 400,951	$ 65,059	16 %

Revenue increased by $65.1 million, or 16%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. Of the total increase in revenue, approximately $34.8 million was attributable to revenue from existing customers as of June 30, 2025, net of contraction and churn, and approximately $30.3 million was attributable to revenue from new customers acquired during the twelve months ended June 30, 2026, net of contraction and churn. The substantial majority of our revenue continues to be generated from subscription services.

Cost of Revenue and Gross Margin

	Six Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Cost of revenue	$ 70,784	$ 61,020	$ 9,764	16 %
Gross Margin	85%	85%		

Cost of revenue increased by $9.8 million, or 16%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. Of the total increase, approximately $6.0 million is attributable to third-party hosting costs and cloud software fees driven by the increased capacity and volume required to support new customers. Additionally, the increase was also driven by $1.9 million in amortization of internally capitalized software. Our gross margin remained relatively flat at 85% for the six months ended June 30, 2026 and 2025.

Operating Expenses

	Six Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Research and development	$ 93,076	$ 79,944	$ 13,132	16 %
Sales and marketing	218,767	184,381	34,386	19 %
General and administrative	78,351	94,273	(15,922)	(17)%
Restructuring charges	7,032	405	6,627	*
Total operating expenses	$ 397,226	$ 359,003	$ 38,223	11 %

not meaningful

The $38.2 million, or 11%, increase in our operating expenses in the six months ended June 30, 2026 compared to the six months ended June 30, 2025, was primarily driven by higher personnel related costs due to annual compensation adjustments, marketing sponsorship costs and restructuring costs, partially offset by lower stock-based compensation expense from the departure of our former Executive Chairman in December 2025 and lower average headcount resulting from the impacts of restructuring.

Research and Development

Research and development expense increased by $13.1 million, or 16%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily driven by $4.9 million in personnel-related costs primarily due to annual compensation adjustments, $3.4 million in stock-based compensation, $1.5 million in professional service fees, and $1.2 million in tools and subscription fees; partially offset by lower average headcount resulting from the impacts of restructuring.

Sales and Marketing

Sales and marketing expense increased by $34.4 million, or 19%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to increases in personnel-related costs of $15.9 million primarily from annual compensation adjustment, partially offset by lower average headcount resulting from the impacts of restructuring, $12.1 million in marketing sponsorship costs, $1.7 million in professional service fees, $1.7 million in tools and subscription costs, and $1.5 million in reseller commissions

General and Administrative

General and administrative expense decreased by $15.9 million, or (17)%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The decrease was primarily driven by $(21.8) million in stock-based compensation expense primarily due to the departure of our former Executive Chairman in December 2025; partially offset by $4.3 million in personnel-related costs primarily due to annual compensation adjustments, partially offset by lower average headcount resulting from the impacts of restructuring.

Restructuring Charges

Restructuring charges of $7.0 million for the six months ended June 30, 2026, consisted of employee severance and termination benefits related to the restructuring plan that we initiated in May 2026. See Note 12—Restructuring Charges.

Interest and Other Income (Expense), Net

	Six Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Interest income	$ 13,255	$ 21,449	$ (8,194)	(38)%
Other income (expense), net	(7,625)	4,067	(11,692)	*
Interest and other income (expense), net	$ 5,630	$ 25,516	$ (19,886)	(78)%

not meaningful

Interest income decreased by $8.2 million, or (38)%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily due to lower balances maintained in our marketable securities portfolios as a result of our share repurchase program.

Other income (expense), net changed by $11.7 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily due to a $11.3 million unrealized foreign exchange loss during the period, mostly from unfavorable changes in foreign exchange rates in Indian rupee against the U.S. dollar.

Provision for Income Taxes

	Six Months Ended June 30,		Change	
	2026	2025	$	%
	(dollars in thousands)			
Provision for income taxes	$ 5,201	$ 9,487	$ (4,286)	(45)%

We are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions. For the six months ended June 30, 2026 and 2025, we recorded a provision for income taxes of $5.2 million and $9.5 million on income before income taxes of $3.6 million and $6.4 million, respectively. The decrease in the provision for income taxes for the six months ended June 30, 2026 was largely driven by lower income before income taxes in the period compared to the corresponding period of 2025, offset by lower excess tax benefits from stock based compensation during the six months period ended June 30, 2026.

Liquidity and Capital Resources

As of June 30, 2026, our principal sources of liquidity were cash and cash equivalents of $494.7 million and marketable securities of $169.4 million, which were primarily held for working capital resources.

As of June 30, 2026, we had an accumulated deficit of $3.6 billion. Our operating activities resulted in cash inflows of $120.9 million for the six months ended June 30, 2026. In May 2026, we announced a restructuring plan that incurred restructuring charges of $7.0 million in the second quarter of 2026, consisting primarily of cash expenditures for separation-related and other employee benefits costs. See Note 12—Restructuring Charges.

Our material cash requirements from known contractual obligations consist primarily of our obligations under operating leases for office space and contractual obligations for third-party cloud infrastructure. See Note 7 — Leases and Note 8 — Commitments and Contingencies for additional discussion of our principal contractual commitments.

In February 2026, our board of directors approved the share repurchase program, which authorized the repurchase of up to $400.0 million of our outstanding Class A common stock. For the six months ended June 30, 2026, we repurchased a total of 24.0 million shares of Class A common stock under this program in open market transactions for an aggregate purchase price of $204.5 million. As of June 30, 2026, $195.5 million remained available for future share repurchases under the current program.

As of June 30, 2026, 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.

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.

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

	Six Months Ended June 30,	
	2026	2025
Net cash provided by operating activities	$ 120,912	$ 116,564
Net cash provided by (used in) investing activities	(27,626)	3,389
Net cash used in financing activities	(221,334)	(254,287)

Cash Flows from Operating Activities

Net cash provided by operating activities of $120.9 million for the six months ended June 30, 2026 reflects our net loss of $1.6 million, adjusted for non-cash items such as stock-based compensation of $81.8 million, amortization of deferred contract acquisition costs of $17.5 million, depreciation and amortization of $16.1 million, non-cash lease expense of $5.6 million and $9.4 million of other items, primarily related to effects of exchange rate changes on cash, cash equivalents and restricted cash; offset by $2.6 million change in deferred tax provision and $1.2 million from discount amortization of marketable securities. Additionally, net cash inflows from changes in operating assets and liabilities were $4.1 million. The net cash inflows from changes in operating assets and liabilities were primarily due to a decrease of $14.6 million in accounts receivable and increases of $15.6 million in accounts payable and $9.5 million in deferred revenue; offset by increases of $21.3 million in deferred contract acquisition costs, $10.3 million in prepaid expenses and other assets, and decreases of $6.4 million in operating lease liabilities and $5.7 million in accrued expenses and other liabilities.

Net cash provided by operating activities of $116.6 million for the six months ended June 30, 2025 reflects our net loss of $3.0 million, adjusted for non-cash items such as stock-based compensation of $100.9 million, amortization of deferred contract acquisition costs of $15.4 million, depreciation and amortization of $12.6 million and non-cash lease expense of $4.6 million; offset by $3.7 million from discount amortization of marketable securities. Additionally, net cash outflows from changes in operating assets and liabilities were $10.3 million. The net cash outflows from changes in operating assets and liabilities were due to increases of $22.7 million in prepaid expenses and other assets and $18.8 million in deferred contract acquisition costs; offset by increases of $15.4 million in deferred revenue and $7.8 million in accrued and other liabilities, and a decrease of $7.0 million in accounts receivable.

Cash Flows from Investing Activities

Net cash used in investing activities of $27.6 million for the six months ended June 30, 2026 consisted of $56.9 million paid for business combinations, net of cash acquired, $8.9 million in purchases of property and equipment, which primarily include construction and improvements at our major offices, and $4.9 million in capitalized internal-use software, partially offset by $43.1 million in maturities and redemption of marketable securities, net of purchases.

Net cash provided by investing activities of $3.4 million for the six months ended June 30, 2025 consisted of $12.5 million in maturities and redemptions of marketable securities, net of purchases; offset by $7.4 million in capitalized internal-use software and $1.7 million in purchases of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities of $221.3 million for the six months ended June 30, 2026 consisted of $207.4 million cash paid to repurchase shares of our common stock and $17.0 million in payment of withholding taxes on net share settlement of equity awards, partially offset by $3.1 million receipt of ESPP proceeds.

Net cash used in financing activities of $254.3 million for the six months ended June 30, 2025 consisted of $227.2 million cash paid to repurchase shares of our common stock, including $1.8 million of unsettled stock repurchases as of December 31, 2024, and $30.5 million in payment of withholding taxes on net share settlement of equity awards; offset by $3.3 million of proceeds from the issuance of common stock under our employee stock purchase plan, net of taxes withheld.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed 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 amount 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 condensed consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions, and judgments on an ongoing basis.

There have been no changes to our critical accounting policies and estimates during the three and six months ended June 30, 2026 as compared to those disclosed in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our Annual Report on Form 10-K filed with the SEC on February 26, 2026.

Recent Accounting Pronouncements

See Note 1—Basis of Presentation and Summary of Significant Accounting Policies to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information.

ITEM 3. 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 condensed consolidated statements of operations. Our condensed 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 June 30, 2026, 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 $15.9 million.

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 June 30, 2026, the total notional amount of outstanding designated foreign currency forward contracts was $72.5 million. The fair value of derivative assets and liabilities as of June 30, 2026, and all related unrealized and realized gains and losses during the three and six months ended June 30, 2026 and 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 $494.7 million and marketable securities of $169.4 million as of June 30, 2026. 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 June 30, 2026, 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 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control 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 on Effectiveness of Controls

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.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required to be set forth under this Item 1 is incorporated by reference to Note 8. Commitments and Contingencies — Litigation and Loss Contingencies in the notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described under the section "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the SEC on February 26, 2026 as well as the other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before making an investment decision. These identified risks and uncertainties may have a material adverse effect on 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 become important factors that affect our business. There have been no material changes from the risks and uncertainties previously disclosed under the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

Stock repurchase activity during the three months ended June 30, 2026 was as follows (in thousands, except number of shares and average price paid per share):

Period by fiscal month	Total number of shares repurchased [1]	Average price paid per share [2]	Total number of shares repurchased as part of publicly announced plans or programs [3]	Approximate dollar value of shares that may yet be purchased under the plans or programs [3]
April 1, 2026 - April 30, 2026	3,343,539	$ 7.80	3,343,539	$ 328,516
May 1, 2026 - May 31, 2026	9,889,836	$ 8.68	9,889,836	$ 242,649
June 1, 2026 - June 30, 2026	5,112,510	$ 9.21	5,112,510	$ 195,550
Total	18,345,885		18,345,885	

1) All of the shares purchased during the three months ended June 30, 2026 were acquired pursuant to our publicly announced share repurchase program described in footnote 3 below.
2) The average price paid per share includes brokerage commissions and excludes excise tax.
3) On February 26, 2026, we publicly announced that our board of directors had approved a share repurchase program, which authorized the repurchase of up to $400.0 million of our outstanding Class A common stock. Under the repurchase program, we are authorized to 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. We are authorized to structure open market repurchases in accordance with the requirements of Rule 10b-18 under the Exchange Act and to enter into Rule 10b5-1 plans to facilitate repurchases of shares of common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2026, none of our officers (as defined in Rule 16a-1(f) under the Exchange Act) or directors adopted or terminated a contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

ITEM 6. EXHIBITS

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Exhibit Description	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	
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1#	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2#	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements 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.

Freshworks Inc.

Date: August 4, 2026

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

Date: August 4, 2026

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

Date: August 4, 2026

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

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dennis Woodside, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Freshworks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

By: /s/ Dennis Woodside

Dennis Woodside
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tyler Sloat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Freshworks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

By: /s/ Tyler Sloat

Tyler Sloat
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Freshworks Inc. (the "Company") on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof, to which this Certificate is attached as Exhibit 32.1 (the "Report"), I, Dennis Woodside, Chief Executive Officer and President of the Company, do hereby certify, to the best of my knowledge and pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned has set his hands hereto as of the date set forth below.

Date: August 4, 2026

By: /s/ Dennis Woodside

Dennis Woodside
Chief Executive Officer and President
(Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Freshworks Inc. (the "Company") on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof, to which this Certificate is attached as Exhibit 32.2 (the "Report"), I, Tyler Sloat, Chief Operating Officer and Chief Financial Officer of the Company, do hereby certify, to the best of my knowledge and pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned has set his hands hereto as of the date set forth below.

Date: August 4, 2026

By: /s/ Tyler Sloat

Tyler Sloat
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.