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HubSpot, Inc. (HUBS)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to HubSpot's Q4 2025 Earnings Call. My name is Gigi, and I'll be your operator today. At this time, all participant lines are in a listen-only mode, and there will be an opportunity for questions and answers after management's prepared remarks. [Operator Instructions]

I would now like to hand the conference over to Head Director of Investor Relations, Chuck MacGlashing. Please go ahead.

Charles MacGlashing

Senior Vice President-Corporate Development, Investor Relations & Treasury, HubSpot, Inc.

Thanks, operator. Good afternoon, and welcome to HubSpot's fourth quarter and full year 2025 earnings conference call. Today, we'll be discussing the results announced in the press release that was issued after the market closed. With me on the call this afternoon is Yamini Rangan, our Chief Executive Officer; Dharmesh Shah, our Co-Founder and CTO; and Kate Bueker, our Chief Financial Officer.

Before we start.

Before we start, I'd like to draw your attention to the safe harbor statement included in today's press release. During this call, we'll make statements related to our business that may be considered forward-looking within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended; in Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact are forward-looking statements, including those regarding management's expectations of future financial and operational performance and operational expenditures, expected growth, FX movement and business outlook, including our financial guidance for the first fiscal quarter and full year 2026.

Forward-looking statements reflect our views only as of today, and is – except as required by law, we undertake no obligation to update or revise these forward-looking statements. Please refer to the cautionary language in today's press release and our Form 10-K, which will be filed with the SEC this afternoon, for discussion of the risks and uncertainties that could cause actual results to differ materially from expectations.

During the course of today's call. We'll refer to certain non-GAAP financial measures, as defined by Regulation G. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between such measures, can be found within our fourth quarter and fiscal year 2025 earnings press release in the Investor Relations section of our website.

Now, it's my pleasure to turn over the call to HubSpot's Chief Executive Officer, Yamini Rangan. Yamini?

Yamini Rangan

Chief Executive Officer & Director, HubSpot, Inc.

Thank you, Chuck, and welcome, everyone, to the call. I'll start with our Q4 and full year 2025 results and the consistent themes driving those results. Then I will highlight our 2026 strategy, how we are positioned to lead and win with AI, and the specific levers we are activating to drive growth. Let's dive in.

We had a solid finish to 2025. Q4 revenue grew 18.2% year-over-year in constant currency, and full year 2025 revenue grew 18.2% in constant currency to $3.1 billion. We delivered another quarter of standout operating profit growth, with operating margin of 22.6% in Q4 and 18.6% for the full year. We now serve more than 288,000 customers globally. We added 9,800 net new customers in Q4 and more than 40,000 customers for the year. That growth at our scale says something important. Customers trust HubSpot during a time of transformative change in the industry driven by AI.

I'm also pleased to announce that our Board of Directors have authorized a share repurchase program of up to $1 billion. A clear signal of the confidence we have in our business and the growth opportunity ahead. Two themes drove our performance in 2025: strong Core Seat fundamentals and momentum with our agentic customer platform.

First, our core fundamentals are solid. Upmarket momentum was consistent all year with a strong finish in December. Large companies are consolidating on HubSpot, because we deliver the power they want with the ease of use they need. In 2025, deals over $5,000 in monthly recurring revenue grew 33% and deals over $10,000 grew 41%. The number of customers with 500 or more seats grew fivefold, making it one of the strongest upmarket years. This is the direct result of years of focused product investment, the moat we have built with our partner ecosystem, and our growing brand credibility with larger companies.

Rentokil Initial, a global leader in pest control, used Marketing Hub to increase leads by 76% and deliver a 671% ROI. That success led them to expand HubSpot. Now, they use HubSpot Enterprise product suite across more than 100 teams to scale their go-to-market strategy. Mercantile Bank, a financial institution with over 700 employees, consolidated six separate solutions onto Marketing Hub and saw an immediate improvement in efficiency and personalization capabilities. This success prompted them to expand to Sales Hub, Service Hub, and Content Hub, and replace their legacy CRM, giving them a unified view of customer, while lowering costs.

Multi-hub adoption accelerated again this year. In 2025, 62% of new Pro+ customers landed with multiple hubs. We saw two common patterns with new customers. They landed with Marketing and Sales Hub or with Marketing, Sales, Service, Content and Operations, five hubs operating as one go-to-market platform. Multi-hub expansion is also showing up across our install base, with 40% of Pro+ install base by ARR owning four or more hubs, up 6 points year-over-year. We are the agentic customer platform of choice for scaling companies, and multi-hub adoption is the new norm.

Our pricing changes also created meaningful tailwind in 2025. As a reminder, we lowered the price point to get started, removed seat minimums to make upgrades easy, and added Core Seats that deliver platform value. That shift is largely complete. Approximately 90% of our legacy customers have moved into the new pricing model and almost 50% of our ARR has gone through their first renewal.

The impact is showing up clearly in the data. We continue to see strength in net customer additions aided by the changes. And despite the questions we get on seat compression, we saw customers buy more Sales Hub seats, Service Hub seats and Core Seats throughout the year. All of this reinforces our confidence that our core fundamentals are strong and built to drive durable growth.

Strong fundamentals matter, but what defined 2025 was our momentum in AI. We are clear about who we serve, growing companies with 2 to 2,000 employees. That's where we win and that's who we build for. Our AI strategy is simple and focused on helping those companies grow. We embed AI across the platform. We deliver agents that do real work, and we give teams tools like Breeze Assistant and LLM connectors to turn their data into action.

That strategy is resonating. AI native, like Lovable, Browserbase, and squint.ai, are choosing HubSpot as their platform to drive growth.

Now, let's talk about AI adoption. Our agents gained real traction last year. Customer Agent handles support tickets and answers questions across the full customer journey. More than 8,000 customers activated it last year and are seeing mid-60s resolution rates, driven by product innovation. Prospecting Agent helps sales teams research accounts, personalize outreach, and engage prospects. Over 10,000 customers have activated it, up 57% quarter-over-quarter. This is a clear use case with strong pull. Customers using it are booking nearly twice as many meetings compared to last year.

At Inbound, we launched Data Agent, which automatically enriches customer data. More than 2,500 customers have already activated it, a clear signal that customers want AI to take on the manual work that slows teams down. And while it's still early, our usage-based credits model is starting to scale. In Q4, Customer Agent accounted for about 60% of credits consumed. Data Agent, Prospecting Agent, and intent monitoring, each contribute between 10% to 15% of credits consumed. All of this reinforces the clear point. AI is becoming a core driver of how our customers grow, and therefore, how we grow.

Okay, let's look ahead to 2026. Our strategy is clear and focused on three things: making AI work for growth companies, reimagining marketing with a new playbook and products, and accelerating upmarket growth with a platform that delivers both power and simplicity.

First, we're focused on making AI work for growth companies. While there's no shortage of AI solutions in the market, there is a real gap between generating AI output and driving growth outcomes. Closing that gap is what will unlock broad AI adoption, and that requires context, having the right information at the right time with the judgment to know what to do with it. And that's where HubSpot has a clear advantage.

Most AI tools ask customers to bring their own context, upload brand guidelines, teach the system who their customer is, and how their business works, then do it again for the next agent or LLM, and again, that's backwards. With HubSpot, context is shared and powers everything. Our AI vision is to lead with our agentic customer platform, where unified customer data, business context, pure benchmarks across more than 288,000 customers, and deep domain expertise powers workflows and agents.

To do this, we are bringing together three interconnected layers: context layer, where customer understanding lives; action layer with our hubs and agents, where they help do work; and a coordination layer to connect everything. You will see us accelerate this vision throughout this year. It will show up in powerful use cases where AI does real work for teams and drives measurable growth. That is our AI strategy.

At the same time, marketing is going through the biggest shift we have seen in decades. Search traffic is declining as AI-generated answers become the starting point for product and brand discovery. Customers are spending time across more channels, and AI is creating new ways for companies to be found. We saw these changes coming and have deliberately diversified our marketing channels.

Last year, YouTube leads grew 68%, newsletter leads grew 53%, and HubSpot became the most visible CRM in LLM-generated answers. And now, we're turning what we have learned into a playbook and product for our customers. We launched the Loop, a new growth playbook for the AI era, along with AI-powered solutions to help teams put it into action. Data Hub gives customers clean, unified data foundations, essential for marketing in the AI era. And Marketing Studio provides an AI-powered workspace to plan and create campaigns faster. And our

AEO tools give marketeers a real opportunity to offset declines in traditional search. Customers are already seeing results.

Docebo, an AI-powered learning platform with over 1,000 employees, shifted towards AEO as organic traffic declined. Using HubSpot, they improved their visibility in LLMs and saw 13% of their leads come from new AI-driven sources. And Crunch Fitness, a global brand with over 1,200 employees and 500 franchise locations, used HubSpot to deliver personalized on-brand messages at scale, sending more than 15 million targeted emails a month and generating 2 million leads in a year. HubSpot helped define the inbound marketing era, and we are uniquely positioned to lead what comes next.

The third pillar of our strategy is to keep winning upmarket. Last year was one of our strongest upmarket years. That was driven by product innovation that delivered real results for larger customers. Within their first year on HubSpot, upmarket customers generated more leads, closed more deals, and improved ticket close rates. In 2026, we're doubling down on that momentum. We are aligning dedicated product resources to the needs of the segment and increasing sales capacity to drive growth. This is a large market where we have clear product market fit, a strong and energized partner ecosystem, and significant room to grow.

Our strategy shows up clearly in our growth levers. Our core drivers remain strong and durable: upmarket momentum, multi-hub adoption, and pricing tailwinds. These are working consistently, and we expect them to continue to scale. As we enter a more transformational phase with AI, we see two emerging growth levers, Core Seat adoption and credits. We have significantly expanded the value of the Core Seat by including Breeze Assistant, enriched company data with buying intent signals, and platform features that bring teams together.

As a result, adoption of enriched data jumped from 51% to nearly 70% in Q4, a clear signal of the value customers are seeing with Core Seat. Our goal is to make the Core Seat the foundation for every go-to-market employee and to drive broad adoption across teams. And as customers rely on agents to do more work on their behalf, we will scale credits consumption. Together, these levers expand how customers get value from HubSpot and how we accelerate growth.

With that, I'll hand it over to our CFO, Kate Bueker, to walk you through our financial and operating results.

Kathryn Bueker
Chief Financial Officer, HubSpot, Inc.

Thanks, Yamini. Let's turn to our fourth quarter and full year 2025 financial results. Q4 revenue grew 18% year-over-year in constant currency and 20% on an as reported basis. Q4 subscription revenue grew 21% year-over-year, while services and other revenue increased 12% on an as reported basis. Q4 domestic revenue grew 17% year-over-year, and international revenue growth was 19% in constant currency and 24% as reported, representing 49% of total revenue.

For the full year of 2025, revenue grew 18% year-over-year in constant currency and 19% as reported. Full year subscription revenue grew 18% year-over-year in constant currency and 19% as reported. Services and other revenue grew 16% on an as reported basis.

We added 9,800 net new customers in Q4, bringing our total customer count to over 288,000, growing 16% year-over-year with particular strength in Pro+ customer additions in the quarter. Average subscription revenue per customer was $11,700 in Q4, up 1 point year-over-year in constant currency and up 3 points on an as reported basis.

Moving into 2026, we continue to expect net additions in the 9,000 to 10,000 range with low- to mid-single-digit ASRPC growth in constant currency. Customer dollar retention remained in the high-80s in Q4, while net revenue retention increased sequentially, as expected, to 105%. For the full year of 2025, net revenue retention was 103.5%, up from 101.8% in 2024, reflecting continued momentum in seat expansion and the benefit from our pricing change.

Looking ahead to 2026, we expect to grow net revenue retention by another 1 to 2 points year-over-year, driven by a combination of continued seat expansion and ramping credit adoption. As a reminder, we tend to see a seasonal downtick in net revenue retention in Q1, followed by expansion as we move through the year.

Q4 calculated billings were $971 million, growing 20% year-over-year in constant currency and 27% on an as reported basis. Q4 billings benefited from strong upmarket performance, resulting in a modest increase in overall billings duration in the quarter. For the full year of 2025, calculated billings were $3.4 billion, growing 19% year-over-year in constant currency and 23% on an as reported basis.

The remainder of my comments will refer to non-GAAP measures. Q4 operating margin was 23%, up 4 points compared to the year ago period and 3 points sequentially. Full year 2025 operating margin was 18.6%, up 1 point year-over-year. We delivered operating leverage as a result of disciplined hiring as well as the ongoing benefits of our partner commissions changes.

Net income was $163 million or $3.09 in Q4 and $516 million or $9.70 per fully diluted share for the full year of 2025. Free cash flow was $209 million or 25% of revenue in Q4 and $595 million or 19% of revenue for the full year of 2025. Our cash and marketable securities totaled $1.8 billion at the end of December.

As Yamini shared, our board has authorized a new $1 billion share repurchase program. While we remain focused on investing in organic product innovation and selective M&A, we also see the opportunity to return capital to shareholders through an additional share repurchase program. This reflects our continued confidence in the long-term opportunity ahead.

Before turning to guidance, I want to highlight several factors shaping our 2026 growth outlook and the underlying strength of our business performance. In 2025, net new ARR growth exceeded constant currency revenue growth in every quarter with full year net new ARR growing 24% year-over-year, 6 points above constant currency revenue growth.

Looking ahead, we expect full year 2026 net new ARR growth to outpace constant currency revenue growth, supported by the underlying trends Yamini outlined: continued upmarket momentum, multi-hub adoption and pricing benefits, and the emerging impact of Core Seat adoption and credits. Going forward, we plan to share net new ARR growth on an annual basis as part of our Q4 earnings.

With that, let's dive into our guidance for the first quarter and full year of 2026. For the first quarter, total as reported revenue is expected to be in the range of $862 million to $863 million, up 16% year-over-year in constant currency and 21% on an as reported basis. Non-GAAP operating profit is expected to be between $144 million and $145 million, representing a 17% operating profit margin. Non-GAAP diluted net income per share is expected to be between $2.46 and $2.48. This assumes 52.5 million fully diluted shares outstanding.

And for the full year of 2026, total as reported revenue is expected to be in the range of $3.69 billion to $3.7 billion, up 16% year-over-year in constant currency and 18% on an as reported basis, modestly above our guidance for Q1 constant currency revenue growth. Non-GAAP operating profit is expected to be in the range of

$736 million to $740 million, representing a 20% operating profit margin. Non-GAAP diluted net income per share is expected to be between $12.38 and $12.46. This assumes 51.8 million fully diluted shares outstanding.

As you adjust your models, please keep in mind the following. We expect our legacy Clearbit business to be a 40 basis point headwind to full year 2026 revenue growth, moderating slightly from the 60 basis point headwind for 2025. Our EPS guidance for Q1 and full year 2026 includes the expected impact from our share repurchase program. And we expect CapEx as a percentage of revenue to be 5% to 6% for the full year of 2026 and free cash flow to be about $740 million.

With that, I will turn the call back over to Yamini for her closing remarks.

Yamini Rangan

Chief Executive Officer & Director, HubSpot, Inc.

Okay. In closing, I'm energized by our position heading into 2026. We are moving with urgency and focus, innovating quickly to help our customers grow with AI, and evolving how we operate to support that pace. We've transformed how we build products and how we serve customers with AI. And we are turning those learnings into real value for our customers. We enter 2026 with clear momentum. Our core growth drivers remain strong and our emerging AI levers are gaining traction. Together, they give us confidence in our ability to deliver durable growth.

I want to thank our customers, partners, and investors for your continued trust and support. And a heartfelt thank you to HubSpotters around the world for staying focused on solving for our customers every single day.

With that, operator, please open up the call for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Samad Samana from Jefferies.

Samad Samana

Analyst, Jefferies LLC

Q

Hi. Good evening and thanks for taking my questions. So, Yamini, I thought I'd kick off with just ripping off the Band-Aid that everybody's focused on. The software complex is under a ton of pressure on AI disruption fears. It's asked on every earnings call of every company, and you spoke a lot in your prepared remarks about context and moats, but can you dig deeper into how defensible HubSpot's role is as a system of record and maybe what your fear on LLM disruption is?

And related to that, how would you respond to investors that fear that more data will be sucked into and be retained in, in third-party agents and that this could threaten the role of a system of record itself? I know there's a lot to unpack there, but I think that's what we get asked the most every day now.

Yamini Rangan

Chief Executive Officer & Director, HubSpot, Inc.

A

All right, Samad, let's start with ripping off Band-Aid. I'll probably start with the disruption threat and specifically our moat to address that. Then I'll take the second part of your question, which is about value getting captured outside of SaaS as data gets sucked out of solutions. All right. First off, in terms of disruption, there's a big difference between point SaaS solutions and platform, and that difference matters even more in the AI era. Look, in the last decade, HubSpot won as a platform because we were the source for customer data. With AI, we will win because we are the source of customer context, and that matters.

As I talk to customers right now, the biggest challenge we see with AI adoption, particularly in mid-market companies, is not access to more AI tools, more LLMs, more agents. There are plenty of those. The biggest challenge that I see is that there is a huge gap between AI output and AI outcomes. And when I say outcomes, I mean more leads, more deals, more growth. And by the way, that's all our customers want to talk to us about. Mid-market companies don't care about AI for the sake of AI. They don't want to just adopt it. They care about driving growth. And if AI can help with that, they will adopt it.

And in order for AI and agents to drive outcomes, you need customer context. This is the context that was in the heads of people, but now you need the patterns of what works, what doesn't work in your business, in your industry, in your particular function, and then you need to be able to take an action on it. And that is what a platform like HubSpot delivers. I'll give you a practical example. You can ask an LLM to generate outreach for 100 prospects. And then do the same thing in a platform with a history of interaction, with the prioritization of what sales cares about, with how your best reps handle competitive objections within your industry, and then ask it to generate outreach.

The difference is one will be AI output and the other will be AI outcomes. One produces words, the other wins deals. One knows a lot about the external world. The platform knows specifically about the customer's world and what is happening today. There's this whole idea that AI is like a magic wand and you can abstract away all of this problem and expect agents to work, it just will not. Context has to come from somewhere. It has to be trusted. It needs to be real-time and it needs to be actionable. And that is what a platform like HubSpot delivers.

Our strategy, as I just articulated, is to be that intelligent system of customer context. And we have the data, but more importantly, we have the business context, the industry context and the domain context to deliver it. And that's why customers come to us. They rely on us for that context. They want to use more of our APIs and partners want to customize and build on top of it. And as AI adoption accelerates, the value of our agentic platform increases.

Okay. Now, going to your second part of the question, which is can all the data just be completely sucked out so that there is no value capture by SaaS? Well, first of all, that assumes that we will not build agents rapidly ourselves. We are building agents on top of that customer context, and it is working and we're seeing that adoption. Second, it assumes that SaaS platforms are data. SaaS platforms are more than data. It is the logic, right? You can certainly get a nondeterministic output for a sales email, but try taking a nondeterministic output for your sales forecast. That is not possible. It's workflows, like forecasting, routing, approvals, permissions, that is logic, it's not data to be sucked away. And ownership, accountability and governance, all of those lives inside applications, and it's much easier to bring AI into these applications rather than try to extract all of this away as – like, as if it's just data, it is not.

And then the last thing I'll say is that we serve companies that have 2 to 2,000 employees. That mid-market segment is what we care about. They're focused on growing business. They're not managing model complexity. They're not looking at the latest LLM version. They're not stitching together AI infrastructure. They want AI that just works and drives measurable growth. And that's our focus: making AI simple, practical, and actionable, and driving outcomes for scaling companies. That's our strategy and we think it's very defensible for the segment of customers that we are delivering value for.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Jackson Ader from KeyBanc Capital Markets.

Jackson Ader
Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thanks for taking our questions, guys. The question I had was on acceleration, the guidance for 16% constant currency growth this year, it's certainly not an acceleration, but all the breadcrumbs that you're giving us on kind of net new ARR would mathematically just lead to acceleration. So, I'm curious what the disconnect is there between guidance of slowing growth and net new ARR, which would hint at accelerating growth. Thank you.

Kathryn Bueker
Chief Financial Officer, HubSpot, Inc.

A

Yeah, Jackson, thanks for the question. I'll just start by saying that we remain confident that we can reaccelerate and hit our 20% revenue growth goal. You're right, all of the leading indicators are pointing in the right direction. Net new ARR is, again, important for the indicator of growth for us, and we've delivered net new ARR growth in excess of revenue growth now over the last six quarters. Our revenue guidance implies a modest acceleration throughout 2026.

As I shared in my prepared remarks, net revenue retention is expected to expand by another 1 to 2 points this year, and we're also expecting that 2026 net new ARR growth is also going to outpace constant currency revenue growth. And that's supported by all of those underlying trends that Yamini talked about: continued upmarket momentum, continued multi-hub adoption, continued benefit from our ongoing pricing changes, and then those emerging growth levers of Core Seat adoption and credits. The momentum that we're seeing with net new ARR is what gives us the confidence that we will be able to deliver 20% revenue growth in the future.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Keith Bachman from BMO.

Keith Bachman
Analyst, BMO Capital Markets Corp.

Q

Hi. Thank you very much. It's a good follow-on question to the previous one. Kate, I was hoping to dig a little more into the context of guidance, in particular a few things I want to flush out. You talked about pricing, and I just want to try to understand, A, how much pricing help was in 2025 versus 2026; and B, if you could comment a little bit about any guidance, so to speak, on how much Core Seat growth may add and/or credits as we think about what is embedded in guidance as you articulated?

And then the final one, I note a multi-part question here, sorry, is could you give any color on what like-for-like seat growth was in 2025 and how you think that may be different or the same in 2026, so sort of three engines within the context of guidance of CY 2026. Thank you.

Kathryn Bueker
Chief Financial Officer, HubSpot, Inc.

A

Yeah. Maybe I'm going to just start by giving a high-level view of how we set guidance for 2026. And the short answer there is that we set guidance in a way that is very consistent with how we have always set guidance. And that is that we – it's early in the year. We want to set guidance that we feel comfortable that we can meet or exceed throughout the year under a set of outcomes across economic and execution outcomes that capture a range. Again, it's early in the year, and we want to establish a set of guidance that we're comfortable that we can deliver against.

That said, like our guidance – our starting point guidance for 2026 is higher than our starting point guidance for 2025. It's up about a 0.5 point from last year. Our full year guidance this year is higher than our Q1 guidance, and so that would indicate that Q1 is going to be the low point for growth this year and that we're going to accelerate growth throughout the year. So, it's early. We wanted to put forward guidance that is consistent in terms of methodology that we're comfortable we can deliver against, and that shows that we can reaccelerate revenue over time.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Gabriela Borges from Goldman Sachs.

Gabriela Borges
Analyst, Goldman Sachs & Co. LLC

Q

Hey. Good afternoon. Thank you for taking my question. Yamini, I remember your [ph] Dario (00:36:20) keynote from Inbound and, Dharmesh, I know you spend a lot of time in the Claude ecosystem. Maybe talk to us about how you see your leading-edge customers using a tool like Claude Cowork alongside HubSpot to get to a better and complementary outcome with both tools working side by side. Thank you.

Dharmesh Shah
Co-Founder, Chief Technology Officer & Director, HubSpot, Inc.

A

Hi. Thanks for the question. So, Anthropic's Claude Cowork is still very early, and it's solving for consumer-oriented use cases. So, it's still very early to kind of see our customers using it. What we do see customers using is our Claude Connector that connects a individual's account on Claude to HubSpot via our connector, and that's getting increased usage. And what gives us a lot of kind of optimism is around what that's really doing is extending the customer platform that Yamini's been talking about and providing it via a new channel, which is these kind of AI applications like Claude and ChatGPT. So, we're not seeing Claude Cowork yet, but we are seeing the kind of classic Claude Connector and the ChatGPT connector being used.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Alex Zukin from Wolfe Research.

Alex Zukin
Analyst, Wolfe Research LLC

Q

Yeah. Hey, guys. Thanks for taking the question. And maybe following on the previous question, to the extent that the modality develops around third-party agents and agent networks that continuously have to access both to read and to action information within HubSpot, can you just give us a framework for how you're thinking about monetization in that type of environment? And then, to some extent, how should we think about, to Keith's prior question, kind of the potential for consumption tailwinds on ARR growth, net new ARR growth on the credit side for 2026 and maybe beyond?

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.

A

Alex, thanks a lot for the question. So, I'll start with the first one, then talk about the credit consumption. So in the first part, the way we think about ourselves is we are an open platform. That's how we won in the last decade. That's how we will win in the next decade. And we want customers to bring in and use as much data as possible. So, we're very open about that. We don't charge for customers bringing in the data. The more complete the customer context, the better outcomes that we can deliver. So we don't try to restrict that, and we try to enable that.

The second thing I would say is we also want partners building on top of HubSpot. And this could be workflows, this could be agents, this could be custom apps, and we want that to happen. And we've always been partner-friendly. We will continue to operate that way. The part that we will say we're very disciplined is around platform access at scale. If other agents or other platforms that are emerging are relying on our customer context, that access, we will monitor it, we will meter it, and we will monetize it. And specifically, if it is high-frequency extraction at scale, if it's like bulk exports of data or content or context, we will govern it and monetize that accordingly.

So, the way to think about our platform is we are open by design, but we're not a free data pipeline for everybody to take that information out. We're an intelligent customer platform. Access to that context is valuable, and we'll price it in a way that is fair, scalable, and aligned to the value that we create for customers, which means we'll also share the value. So that's in terms of our posture. The second question you asked is around monetization specifically of credit and how we think about that as tailwind now and maybe in the future.

And I'll start by saying that we're beginning to see real usage beyond included credits, and that's, again, happening because customers are getting clear, measurable value. And the biggest driver today that we see is Customer Agent. I talked about this. This has got clear product market fit and clear value, and customers are using it to resolve support tickets, but they're also using it to answer tickets in terms of marketing as well as sales. And it represents nearly 60% of the credits that are getting consumed right now.

We are also seeing very strong adoption in three other use cases. Prospecting Agent has found really clear fit. And think about this agent. It can do account research, it can monitor your contacts, and then it can drive outreach based on the signal that you get about a company or a particular contact. And given how much disruption is happening in terms of the lead, this has got real pull. I talk to customers, day in and day out, about Prospecting Agent.

Now, what is interesting is how customers are buying credits. They're not just like thinking of this as an experiment. They're beginning to scale it. They're starting with what's included, then they replace real work, and then they allocate more budget, and that is real positive green shoot. One of our customers, SkyTrak and GOLFTEC, they piloted this Customer Agent and started with 10,000 support chats a month. That agent was so effective that it used up all of the included credit in four hours. Then they allocated another $50,000 of their budget for credit and treated it more like a work replacement.

So, where we are is we have the scaffolding in place. Agents are clearly adding value. They're being adopted. The credit mechanisms are in place. We're beginning to deliver value, and we see this as a tailwind and an emerging lever, both in 2026 as well as many years to come.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Parker Lane from Stifel.

Jack McShane
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. Hi, good afternoon. This is Jack McShane on for Parker. Thanks for taking my question. Yamini, with the agentic ecosystem build-out seemingly accelerating throughout the quarter, whether it be through Frontier, Claude Code, Opus, et cetera, how did deal velocity trend in the quarter relative to prior periods? Are the weekly announcements of the next use case-specific agent or a new model that specializes in coding, are those types of announcements causing any sort of confusion or slowdown in the pipeline? Maybe a better way of asking it is, how are customers and prospects digesting to these announcements in real time?

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.

A

I actually really like this question. I'll tell you, there is a huge disconnect between what's happening in terms of announcements and how investors are processing it and the actual conversations that we're having with customers in terms of AI adoption and use case. Again, I'll remind that the segment that we serve, there are 2 to 2,000 employee companies. They have a business to run, and they're not chasing every announcement that is happening out there. And if you look at the pipeline and what we are talking about, the first conversation that we have is how can it drive innovation and growth? It is not a, how can I name the announcement of this week? It's really, how can I drive adoption and growth for ourselves? And we deliver that.

We deliver our platform. We deliver solutions that are easy to use, that have fast time to implement, and they look to us to drive it. So, we talked about Q4. In Q4, specifically, upmarket was very strong. And if you look at the nature of the conversations we had, it was consolidating multiple applications. It's driving growth through innovation and then making sure that there is clear data and clean context to be able to get them to grow. That is the kind of conversation that we have. Again, huge disconnect, and we had a very robust Q4.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Taylor McGinnis from UBS.

Taylor McGinnis
Analyst, UBS Securities LLC

Q

Yeah. Hi. Thanks so much for taking my question. Kate, maybe just on the acceleration that we could see throughout this year, you mentioned a lot of growth drivers earlier, but could you just break out how much price is contributing to that versus some of the other growth drivers around seats and credit adoption? Like could we be getting to the point that you mentioned earlier that credits are scaling? Could that start to add 1 point to growth this year? We'd just love to hear a little bit more about the breakout of those.

Kathryn Bueker
Chief Financial Officer, HubSpot, Inc.

A

Yeah. Thanks so much for the question. I actually think, Taylor, the easiest way to talk about it is through the trends that we're seeing in net revenue retention. As you know, net revenue retention was up this year, 105% in Q4. It was up to 103% for the full year, and that's about 1.7 points up from last year. The components of that, if you think about what was actually driving the expansion, it was very much all of the benefits of the seats pricing model change.

Now, that is not pricing. The biggest impact, actually, is that we saw higher upgrade rates for seats across sales seats, service seats, and core seats. As you remember, one of the things that happened with the pricing model change is that we lowered the barrier to get in – the barrier to entry to get started with HubSpot. So, people bought the seats that they needed and there was a much more natural upgrade path from there.

The other contributor was what you're talking about, which is as customers migrated and came up for a renewal, they would see up to a 5% pricing increase. And that did help support net revenue retention in 2025. It will support net revenue retention in 2026, again, to a similar amount. But the bigger driver of the expansion this year and into next year were the other factors associated with the pricing change.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Kirk Materne from Evercore ISI.

Kirk Materne
Analyst, Evercore ISI

Q

Yeah. Thanks very much, and thanks for taking the question. I was wondering, Yamini, if you could just talk about the benefits you're seeing from AI internally, just in terms of your own R&D and maybe sales and marketing efficiency, where you're seeing some real levers there, just any anecdotal comments would be great. Thanks.

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.

A

Yeah. Thanks a lot, Kirk. Look, we have been transforming HubSpot completely through AI. I'll start with coding. The way we build products has transformed completely. 97% of the code that was committed last year was done with AI assist. And if you look at our top engineers, they are living and breathing in agentic coding with Claude Code, and that's how we build. And that has certainly changed the pace of innovation, but also the types of innovation that we're able to bring to the customers. So, that's like number one. It has changed dramatically.

And then when you think about how we serve, we have been on this path of transforming with AI. Support, completely done. Our support is the first-year support, and nearly 60% of our support is handled by AI, which means our teams are spending on much more complex cases. We've been using AI to transform marketing as well as prospecting. Our prospecting approach internally has changed the level of meetings and the level of pipeline that we bring. And in a given quarter, 10,000 to 15,000 meetings are being set up internally through prospecting.

And almost everything that we do from sales in terms of note capture, in terms of deal progression, in terms of smart guidance for getting deals, all of that has grown, which means, at the end of the day, our efficiency in terms of support, our efficiency in terms of sales, and our efficiency in terms of building pipeline has increased. And overall, as a company, we are leaning very hard into AI. We set ourselves a target last year to say we want every HubSpotter to be inspired and work in this new AI-first manner. And we put out target, and we blew through it. At the end of the year, almost every HubSpotter is using AI every day of their week. And so, we're transformed. And that helps us, of course, to move faster and operate at speed.

But more importantly, everything that we learn of what works and what doesn't, we're building it into the product, and we are sharing it as best practices for the customer. And so, really good story there. We're happy with that. And we're going to continue to do that. Now, it's like we're onto the second phase of AI transformation internally to scale up our efforts even more.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Rishi Jaluria from RBC.

Rishi Jaluria

Analyst, RBC Capital Markets LLC

Q

Hi. Wonderful. Thanks. Hi, this is Rishi Jaluria. Thanks so much for taking my question. Maybe I want to drill into one thing. So, Yamini, I was struck by you mentioning Lovable as a customer during the prepared remarks. Without talking specifically about a single customer, definitely see it striking that the market clearly is worried that vibe coding is going to replace incumbent platforms. But one of the leaders in vibe coding is using you and tells us the power of that.

So, my question is really this, as you think about your own adoption amongst AI natives, especially the cutting-edge ones that have become household names over the past year, in many cases, over the past six months, can you talk about why you might feel HubSpot is uniquely positioned for those companies and why they're choosing to use you instead of leveraging all the vibe coding tools and Claude Code and Codex, et cetera, to try to build their own? Thank you.

Yamini Rangan

Chief Executive Officer & Director, HubSpot, Inc.

A

I mean, coding has gotten easier, but domain expertise and platform value has not just gone away, right? So, people just equate coding to your ability to build everything. Look, I just said that, internally, in terms of how we build products, it's completely transformed, and we're building products completely. And of course, everybody within the company knows vibe coding. Our product managers do it. Our UX managers do it. Our marketeers do vibe coding. But it doesn't mean that we are turning around and replacing our core platform, a core HR platform, ERP platform. We're not building any of that. And so, I think there's a lot that is getting lost in terms of ability to code versus value of a platform.

And that's what I would come back to, which is what we deliver is a platform. And it used to be that that platform had unified data. That's why customers came to us. We built something organically. People came to us because there was value in unifying marketing, sales, and service. But what has fundamentally changed now is that it's not just about the data. It's the context, because context is what you need to make decisions, whether you're an agent or you're a team member that is making decisions on behalf of that agent. And that is what we deliver. And that is why all AI-native companies, including the ones that you mentioned, are starting with HubSpot as their platform of choice in terms of go-to-market. Dharmesh, go ahead.

Dharmesh Shah

Co-Founder, Chief Technology Officer & Director, HubSpot, Inc.

A

Yeah. One thing I'd like to add is someone that spends hours a day using agentic coding tools, both AI-native companies and non-AI companies, the best companies spend the most amount of calories in adding value to their customers. They don't spend their engineering calories going off and vibe coding a CRM or an ERP or an HR system, whatever. That just doesn't make sense. So just because it's possible, so we have, as Yamini mentioned, a large engineering team, knows what they're doing, spending 97% of their kind of calories using agentic coding tools, they're not doing it to replace internal platforms. So, we think the best companies, both AI and non-AI, will not be using vibe coding to replace core systems. They'll be doing it to add value to their customers. That's what Lovable is doing. I think that's what some of the best companies in the world will continue to do.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Raimo Lenschow from Barclays.

Eamon Coughlin
Analyst, Barclays Capital, Inc.
Q

Hi, guys. This is Eamon Coughlin on for Raimo. Thanks for taking the question. Great to hear that YouTube and newsletter leads are driving to differentiation with LLM-generated answers. Given the challenges that the SEO channel faced throughout 2025, should we think about that as a tailwind to top line throughout 2026?

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.
A

I'll maybe talk about the TOFU trends, the top-of-the-funnel trends. And look, yes, there's been overall decline in terms of content-generated traffic, traffic that comes through the website. But that's something that we have seen coming. We have diversified the channels. We've talked about our playbook. And that playbook is working, right? And specifically, you mentioned a couple of like channels. For us, YouTube has grown, newsletters, leads from newsletters have increased more than 50%, and AEO is increasing.

And I think like part of the way you should think about it is that the diversification strategy as well as our ability to lead with AI is going to help us continue to drive top-of-the-funnel, which is why you're seeing us double down on our guidance of net customer additions of 9,000 to 10,000 every quarter going forward. Last year, we added 40,000 customers. And this year, we'll continue to do it at that pace. And a lot of what we have done in terms of the playbook is what helps us drive customer additions even in a very challenging environment, and then marketing is completely changing.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Siti Panigrahi from Mizuho.

Siti Panigrahi
Analyst, Mizuho Securities USA LLC
Q

Great. Thanks for taking my question. Yamini, I just want to ask about the early adopters of AI agents, whoever using it. What kind of trends are you seeing in terms of them talking about their user expansion or seat expansion? Where is actually that's getting funded, all the AI investment they are doing right now? Also, are you seeing any trend differently from your small segment versus scaling mid-market companies?

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.
A

Okay. Great question, Siti. So, I'll start with like what are we seeing and then is there any difference between segments. In terms of the AI use cases, use cases that are getting resonance are the ones that show clear measurable value and clear outcomes. So, it's really about delivering value and showing clear outcomes that is driving the usage.

I would say the strongest traction is Customer Agent and, I would also say, Prospecting Agent. We talked about both of these agents. Data Agent that we launched at Inbound is another one. So, all three agents are seeing really good traction and adoption. And in terms of what customers look for, is it easy to implement and get started? And is it clear enough to see value? And can they get confidence that the credit consumption is somewhat predictable? And I think it checks the box in each of those areas.

The one thing I will talk about is Core Seat, right, because when we think about AI monetization, it is both Core Seat as well as credits. And we've talked a lot about the credits. On the Core Seat side, as you remember, Siti, last year, we included Breeze Assistant into the Core Seat. And now, 50% of Core Seat users have tried and are using Breeze Assistant. So, we know that AI is adding value there. Similarly, we added all of the company enrichment data into Core Seat. Again, the level of adoption for that Core Seat has really increased in the last couple of quarters. So, our strategy to add a lot of AI and data value into the Core Seat is working. And the combination of Core Seat plus credits is what we think of as durable emerging levers in terms of AI tailwinds.

And in terms of what you mentioned in terms of upmarket and downmarket, look, broadly speaking, very similar trends. I think upmarket customers care a little bit more about data security. In fact, a lot of them talked to me about which prompts are encrypted, which prompts are retained, and so on. So, there's a little bit more sensitivity towards data security and prompt usage versus the downmarket segment. But the use cases are about the same.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Brian Peterson from Raymond James.

Brian Peterson
Analyst, Raymond James & Associates, Inc.

Q

Hi. Thanks for taking the question. Yamini, I wanted to follow up on the unified data model. I'm curious where you think that near-term cross-sell opportunity is most significant. Historically, I think we've heard a lot about building on Marketing Hub with Sales Hub. But as you've kind of broadened out the portfolio, where do you see the incremental product adoption really ramping up in 2026? Thank you.

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.

A

Maybe clarify the question a little bit. When you said unified data model, are you just talking about multi hub adoption or are you talking about something else?

Brian Peterson
Analyst, Raymond James & Associates, Inc.

Q

Yeah, multi-hub adoption, more from a cross-sell perspective. So as you're looking to kind of go back into your base, where do you see the biggest opportunity for cross-sell in 2026?

Yamini Rangan
Chief Executive Officer & Director, HubSpot, Inc.

A

Yeah. Yeah. That's a great question. Look, I think in terms of where our customers land, they mostly land with Marketing plus Sales Hub. That is a common land pattern, or they land with all five hubs, right? Those are the two common patterns. If they land with Marketing Hub and Sales Hub, then what happens is that, in a few months, they begin to see the need for Data Hub, because in almost everything that you do with Loop or in almost everything that you're doing with sales automation, you need better quality data, ability to ingest more data, ability to real-time bring data through AI prompts. And that's what Data Hub provides. And so, the next combination we see is Data Hub.

Service Hub is another one where there's a ton of like cross-sell opportunity, especially with the advancements that we have made with Customer Agent, but also across the full platform, embedding, summarization of tickets, sentiment analysis, as well as being able to respond quickly. We're beginning to see Service Hub adoption. So, the patterns are land with Marketing Hub and Sales Hub, expand to Service Hub, Data Hub, and Content Hub. And we are continuing to invest across the platform. And that is the motion that we want to continue to build.

Operator: Thank you. One moment for our next question. Our next question will be from the line of Arjun Bhatia from William Blair.

Arjun Bhatia
Analyst, William Blair & Co. LLC

Q

Perfect. Thank you so much. I just wanted to touch on maybe the other side of the net retention rate dynamics. I'm curious where sort of upsell and upgrades, basically the non-seat-based expansion levers, how those are playing out and whether we've seen sort of an uptick there at all. And maybe as a part of that, we'd just love to hear, Yamini, from you on how the kind of SMB – broader SMB macro environment is evolving, given we've heard a little bit of noise there.

Kathryn Bueker
Chief Financial Officer, HubSpot, Inc.

A

Yeah. Thanks, Arjun. We've been talking about the dynamics with net revenue retention for a number of quarters now. So, I think that you're familiar. But we always start the conversation on NRR with customer dollar retention. And customer dollar retention has remained really strong and consistent for us in the high-80s. It's like ticked up a little bit this year and we expect the same in next year. Where we've seen really strong upgrade motions is in the seats upgrade motion, adding Service Hub seat, adding Sales Hub seat, adding Core Seats. And we're starting to see a building trend around credit adoption.

The other upgrade motions that we've been talking about, contact tier upgrades, some of the cross-sell motions, they've sort of been in this holding pattern for a while. That's the conversation we've been having over time. And people are adding contacts. They're just not doing it at a rate and pace that is increasing. And our expectation is that those trends are going to continue here for some time. That said, as I shared, we do expect net revenue retention to be up 1 to 2 points next year. And that's going to be driven by the continued success in seat upgrade rates as well as a building momentum around Core Seats and credits.

Operator: Thank you. This concludes the HubSpot Q4 2025 earnings call. Thank you to everyone who was able to join us today. You may now disconnect your lines.