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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 under the
Securities Exchange Act of 1934**

For the month of August 2025

Commission File Number: 001-40461

monday.com Ltd.
(Translation of registrant's name into English)

**6 Yitzhak Sadeh Street,
Tel Aviv, 6777506 Israel
(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Explanatory Note

On August 11, 2025, monday.com Ltd. (the "**Company**") issued a press release titled "monday.com Announces Second Quarter 2025 Results". A copy of this press release is attached to this Form 6-K as Exhibit 99.1.

The Company's Unaudited Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2025 are attached hereto as Exhibit 99.2, and Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2025 is attached hereto as Exhibit 99.3.

Exhibit 99.2 and Exhibit 99.3 to this Report of Foreign Private Issuer on Form 6-K are incorporated by reference into the Company's Registration Statements on Form S-8 (File Nos. 333-256964, 333-263614, 333-270515, 333-277913, and 333-285845) and Registration Statement on Form F-3 (File No. 333-277915), filed with the U.S. Securities and Exchange Commission, to be a part thereof from the date on which this Report of Foreign Private Issuer is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

SIGNATURE

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.

MONDAY.COM LTD.

By: */s/ Shiran Nawi*

Name: Shiran Nawi

Title: Chief People and Legal Officer

Date: August 11, 2025

EXHIBIT INDEX

Exhibit	Description
99.1	Press release, dated August 11, 2025
99.2	Unaudited Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2025
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for the Six Months Ended June 30, 2025



monday.com Announces Second Quarter 2025 Results

*Second quarter revenue of \$299.0 million grew 27% year over year
Added a record number of net new customers with over \$100k in ARR
monday CRM recently reached \$100 million in ARR*

New York / Tel Aviv, August 11, 2025 -- **monday.com** (NASDAQ: MNDY) today reported financial results for its second quarter ended June 30, 2025.

Management Commentary:

“Q2 marked another strong quarter for monday.com, with continued revenue growth and rapidly growing demand for our broad product suite, particularly from enterprise customers,” said monday.com co-founders and co-CEOs Roy Mann and Eran Zinman. “We continue to see evidence that our commitment to AI innovation is delivering real value for customers, and we’re proud to be leading a new era of work execution. By taking the platform’s flexibility to the next level, our new AI capabilities address core challenges across all our product areas and allow users to focus on their most critical strategic priorities.”

“This quarter demonstrated our relentless focus on driving highly efficient growth at scale, and I’m energized by the momentum in our business and the opportunities we see ahead,” said Eliran Glazer, monday.com CFO. “As we navigate the shifting landscape, we remain focused on the factors we can control – executing on our innovation roadmap, bolstering our go-to-market efforts to serve customers of all sizes, driving best-in-class operational efficiencies, and delivering products people love.”

Second Quarter Fiscal 2025 Financial Highlights:

- Revenue was \$299.0 million, an increase of 27% year-over-year.
- GAAP operating loss was \$11.6 million compared to GAAP operating income of \$1.8 million in the second quarter of 2024; GAAP operating margin was negative 4% compared to 1% in the second quarter of 2024.
- Non-GAAP operating income was \$45.1 million compared to \$38.4 million in the second quarter of 2024; non-GAAP operating margin was 15%, compared to 16% in the second quarter of 2024.
- GAAP basic and diluted net income per share was \$0.03, compared to GAAP basic and diluted net income per share of \$0.29 and \$0.27, respectively, in the second quarter of 2024; non-GAAP basic and diluted net income per share was \$1.13 and \$1.09, respectively, compared to non-GAAP basic and diluted net income per share of \$0.99 and \$0.94, respectively, in the second quarter of 2024.
- Net cash provided by operating activities was \$66.8 million, with \$64.1 million of adjusted free cash flow, compared to net cash provided by operating activities of \$55.8 million and \$50.8 million of adjusted free cash flow in the second quarter of 2024.

Recent Business Highlights:

- Net dollar retention rate was 111%.
- Net dollar retention rate for customers with more than 10 users was 115%.
- Net dollar retention rate for customers with more than \$50,000 in ARR was 116%.
- Net dollar retention rate for customers with more than \$100,000 in ARR was 117%.
- The number of paid customers with more than 10 users was 61,803, up 8% from 57,203 as of June 30, 2024.
- The number of paid customers with more than \$50,000 in ARR was 3,702, up 36% from 2,713 as of June 30, 2024.
- The number of paid customers with more than \$100,000 in ARR was 1,472, up 46% from 1,009 as of June 30, 2024.
- Appointed Harris Beber as Chief Marketing Officer.
- Appointed Adi Dar as Chief Customer Officer.
- monday CRM recently reached \$100 million in ARR, just three years since launch.
- Announced three new AI-powered capabilities - monday magic, monday vibe, and monday sidekick.

Financial Outlook:

For the third quarter of fiscal year 2025, monday.com currently expects:

- Total revenue of \$311 million to \$313 million, representing year-over-year growth of 24% to 25%.
- Non-GAAP operating income of \$34 million to \$36 million and operating margin of 11% to 12%.

For the full year 2025, monday.com currently expects:

- Total revenue of \$1,224 million to \$1,229 million, representing year-over-year growth of approximately 26%.
- Non-GAAP operating income of \$154 million to \$158 million and operating margin of approximately 13%.

- Adjusted free cash flow of \$320 million to \$326 million and adjusted free cash flow margin of 26% to 27%.
-

Non-GAAP Financial Measures:

This press release and the accompanying tables contain the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP sales and marketing expenses, non-GAAP research and development expenses, non-GAAP general and administrative expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per share, adjusted free cash flow, which is defined as free cash flow plus costs associated with the built-out and expansion of our corporate headquarters and adjusted free cash flow margin. Certain of these non-GAAP financial measures exclude share-based compensation.

monday.com believes that these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to monday.com's financial condition and results of operations. monday.com management uses these non-GAAP measures to compare monday.com performance to that of prior periods, for trend analysis and for budgeting and planning purposes. monday.com believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing monday.com financial results to the results of other software companies, many of which present similar non-GAAP financial measures to investors. The non-GAAP financial information is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in monday.com financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures.

Reconciliation tables of the most directly comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables at the end of this release. monday.com urges investors to review these reconciliation tables and not to rely on any single financial measure to evaluate the monday.com business. Management is not able to forecast GAAP operating income (loss) on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting share-based compensation expense, the amounts of which may be significant in future periods. Management is not able to forecast GAAP net cash provided by operating activities on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting property and equipment purchases and capitalized software costs, the amounts of which may be significant in future periods.

Definitions of Business Key Performance Indicators

Net Dollar Retention Rate

We calculate Net Dollar Retention Rate as of a period end by starting with the ARR from customers as of the 12 months prior to such period end ("Prior Period ARR"). We then calculate the ARR from these customers as of the current period end ("Current Period ARR"). The calculation of Current Period ARR includes any upsells, contraction and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the Net Dollar Retention Rate. For the trailing 12-month calculation, we take a weighted average of this calculation of our quarterly Net Dollar Retention Rate for the four quarters ending with the most recent quarter.

Annual Recurring Revenue ("ARR")

Is defined to mean, as of the measurement date, the annualized value of our customer subscription plans assuming that any contract that expires during the next 12 months is renewed on its existing terms.

Forward-Looking Statements:

This press release contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our financial outlook and market positioning. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as “outlook,” “guidance,” “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “plan,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond monday.com control. monday.com’s actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to our ability to effectively manage the scope and complexity of our business following years of rapid growth and our ability to maintain profitability; foreign currency exchange rate fluctuations; the fact that we continue to derive a majority of revenues from monday work management; fluctuations in operating results; real or perceived errors, failures, vulnerabilities or bugs in our platform, products or third-party applications offered in our app marketplace or interruptions or performance problems in the technology or infrastructure underlying our platform; risks related to artificial intelligence and machine learning; our ability to attract customers, grow our retention rates and expand usage within organizations, including cross-selling and upselling; risks related to our subscription-based business model; our sales efforts may require considerable time and expense and the use of differing sales strategies may extend our sales cycles; changes in sizes or types of business that purchase our platform and products; our ability to offer high-quality customer support and consistent sales strategies; maintenance of corporate culture; risks related to international operations and compliance with laws and regulations applicable to our global operations; risks related to acquisitions, strategic investments, partnerships, or alliances; risks associated with environmental and social responsibility and climate change; our dependence on key employees and ability to attract and retain highly skilled employees; our ability to raise additional capital or generate cash flows necessary to grow our business; uncertain global economic conditions and inflation; changes and competition in the market and software categories in which we participate; our ability to introduce new products, features, integrations, capabilities, and enhancements; the ability of our platform to interoperate with a variety of software applications; our reliance on third-party application stores to distribute our mobile application; our successful strategic relationships with, and our dependence on third parties; our reliance on traditional web search engines to direct traffic to our website; interruption or delays in service from third parties or our inability to plan and manage interruptions; risks related to security disruptions, unauthorized system access; evolving privacy protection and data security laws, regulations, industry standards, policies, contractual obligations, and cross-border data transfer or localization restrictions; new legislation and regulatory obligations regulating AI; changes in tax law and regulations or if we were to be classified as a passive foreign investment company; our ability to maintain, protect or enforce our intellectual property rights or intellectual property infringement claims; risks related to our use of open-source software; risks related to our founder share that provides certain veto rights; risks related to our status as a foreign private issuer incorporated and located in Israel, including risks related to the ongoing war between Israel and Hamas and escalations thereof; our expectation not to pay dividends for the foreseeable future; risks related to our Digital Lift Initiative and the monday.com Foundation; risks related to legal and regulatory matters; and other factors described in “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on March 17, 2025. Further information on potential risks that could affect actual results will be included in the subsequent filings that monday.com makes with the Securities and Exchange Commission from time to time.

Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent monday.com’s views as of the date of this press release. monday.com anticipates that subsequent events and developments will cause its views to change. monday.com undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These forward-looking statements should not be relied upon as representing monday.com’s views as of any date subsequent to the date of this press release.

Earnings Webcast:

monday.com will hold a public webcast at 8:30 a.m. ET today to discuss the results for its second quarter 2025 and financial outlook. The live call may also be accessed via telephone at +1 (646) 968-2525 or +1 (888) 596-4144 (toll-free). Please reference conference ID: 1347415. An archived webcast can be accessed from the News & Events section of monday.com’s Investor Relations website following the call.

Investor Presentation Details:

An investor presentation providing additional information can be found at <http://ir.monday.com>.

About monday.com:

monday.com is a global software company that builds products people love to manage the core of their work. Our product suite can adapt to the needs of diverse industries and use cases within one powerful platform. Our ~245,000 customers are reimagining how work gets done, driving greater efficiency, and scaling like never before. For more information, visit monday.com.

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MONDAY.COM LTD
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(unaudited)		(unaudited)	
Revenue	\$ 299,014	\$ 236,106	\$ 581,264	\$ 453,019
Cost of revenue	31,173	23,763	59,978	47,217
Gross profit	267,841	212,343	521,286	405,802
Operating expenses:				
Research and development	87,039	50,445	156,424	94,868
Sales and marketing	152,590	131,471	294,310	259,612
General and administrative	39,763	28,633	72,307	54,550
Total operating expenses	279,392	210,549	523,041	409,030
Operating income (loss)	(11,551)	1,794	(1,755)	(3,228)
Financial income, net	14,102	14,850	31,749	27,689
Income before income taxes	2,551	16,644	29,994	24,461
Income tax expense	(978)	(2,329)	(996)	(3,068)
Net income	\$ 1,573	\$ 14,315	\$ 28,998	\$ 21,393
Net income per share attributable to ordinary shareholders, basic	\$ 0.03	\$ 0.29	\$ 0.57	\$ 0.43
Net income per share attributable to ordinary shareholders, diluted	\$ 0.03	\$ 0.27	\$ 0.55	\$ 0.41
Weighted-average ordinary shares used in calculating net income per ordinary share, basic	51,385,862	49,680,114	51,196,507	49,442,327
Weighted-average ordinary shares used in calculating net income per ordinary share, diluted	53,271,524	52,209,431	53,149,561	52,106,369

MONDAY.COM LTD
CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	June 30, 2025	December 31, 2024
	(unaudited)	(audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,590,515	\$ 1,411,602
Marketable securities	60,102	50,004
Accounts receivable, net	36,196	25,804
Prepaid expenses and other current assets	87,237	44,836
Total current assets	<u>1,774,050</u>	<u>1,532,246</u>
LONG-TERM ASSETS:		
Property and equipment, net	47,232	41,576
Operating lease right-of-use assets	109,612	94,703
Other long-term assets	33,077	16,983
Total long-term assets	<u>189,921</u>	<u>153,262</u>
Total assets	<u>\$ 1,963,971</u>	<u>\$ 1,685,508</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 41,859	\$ 35,611
Accrued expenses and other current liabilities	198,429	171,040
Deferred revenue, current	402,794	339,951
Operating lease liabilities, current	29,828	29,013
Total current liabilities	<u>672,910</u>	<u>575,615</u>
LONG-TERM LIABILITIES:		
Operating lease liabilities, non-current	96,384	77,023
Deferred revenue, non-current	2,299	2,639
Total long-term liabilities	<u>98,683</u>	<u>79,662</u>
Total liabilities	<u>771,593</u>	<u>655,277</u>
SHAREHOLDERS' EQUITY:		
Other comprehensive income	22,984	3,189
Share capital and additional paid-in capital	1,692,428	1,579,074
Accumulated deficit	(523,034)	(552,032)
Total shareholders' equity	<u>1,192,378</u>	<u>1,030,231</u>
Total liabilities and shareholders' equity	<u>\$ 1,963,971</u>	<u>\$ 1,685,508</u>

MONDAY.COM LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

	Three months ended June		Six months ended June 30,	
	30,		2025	
	2025	2024	2025	2024
	unaudited		unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 1,573	\$ 14,315	\$ 28,998	\$ 21,393
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,375	2,920	6,625	5,453
Share-based compensation	56,645	36,623	87,603	63,166
Amortization of discount and accretion of interest on marketable securities	580	—	(95)	—
Changes in operating assets and liabilities:				
Accounts receivable, net	(9,760)	(1,292)	(10,392)	(1,691)
Prepaid expenses and other assets	(16,987)	(17,306)	(26,757)	(15,199)
Accounts payable	10,068	9,625	6,224	21,668
Accrued expenses and other liabilities, net	2,941	(3,636)	24,098	2,710
Deferred revenue	18,402	14,545	62,503	50,249
Net cash provided by operating activities	<u>66,837</u>	<u>55,794</u>	<u>178,807</u>	<u>147,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(5,884)	(4,504)	(9,571)	(5,964)
Purchase of marketable securities	—	—	(10,049)	—
Capitalized software development costs	(924)	(469)	(1,703)	(1,070)
Net cash used in investing activities	<u>(6,808)</u>	<u>(4,973)</u>	<u>(21,323)</u>	<u>(7,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from exercise of share options and employee share purchase plan	12,365	10,616	26,501	19,324
Receipt (repayment) of tax advance relating to exercises of share options and RSUs, net	(9,484)	4,261	(5,072)	14,075
Net cash provided by financing activities	<u>2,881</u>	<u>14,877</u>	<u>21,429</u>	<u>33,399</u>
INCREASE IN CASH, AND CASH EQUIVALENTS	62,910	65,698	178,913	174,114
CASH AND CASH EQUIVALENTS - Beginning of period	1,527,605	1,224,544	1,411,602	1,116,128
CASH AND CASH EQUIVALENTS - End of period	\$ 1,590,515	\$ 1,290,242	\$ 1,590,515	\$ 1,290,242

MONDAY.COM LTD
Reconciliation of GAAP to Non-GAAP Financial Information

(U.S. dollars in thousands)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(unaudited)		(unaudited)	
Reconciliation of gross profit and gross margin				
GAAP gross profit	\$ 267,841	\$ 212,343	\$ 521,286	\$ 405,802
Share-based compensation	2,272	1,872	3,406	3,116
Non-GAAP gross profit	<u>\$ 270,113</u>	<u>\$ 214,215</u>	<u>\$ 524,692</u>	<u>\$ 408,918</u>
GAAP gross margin	90%	90%	90%	90%
Non-GAAP gross margin	90%	91%	90%	90%
Reconciliation of operating expenses				
GAAP research and development	\$ 87,039	\$ 50,445	\$ 156,424	\$ 94,868
Share-based compensation	(27,806)	(13,567)	(43,347)	(23,193)
Non-GAAP research and development	<u>\$ 59,233</u>	<u>\$ 36,878</u>	<u>\$ 113,077</u>	<u>\$ 71,675</u>
GAAP sales and marketing	\$ 152,590	\$ 131,471	\$ 294,310	\$ 259,612
Share-based compensation	(13,367)	(10,733)	(19,205)	(18,068)
Non-GAAP sales and marketing	<u>\$ 139,223</u>	<u>\$ 120,738</u>	<u>\$ 275,105</u>	<u>\$ 241,544</u>
GAAP general and administrative	\$ 39,763	\$ 28,633	\$ 72,307	\$ 54,550
Share-based compensation	(13,200)	(10,451)	(21,645)	(18,789)
Non-GAAP general and administrative	<u>\$ 26,563</u>	<u>\$ 18,182</u>	<u>\$ 50,662</u>	<u>\$ 35,761</u>
Reconciliation of operating income (loss)				
GAAP operating income (loss)	\$ (11,551)	\$ 1,794	\$ (1,755)	\$ (3,228)
Share-based compensation	56,645	36,623	87,603	63,166
Non-GAAP operating income	<u>\$ 45,094</u>	<u>\$ 38,417</u>	<u>\$ 85,848</u>	<u>\$ 59,938</u>
GAAP operating margin	(4)%	1%	(0)%	(1)%
Non-GAAP operating margin	15%	16%	15%	13%
Reconciliation of net income				
GAAP net income	\$ 1,573	\$ 14,315	\$ 28,998	\$ 21,393
Share-based compensation	56,645	36,623	87,603	63,166
Tax expense (benefit) related to share-based compensation ⁽¹⁾	78	(1,620)	78	(3,525)
Non-GAAP net income	<u>\$ 58,296</u>	<u>\$ 49,318</u>	<u>\$ 116,679</u>	<u>\$ 81,034</u>
Reconciliation of weighted average number of shares outstanding				
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income per ordinary share, basic	51,385,862	49,680,114	51,196,507	49,442,327
Effect of dilutive shares	1,885,662	2,529,317	1,953,054	2,664,042
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income per ordinary share, diluted	<u>53,271,524</u>	<u>52,209,431</u>	<u>53,149,561</u>	<u>52,106,369</u>
GAAP net income per share, basic	\$ 0.03	\$ 0.29	\$ 0.57	\$ 0.43
GAAP net income per share, diluted	\$ 0.03	\$ 0.27	\$ 0.55	\$ 0.41
Non-GAAP net income per share, basic	\$ 1.13	\$ 0.99	\$ 2.28	\$ 1.64
Non-GAAP net income per share, diluted	\$ 1.09	\$ 0.94	\$ 2.20	\$ 1.56

(1) The tax benefit related to share-based compensation was excluded in calculating non-GAAP net income and non-GAAP net income per basic and diluted share. The Company believes that excluding the tax benefit enables investors to see the full effect that excluding share-based compensation expenses had on the operating results.

MONDAY.COM LTD**Reconciliation of net cash provided by operating activities to adjusted free cash flow**

(U.S. dollars in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(unaudited)		(unaudited)	
Net cash provided by operating activities	\$ 66,837	\$ 55,794	\$ 178,807	\$ 147,749
Purchase of property and equipment	(5,884)	(4,504)	(9,571)	(5,964)
Capitalized software development costs	(924)	(469)	(1,703)	(1,070)
Purchase of property and equipment related to build-out and expansion of our corporate headquarters	4,064	—	6,092	—
Adjusted free cash flow	<u>\$ 64,093</u>	<u>\$ 50,821</u>	<u>173,625</u>	<u>140,715</u>
Adjusted free cash flow margin	21%	22%	30%	31%



MONDAY.COM LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2025

UNAUDITED

U.S. DOLLARS IN THOUSANDS

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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
U.S. dollars in thousands (except share data)

	June 30, 2025	December 31, 2024
	(Unaudited)	(audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,590,515	\$ 1,411,602
Marketable securities	60,102	50,004
Accounts receivable - net of allowance for credit losses of \$354 and \$296 as of June 30, 2025 (unaudited) and December 31, 2024, respectively	36,196	25,804
Prepaid expenses and other current assets	87,237	44,836
Total current assets	1,774,050	1,532,246
Property and equipment, net	47,232	41,576
Operating lease right-of-use assets	109,612	94,703
Other long-term assets	33,077	16,983
Total long-term assets	189,921	153,262
Total assets	\$ 1,963,971	\$ 1,685,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 41,859	\$ 35,611
Accrued expenses and other current liabilities	198,429	171,040
Deferred revenue, current	402,794	339,951
Operating lease liabilities, current	29,828	29,013
Total current liabilities	672,910	575,615
Operating lease liabilities, non-current	96,384	77,023
Deferred revenue, non-current	2,299	2,639
Total long-term liabilities	98,683	79,662
Total liabilities	771,593	655,277
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
SHAREHOLDERS' EQUITY:		
Ordinary shares, no par value – Authorized: 99,999,999 shares as of June 30, 2025 (unaudited) and December 31, 2024; Issued and Outstanding: 51,551,462 and 50,773,337 as of June 30, 2025 (unaudited) and December 31, 2024, respectively	-	-
Founders' shares no par value: Authorized: 1 share as of June 30, 2025 (unaudited), and December 31, 2024; Issued and Outstanding: 1 share as of June 30, 2025 (unaudited), and December 31, 2024	-	-
Additional paid-in capital	1,692,428	1,579,074
Accumulated other comprehensive income	22,984	3,189
Accumulated deficit	(523,034)	(552,032)
Total shareholders' equity	1,192,378	1,030,231
Total liabilities and shareholders' equity	\$ 1,963,971	\$ 1,685,508

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
U.S. dollars in thousands (except share and per share data)

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
Revenue	\$ 581,264	\$ 453,019
Cost of revenue	59,978	47,217
Gross profit	<u>521,286</u>	<u>405,802</u>
OPERATING EXPENSES		
Research and development	156,424	94,868
Sales and marketing	294,310	259,612
General and administrative	72,307	54,550
Total operating expenses	<u>523,041</u>	<u>409,030</u>
Operating loss	<u>(1,755)</u>	<u>(3,228)</u>
Financial income, net	31,749	27,689
Income before income taxes	29,994	24,461
Income tax expense	(996)	(3,068)
Net income	<u>\$ 28,998</u>	<u>\$ 21,393</u>
Net income per share attributable to ordinary shareholders, basic	<u>\$ 0.57</u>	<u>\$ 0.43</u>
Net income per share attributable to ordinary shareholders, diluted	<u>\$ 0.55</u>	<u>\$ 0.41</u>
Weighted-average ordinary shares used in calculating net income per ordinary share, basic	<u>51,196,507</u>	<u>49,442,327</u>
Weighted-average ordinary shares used in calculating net income per ordinary share, diluted	<u>53,149,561</u>	<u>52,106,369</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

U.S. dollars in thousands

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
Net Income	\$ 28,998	\$ 21,393
Other comprehensive income (loss):		
<u>Change in unrealized gains on marketable securities</u>		
Unrealized losses arising during the period, net of tax	(46)	-
Losses (gains) reclassified into earnings, net of tax	-	-
<u>Change in unrealized gains (losses) on cash flow hedges</u>		
Unrealized gains (losses) arising during the period, net of tax	24,004	(5,480)
gains reclassified into earnings, net of tax	(4,163)	(1,667)
Net current-period other comprehensive income (loss)	19,795	(7,147)
Comprehensive income	<u>\$ 48,793</u>	<u>\$ 14,246</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

U.S. dollars in thousands (except share and per share data)

	Number of Founders' Shares	Number of Ordinary shares	Additional Paid-in- Capital	Accumulated Other Comprehensive Income (*)	Accumulated Deficit	Shareholders' equity
Balance as of January 1, 2025	1	50,773,337	\$ 1,579,074	\$ 3,189	\$ (552,032)	\$ 1,030,231
Exercise of options	-	415,101	16,134	-	-	16,134
Issuance of ordinary shares upon vesting of restricted share units	-	325,163	-	-	-	-
Issuance of ordinary shares under employee share purchase plan	-	37,861	8,562	-	-	8,562
Share-based compensation	-	-	88,658	-	-	88,658
Other comprehensive income	-	-	-	19,795	-	19,795
Net income	-	-	-	-	28,998	28,998
Balance as of June 30, 2025 (unaudited)	<u>1</u>	<u>51,551,462</u>	<u>\$ 1,692,428</u>	<u>\$ 22,984</u>	<u>\$ (523,034)</u>	<u>\$ 1,192,378</u>
Balance as of January 1, 2024	1	48,923,903	\$ 1,388,108	\$ 9,804	\$ (584,404)	\$ 813,508
Exercise of options	-	671,366	12,573	-	-	12,573
Issuance of ordinary shares upon vesting of restricted share units	-	223,678	-	-	-	-
Issuance of ordinary shares under employee share purchase plan	-	39,840	5,981	-	-	5,981
Share-based compensation	-	-	63,814	-	-	63,814
Other comprehensive loss	-	-	-	(7,147)	-	(7,147)
Net income	-	-	-	-	21,393	21,393
Balance as of June 30, 2024 (unaudited)	<u>1</u>	<u>49,858,787</u>	<u>\$ 1,470,476</u>	<u>\$ 2,657</u>	<u>\$ (563,011)</u>	<u>\$ 910,122</u>

(*) As of June 30, 2025, January 1, 2025, and June 30, 2024, accumulated other comprehensive income is comprised of unrealized gains on derivatives of \$22,823, \$2,982 and \$2,657, respectively, and unrealized gains on marketable securities of \$161, \$207 and \$0, respectively.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 28,998	\$ 21,393
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,625	5,453
Share-based compensation	87,603	63,166
Amortization of discount and accretion of interest on marketable securities	(95)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(10,392)	(1,691)
Prepaid expenses and other assets	(26,757)	(15,199)
Accounts payable	6,224	21,668
Accrued expenses and other liabilities	24,098	2,710
Deferred revenue	62,503	50,249
Net cash provided by operating activities	<u>178,807</u>	<u>147,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(9,571)	(5,964)
Capitalized software development costs	(1,703)	(1,070)
Purchase of marketable securities	(10,049)	-
Net cash used in investing activities	<u>(21,323)</u>	<u>(7,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of share options and employee share purchase plan	26,501	19,324
Receipt (repayment) of tax advance relating to exercises of share options and RSUs, net	(5,072)	14,075
Net cash provided by financing activities	<u>21,429</u>	<u>33,399</u>
INCREASE IN CASH, AND CASH EQUIVALENTS	178,913	174,114
CASH AND CASH EQUIVALENTS - Beginning of period	1,411,602	1,116,128
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 1,590,515</u>	<u>\$ 1,290,242</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Non-cash purchases of property and equipment	\$ -	\$ 212
Capitalized share-based compensation costs	\$ 1,055	\$ 648
Right-of-use asset recognized with corresponding lease liability	\$ 27,111	\$ 8,753

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands**NOTE 1:- ORGANIZATION AND DESCRIPTION OF BUSINESS**

monday.com Ltd (“monday.com” and together with its subsidiaries collectively, “the Company”) was incorporated under the laws of Israel and commenced operations in 2012. The Company operates a cloud-based visual Work Operating System (“Work OS”) that consists of modular building blocks that can be easily used and assembled to create software applications and work management tools and serves as a connective layer to integrate with various digital tools across an organization. By using the Company’s Work OS platform and product suite, customers can simplify and accelerate their digital transformation, enhance organizational agility, create a unifying workspace across departments, and increase operational efficiency and productivity.

monday.com has nine wholly owned subsidiaries: monday.com Inc. (the “U.S. Subsidiary”) incorporated in the United States in 2016, monday.com UK 2020 Ltd., incorporated under the laws of England in 2020, monday.com PTY Ltd., incorporated in Australia in 2020, monday.com Ltda., incorporated in Brazil in 2021, monday.com K.K., incorporated in Japan in 2021, monday.com Sp.z o.o., incorporated in Poland in 2022, monday.com PTE. LTD., incorporated in Singapore in 2022, monday.com SAS, incorporated in France in 2024, and monday.com GmbH, incorporated in Germany in 2024. The subsidiaries primarily engage in providing business development, presale, and customer success services to the Company’s existing and potential customers.

NOTE 2:- BASIS OF PRESENTATION and SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), reflect the application of the significant accounting policies described below and elsewhere in the notes to the consolidated financial statements.

a. Unaudited Interim Condensed Consolidated Financial Information

The accompanying condensed consolidated balance sheet as of June 30, 2025, the condensed consolidated statements of operations, comprehensive income, shareholders’ equity, and cash flows for the six months ended June 30, 2025 and June 30, 2024, and the related notes to such condensed consolidated financial statements are unaudited.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands**NOTE 2:- BASIS OF PRESENTATION and SIGNIFICANT ACCOUNTING POLICIES (cont.)**

These unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and 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 the same basis as the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company’s financial position as of June 30, 2025 and the Company’s consolidated results of operations and cash flows for the six months ended June 30, 2025 and June 30, 2024.

The significant accounting policies referenced in the annual consolidated financial statements of the Company as of December 31, 2024, have been applied consistently in these unaudited condensed consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been recorded within the accompanying consolidated financial statements, consisting of normal, recurring adjustments, and all intercompany balances and transactions have been eliminated in the consolidation.

The results for the six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the full year ending December 31, 2025, or any other future interim or annual period. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes contained in the Company’s Annual Report on Form 20-F for the fiscal year ended December 31, 2024, as filed with the SEC on March 17, 2025 (the “Annual Report”).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- BASIS OF PRESENTATION and SIGNIFICANT ACCOUNTING POLICIES (cont.)

b. Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on assumptions that management considers to be reasonable. The Company assesses these estimates on a regular basis; however, actual results could differ from these estimates.

c. Accounting pronouncements not yet effective

In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09, *Income Taxes (ASC 740) – Improvements to Income Tax Disclosures*. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted in annual periods starting January 1, 2025. Early adoption is permitted, and the amendments should be applied on a prospective basis. The Company is currently evaluating the effect of adopting the ASU on its disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), which requires the disaggregation of certain expenses in the financial statements notes, to provide enhanced transparency into the expense captions presented on the face of the consolidated statement of operations. ASU 2024-03 is effective for annual reporting periods beginning January 1, 2027 and interim periods beginning January 1, 2028 and may be applied either prospectively or retrospectively. The Company is currently evaluating the impact that ASU 2024-03 will have on its related disclosures, and the transition method.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- REVENUE RECOGNITION
Deferred Revenue and Remaining Performance Obligations

The Company generates revenues from the sale of subscriptions to customers to access its cloud-based Work OS platform in accordance with ASC 606. The Company recognized \$291,230 and \$208,362 of revenue during the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited), respectively, that were included in the deferred revenue balances as of January 1, 2025, and 2024, respectively.

As of June 30, 2025 (unaudited), the Company's remaining performance obligations from contracts with customers were \$767,789, of which the Company expects to recognize approximately 86% as revenues over the next 12 months and the remainder thereafter.

Deferred Contract Acquisition Costs

Deferred contract acquisition costs are amortized over a period of benefit of three years. The period of benefit was estimated by considering factors such as historical customer attrition rates, the useful life of the Company's technology, and other factors.

The following table summarizes the activity of deferred contract acquisition costs:

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
Beginning balance	\$ 20,522	\$ 3,675
Capitalization of deferred contract costs	34,787	10,187
Amortization	(9,090)	(1,825)
Ending balance	<u>\$ 46,219</u>	<u>\$ 12,037</u>
	June 30,	December 31,
	2025	2024
	(Unaudited)	
Deferred contract costs, current	\$ 20,160	\$ 10,409
Deferred contract costs, noncurrent	26,059	10,113
Total deferred contract costs	<u>\$ 46,219</u>	<u>\$ 20,522</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- REVENUE RECOGNITION (cont.)

Deferred contract costs, current is presented within prepaid expenses and other current assets in the condensed consolidated balance sheets. Deferred contract costs, noncurrent is presented within other long-term assets in the condensed consolidated balance sheets.

NOTE 4:- CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

	June 30, 2025 (Unaudited)	December 31, 2024
<u>Cash and cash equivalents:</u>		
Cash	\$ 73,804	\$ 98,392
Bank deposits	182,327	21,936
Money market funds	1,334,384	1,291,274
Total cash and cash equivalents	<u>1,590,515</u>	<u>1,411,602</u>
<u>Marketable securities:</u>		
U.S. Treasury bills	60,102	50,004
Total marketable securities	<u>60,102</u>	<u>50,004</u>
Total cash and cash equivalents and marketable securities	<u>\$ 1,650,617</u>	<u>\$ 1,461,606</u>

The following is a summary of available-for-sale marketable securities as of June 30, 2025, and December 31, 2024, excluding securities classified within cash and cash equivalents on the consolidated balance sheet:

	June 30, 2025 (Unaudited)			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<u>Contractual maturity:</u>				
Within one year	\$ 59,941	\$ 161	\$ -	\$ 60,102
After one year through five years	-	-	-	-
Total	<u>\$ 59,941</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 60,102</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 4:- CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES (cont.)

	December 31, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Contractual maturity:				
Within one year	\$ 49,797	\$ 207	\$ -	\$ 50,004
After one year through five years	-	-	-	-
Total	<u>\$ 49,797</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ 50,004</u>

As of June 30, 2025 (unaudited) and December 31, 2024, interest receivable on marketable securities amounted to \$81 and \$86 and is included within marketable securities in the consolidated balance sheet.

NOTE 5:- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	June 30, 2025 (Unaudited)	December 31, 2024
Prepaid expenses	\$ 23,526	\$ 15,944
Related parties' receivable	81	1,587
Government institutions	12,408	7,376
Derivative instruments	22,825	2,984
Interest receivable	5,010	4,864
Short-term vendor deposits	436	335
Deferred contract costs	20,160	10,409
Other current assets	2,791	1,337
Total prepaid expenses and other current assets	<u>\$ 87,237</u>	<u>\$ 44,836</u>

NOTE 6:- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2025 (Unaudited)	December 31, 2024
Accrued employee compensation and benefits	\$ 108,845	\$ 95,960
Accrued expenses	67,598	56,528
Advances from customers	5,826	3,431
Income and indirect taxes payable	16,160	15,121
Total	<u>\$ 198,429</u>	<u>\$ 171,040</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7:- FAIR VALUE MEASUREMENTS

The following table presents information about the Company's financial assets that have been measured at fair value on a recurring basis, as of June 30, 2025 (unaudited), and December 31, 2024, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair value:

	As of June 30, 2025			As of December 31, 2024		
	Level 1	Level 2 (Unaudited)	Total	Level 1	Level 2	Total
Cash equivalents:						
Money market funds	\$ 1,334,384	\$ -	\$ 1,334,384	\$ 1,291,274	\$ -	\$ 1,291,274
Marketable securities:						
U.S. Treasury bills	60,102	-	60,102	50,004	-	50,004
Foreign currency derivative contracts:						
Foreign exchange contracts	-	22,825	22,825	-	2,984	2,984
Total	<u>\$ 1,394,486</u>	<u>\$ 22,825</u>	<u>\$ 1,417,311</u>	<u>\$ 1,341,278</u>	<u>\$ 2,984</u>	<u>\$ 1,344,262</u>

The Company classifies its highly liquid money market funds and marketable securities within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

NOTE 8:- DERIVATIVES AND HEDGING

The Company uses derivative instruments primarily to manage exposures to foreign currency exchange rate and to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. The fair values of derivative instruments and the line items to which they were recorded are summarized as follows:

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 8:- DERIVATIVES AND HEDGING (cont.)

Balance sheet line item	June 30, 2025 (Unaudited)	December 31, 2024
Derivatives designated as hedging instruments:		
Foreign exchange contracts	Prepaid expenses and other current assets \$ 22,825	\$ 2,984
	<u>22,825</u>	<u>2,984</u>
Derivatives not designated as hedging instruments:		
	-	-
Total	<u>\$ 22,825</u>	<u>\$ 2,984</u>

The effect of derivative instruments on cash flow hedging, as well as the effect of instruments not designated as hedge and the relationship between income and other comprehensive income for the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited), are summarized below:

	Gain (Loss) Recognized in Other Comprehensive Income on Effective- Portion of Derivative, net		Realized gains on Derivative Reclassified from Accumulated Other Comprehensive Income (*)		Amount Excluded from Effectiveness Testing Recognized in Income (Loss)	
	Six months ended June 30		Six months ended June 30		Six months ended June 30	
	2025	2024	2025	2024	2025	2024
	(Unaudited)					
Derivatives designated as hedging instruments:						
Foreign exchange contracts	\$ 24,004	\$ (5,480)	\$ 4,163	\$ 1,667	\$ (182)	\$ -
	<u>24,004</u>	<u>(5,480)</u>	<u>4,163</u>	<u>1,667</u>	<u>(182)</u>	<u>-</u>
Derivatives not designated as hedging instruments:						
Foreign exchange contracts	-	-	-	-	-	-
Total	<u>\$ 24,004</u>	<u>\$ (5,480)</u>	<u>\$ 4,163</u>	<u>\$ 1,667</u>	<u>\$ (182)</u>	<u>\$ -</u>

(*) Classified in operating expenses in the Condensed Consolidated Statement of Operations.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 8:- DERIVATIVES AND HEDGING (cont.)

The notional amounts of the outstanding derivatives are summarized as follows:

	June 30, 2025	December 31, 2024
	(Unaudited)	
Derivatives designated as hedging instruments:		
Foreign exchange contracts:		
NIS	\$ 274,259	\$ 209,487
Total	<u>\$ 274,259</u>	<u>\$ 209,487</u>

NOTE 9:- LEASES

The Company has entered into various non-cancelable operating leases for its offices expiring between fiscal 2025 and 2035. Certain lease agreements contain an option for the Company to extend the lease term or an option to terminate a lease early. The Company considers these options, which may be elected at the Company's sole discretion, in determining the lease term on a lease-by-lease basis. Additionally, the Company entered into certain cancelable monthly lease agreements for short-term periods of up to one year. The following is a schedule, by years, of maturities of lease liabilities as of June 30, 2025 (unaudited):

	Amount (*)
The remainder of 2025	\$ 16,047
2026	25,101
2027	21,049
2028	21,119
2029	19,665
Thereafter	37,948
Total undiscounted cash flows	<u>\$ 140,929</u>
Less: Imputed interest	<u>\$ (14,717)</u>
Present value of lease liabilities	<u>\$ 126,212</u>

(*) The table above excludes the additional floors associated with the new lease in Israel discussed in Note 10.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 9:- LEASES (cont.)

Supplemental balance sheet information related to leases is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024
Weighted-average remaining lease term	5.9 years	5.2 years
Weighted-average discount rate	3.9%	4.2%

NOTE 10:- COMMITMENTS AND CONTINGENCIES

a. Guarantees

As of June 30, 2025 (unaudited) and December 31, 2024, the Company has provided a bank guarantee in the amount of \$12,688 and \$8,264, respectively, to secure its lease agreements.

b. Indemnifications

The Company enters into standard indemnification provisions in the ordinary course of business, including certain customers, business partners, the Company's officers, and directors. Pursuant to these provisions, the Company has agreed to indemnify and defend the indemnified party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party claims because of the Company's activities or non-compliance with certain representations and warranties made by the Company.

It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, losses recorded in the Company's consolidated statements of operations in connection with the indemnification provisions have not been material. There are no claims pending as of June 30, 2025, related to indemnification agreements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 10:- COMMITMENTS AND CONTINGENCIES (cont.)

The Company has entered into service-level agreements with some of its enterprise customers defining levels of uptime reliability and performance and permitting those customers to receive credits for prepaid amounts related to unused subscription services if the Company fails to meet the defined levels of uptime in a certain calendar month. To date, the Company has not experienced any significant failures to meet defined levels of uptime reliability and performance. In addition, since the calculation is monthly for each calendar month there is no uncertainty at the end of the reporting period. Therefore, the Company has not accrued any liabilities related to these agreements in the consolidated financial statements.

c. Legal Contingencies

The Company is currently not involved in any material claims or legal proceedings. The Company reviews the status of each legal matter it is involved in, from time to time, in the ordinary course of business and assesses its potential financial exposure.

d. Other Commitments

Other commitments include payments to third-party vendors for services related mainly to hosting-related services, software licenses and services. Future minimum payments under the Company's other commitments, as of June 30, 2025 (unaudited), are as follows:

	Amount
The remainder of 2025	\$ 18,361
2026	34,762
2027	17,710
2028	-
Total contractual obligations	\$ 70,833

On January 27, 2025 (unaudited), the Company entered into an operating lease agreement for new offices in Israel. The lease commenced on February 1, 2025. During the six months ended June 30, 2025, the Company received partial access and is expected to obtain access to additional floors during 2026. The total undiscounted cash flows associated with the additional floors amounted to \$34,950 with a total lease term of ten years. This new operating lease agreement was excluded from the table above.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- FINANCIAL INCOME, NET

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
Financial expenses:		
Bank charges and other	\$ 278	\$ 274
Exchange rate expense, net	-	1,309
Total financial expenses	<u>278</u>	<u>1,583</u>
Financial income:		
Exchange rate income, net	556	-
Interest income on deposits, money market funds and marketable securities	30,158	29,272
Accretion of discount on marketable securities	1,313	-
Total financial income	32,027	29,272
Financial income, net	<u>\$ 31,749</u>	<u>\$ 27,689</u>

NOTE 12:- RELATED PARTIES

There were no material related party transactions in each of the six months ended June 30, 2025 (unaudited) and 2024 (unaudited).

NOTE 13:- SHAREHOLDERS' EQUITY

a. Ordinary shares

The holders of ordinary shares are entitled to one vote per share, to dividends as decided by the Board, and in the event of the Company's liquidation, to the surplus assets of the Company. The Company has the following ordinary shares reserved for future issuance:

	June 30,	December 31,
	2025	2024
	(Unaudited)	
Ordinary shares	51,551,462	50,773,337
Outstanding share options and RSUs	3,032,942	3,164,395
Shares available for future grants under the 2021 plan	10,871,688	8,941,243
Shares available for future grants under the 2024 Foundation plan	14,410	15,000
Shares subject to the employee share purchase plan	1,118,576	1,156,437
Total	<u>66,589,078</u>	<u>64,050,412</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (cont.)

b. Share-based compensation

Share option activity for the six months ended June 30, 2025 (unaudited) is as follows:

	Number of Options	Weighted- Average Exercise Price	Weighted Average Remaining Contractual life	Aggregate Intrinsic Value
	(Unaudited)			
Outstanding — January 1, 2025 (*)	1,768,230	\$ 62.90	6.04	\$ 305,379
Granted (*)	42,897	\$ 0.87		
Exercised	(415,101)	\$ 38.74		
Expired and forfeited	(34,323)	\$ 54.03		
Outstanding — June 30, 2025	<u>1,361,703</u>	<u>\$ 68.54</u>	<u>5.68</u>	<u>\$ 334,903</u>
Exercisable — June 30, 2025 (*)	<u>1,134,484</u>	<u>\$ 64.20</u>	<u>5.34</u>	<u>\$ 283,937</u>

(*) Includes 73,074 performance options granted to the Company's Co-CEOs in 2022, 74,108 in 2023, 22,481 in 2024, and 20,217 in 2025, as applicable.

The aggregate intrinsic value was calculated as the difference between the exercise price of the share options and the fair value of the underlying common shares as of June 30, 2025, and January 1, 2025. The intrinsic value of options exercised in the six months ended June 30, 2025 (unaudited), and June 30, 2024 (unaudited), was approximately \$109,427 and \$136,250, respectively. The weighted-average grant-date fair value of options granted during the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited) was \$252.64 and \$217.99, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (cont.)

The following table summarizes the activity for the Company's RSUs for the six months ended June 30, 2025 (unaudited):

	Number of Units	Weighted- Average Fair Value
	(Unaudited)	
Balance at January 1, 2025 (*)	1,396,165	\$ 177.72
Granted (*)	696,448	\$ 269.61
Vested	(325,163)	\$ 175.71
Canceled	(96,211)	\$ 176.79
Balance at June 30, 2025 (*)	<u>1,671,239</u>	<u>\$ 216.46</u>

(*) Includes 22,928 performance shares granted to the Company's Co-CEOs in 2023, and 48,129 and 62,211 performance shares granted to the Company's Co-CEOs and several executives in 2024 and 2025, respectively.

As of June 30, 2025 (unaudited), and June 30, 2024 (unaudited) there was \$230,702 and \$156,611 of total unrecognized compensation cost related to unvested restricted share units, respectively, which is expected to be recognized over a weighted-average period of 1.89 and 1.87 years, respectively.

Share-based compensation expense for the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited), is as follows:

	Six months ended June 30,	
	2025	2024
Cost of revenues	\$ 3,406	\$ 3,116
Research and development	43,347	23,193
Sales and marketing	19,205	18,068
General and administrative	21,645	18,789
Share-based compensation, net of amounts capitalized	<u>\$ 87,603</u>	<u>\$ 63,166</u>
Capitalized share-based compensation expense	1,055	648
Total share-based compensation	<u>\$ 88,658</u>	<u>\$ 63,814</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (cont.)

As of June 30, 2025 (unaudited) and June 30, 2024 (unaudited), unamortized share-based compensation expense was \$241,268 and \$173,557, respectively, which is expected to be recognized over weighted average periods of 1.88 and 1.84 years, respectively.

The following table summarizes the Black-Scholes assumptions used at the grant dates:

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
Risk-free interest rate	3.74%-4.1%	4.03%-4.77%
Expected dividend yield	0%	0%
Expected term (in years)	2-7	5-7
Expected volatility	57.02%-59.32%	57.81%

c. Employee Share Purchase Plan

During the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited) employees purchased 37,861 and 39,840 ordinary shares, respectively, under the monday.com Ltd. 2021 Employee Share Purchase Plan (the "ESPP") at average prices of \$226.01 and \$150.10 per share, respectively. For the six months ended June 30, 2025 (unaudited) and June 30, 2024 (unaudited), the Company recognized \$3,613 and \$2,320 of compensation expense in connection with the ESPP, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 14:- EARNINGS PER SHARE

The following table presents the calculation of basic and diluted net income per share:

	Six months ended June 30,	
	2025	2024
(Unaudited)		
Numerator:		
Net income attributable to ordinary shareholders, basic and diluted	\$ 28,998	\$ 21,393
Denominator:		
Weighted-average ordinary shares outstanding, basic	51,196,507	49,442,327
Dilutive effect		
Employee stock options, RSUs and PSUs	1,953,054	2,664,042
Weighted average ordinary shares outstanding, diluted	53,149,561	52,106,369
Net income per share attributable to ordinary shareholders, basic	\$ 0.57	\$ 0.43
Net income per share attributable to ordinary shareholders, diluted	\$ 0.55	\$ 0.41

The potential Ordinary shares that were excluded from the computation of diluted income per share attributable to ordinary shareholders for the periods presented because including them would have been anti-dilutive are as follows:

	Six months ended June 30,	
	2025	2024
(Unaudited)		
Options	-	248,083
RSUs	29,176	90,105
Total	29,176	338,188

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 15:- SEGMENT REPORTING

The Company's chief operating decision maker ("CODM") uses consolidated net income to monitor period-over-period results and decides where to allocate and invest additional resources within the business to continue growth.

The following is a summary of the significant expense categories and consolidated net income details provided to the CODM:

	Six months ended June 30,	
	2025	2024
Total revenues	\$ 581,264	453,019
Share-based compensation	(87,603)	(63,166)
Tax benefit (expense) related to share-based compensation	(78)	3,525
Other segment items (*)	(464,585)	(371,985)
Net income	<u>\$ 28,998</u>	<u>\$ 21,393</u>

(*) Other segment expense items included within net income include payroll, financial income, net, advertising and marketing activities, overhead and depreciation, travel and entertainment, income taxes, information technology and communication, sales commissions and other miscellaneous expenses.

Revenues are attributed to geographic areas based on location of the end customers as follows:

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
United States	\$ 293,324	\$ 242,075
EMEA	124,902	98,445
United Kingdom	62,300	46,865
Rest of the world	100,738	65,634
Total	<u>\$ 581,264</u>	<u>\$ 453,019</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 15:- SEGMENT REPORTING (cont.)

Long-lived assets and Operating lease right-of-use assets by geographical areas were as follows:

	As of June 30, 2025 <u>(Unaudited)</u>	As of December 31, 2024
Israel	\$ 94,257	\$ 72,613
United States	13,467	17,895
United Kingdom	46,953	43,030
Rest of the world	2,168	2,741
Total	<u>\$ 156,845</u>	<u>\$ 136,279</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As of June 30, 2025, and for the six-month period then ended

Special note regarding forward-looking statements

Certain information included herein may be deemed to be "forward-looking statements". Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible," or the negative of these terms or similar expressions, but are not the only way these statements are identified.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to:

- our ability to effectively manage the scope and complexity of our business following years of rapid growth and our ability to maintain profitability;
- foreign currency exchange rate fluctuations;
- the fact that we continue to derive a majority of revenues from monday work management;
- fluctuations in operating results;
- real or perceived errors, failures, vulnerabilities or bugs in our platform, products, or third-party applications offered on our app marketplace or interruptions or performance problems in the technology or infrastructure underlying our platform;
- risks related to artificial intelligence ("AI") or machine learning ("ML");
- our ability to attract customers, grow our retention rates and expand usage within organizations, including cross selling and upselling;
- risks related to our subscription-based business model;
- our sales efforts may require considerable time and expense and the use of differing sales strategies and may extend our sales cycles;
- changes in sizes or types of business that purchase our platform and products;
- our ability to offer high-quality customer support and consistent sales strategies;
- maintenance of corporate culture;
- risks related to international operations and compliance with laws and regulations applicable to our global operations;
- risks related to acquisitions, strategic investments, partnerships, or alliances;

- risks associated with environmental and social responsibility and climate change;
- our dependence on key employees and ability to attract and retain highly skilled employees;
- our ability to raise additional capital or generate cash flows necessary to grow our business;
- uncertain global economic conditions and inflation;
- changes and competition in the market and software categories in which we participate;
- our ability to introduce new products, features, integrations, capabilities, and enhancements;
- the ability of our platform to interoperate with a variety of software applications;
- our reliance on third-party application stores to distribute our mobile application;
- our successful strategic relationships with, and our dependence on third parties;
- our reliance on traditional web search engines to direct traffic to our website;
- interruption or delays in service from third parties or our inability to plan and manage interruptions;
- risks related to security disruptions, unauthorized system access;
- evolving privacy protection and data security laws, regulations, industry standards, policies, contractual obligations, and cross-border data transfer or localization restrictions;
- new legislation and regulatory obligations regulating AI;
- changes in tax law and regulations or if we were to be classified as a passive foreign investment company;
- our ability to maintain, protect or enforce our intellectual property rights or risks related to intellectual property infringement claims;
- risks related to our use of open-source software;
- risks related to our founder share that provides certain veto rights
- risks related to our status as a foreign private issuer incorporated and located in Israel, including risks related to the ongoing war between Israel and Hamas and escalations thereof;
- our expectation not to pay dividends for the foreseeable future;
- risks related to our Digital Lift Initiative and the monday.com Foundation; and
- risks related to legal and regulatory matters.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. The estimates and forward-looking statements contained herein speak only as of the date thereof. Except as required by applicable law, we undertake no obligation to publicly update or revise any estimates or forward-looking statements whether as a result of new information, future events or otherwise, or to reflect the occurrence of unanticipated events.

The foregoing list is intended to identify only certain of the principal factors that could cause actual results to differ. For a more detailed description of the risks and uncertainties affecting our company, reference is made to our Annual Report on Form 20-F for the year ended December 31, 2024, which was filed with the Securities and Exchange Commission, or the SEC, on March 17, 2025 (hereafter: “Annual Report”), and the other risk factors discussed from time to time by our company in reports filed or furnished to the SEC.

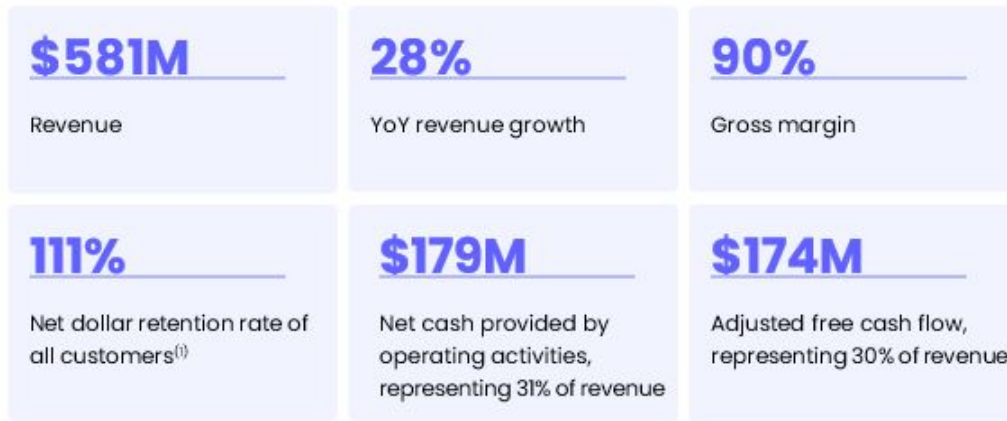
Introduction

Unless indicated otherwise by the context, all references in this report to “monday.com,” “we,” “us” or “our” are to monday.com Ltd. When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

- “dollars” or “\$” means United States dollars; and
- “NIS” means New Israeli Shekels.

You should read the following discussion and analysis in conjunction with our unaudited condensed consolidated financial statements for the six months ended June 30, 2025 and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2024 and notes thereto filed with the SEC as part of our Annual Report.

monday.com H1-25 overview in numbers



(1) For a definition of Net Dollar Retention Rate see “Key Business Metrics” below.

Growth at scale

We have experienced rapid growth since we launched our product in 2014.

- **Revenue:** Our revenue was \$581.3 million and \$453.0 million for the six months ended June 30, 2025, and June 30, 2024, respectively.
- **Year over Year Revenue Growth:** Our revenue growth was 28% and 34% for the six months ended June 30, 2025, and June 30, 2024, respectively.
- **Net Income:** Our net income was \$29.0 million and \$21.4 million for the six months ended June 30, 2025, and June 30, 2024, respectively.
- **Net Cash Provided by Operating Activities:** Our net cash provided by operating activities was \$178.8 million and \$147.7 million for the six months ended June 30, 2025, and June 30, 2024, respectively.
- **Adjusted free Cash Flow:** Our adjusted free cash flow was \$173.6 million and \$140.7 million for the six months ended June 30, 2025, and June 30, 2024, respectively.

Key Business Metrics

We believe that our growth and financial performance are dependent upon many factors, including the key factors described below.

A Large and Diversified Customer Base

We are focused on expanding within our existing customers by increasing the number of users within the organization, upgrading to higher tiers and by offering additional products with new features, such as AI-powered risk insights, AI-powered portfolio report, managed templates and resource planning capabilities. Our operating results and growth opportunities depend, in part, on our ability to attract new customers and expand relationships with existing customers. We believe we have significant greenfield opportunities among addressable customers worldwide and we will continue to invest in our research and development to differentiate our platform and products from competitive products and services. We will also continue to invest in our sales and marketing to help us take advantage of this opportunity. To this extent, we are making significant investments in our sales and marketing efforts, including investment and expansion of our CRO teams.

We define “customer” to mean a unique web domain-based account that is on a paid subscription plan, which could include an organization, educational or government institution, or distinct business unit of an organization. We are not reliant on any specific customer, as no single customer accounts for more than 1% of our revenues, and our top 100 customers accounted for less than 10% of our revenues for the six months ended June 30, 2025, and 2024.

We see a significant opportunity to continue to add customers as we further develop our sales and marketing efforts and scale our platform and existing products, as well as add new products.

Consistent Growth of Enterprise Customers

Our ability to successfully move upmarket is demonstrated by the consistent growth in the number of our enterprise customers. We grew the number of enterprise customers, which we define as customers with more than \$50,000 in Annual Recurring Revenue (“ARR”) (defined below), on our platform by 36% from 2,713 customers as of June 30, 2024, to 3,702 customers as of June 30, 2025. The ARR from such enterprise customers grew by 44% from June 30, 2024, to June 30, 2025, outpacing our overall ARR growth. As of June 30, 2025 and June 30, 2024, such enterprise customers accounted for 38% and 33% of our ARR, respectively.

Customers with more than \$100,000 in ARR grew by 46% during the 12 months ended June 30, 2025, from 1,009 customers as of June 30, 2024, to 1,472 customers as of June 30, 2025. The ARR from such enterprise customers grew by 51% from June 30, 2024, to June 30, 2025. As of June 30, 2025 and June 30, 2024, such enterprise customers accounted for 26% and 21% of our ARR, respectively.

We distinguish customers with more than 10 users from our broader customer base. We grew the number of such customers on our platform by 8% from 57,203 customers as of June 30, 2024, to 61,803 as of June 30, 2025. The ARR from such customers grew by 29% from June 30, 2024 to June 30, 2025. As of June 30, 2025 and June 30, 2024, such customers accounted for 80% and 78% of our ARR, respectively.

“Annual Recurring Revenue” or “ARR” is defined to mean, as of the measurement date, the annualized value of our customer subscriptions plans assuming that any contract that expires during the next 12 months is renewed on its existing terms.

We believe ARR illustrates the improvements we have made to our products to increase the value we deliver to our customers over time. We expect the percentage of ARR attributable to customers with more than 10 users to remain at similar levels.

Net Dollar Retention Rate

We expect to derive a significant portion of our revenue growth from expansion within our customer base, where we have an opportunity to expand adoption of our products across teams, departments, and organizations. We believe that our dollar-based net retention rate (“Net Dollar Retention Rate”) underscores the significant opportunity to further expand within our existing customer base, particularly among those with high annual revenue.

We calculate Net Dollar Retention Rate as of a period end by starting with the ARR from customers as of the 12 months prior to such period end (“Prior Period ARR”). We then calculate the ARR from these customers as of the current period end (“Current Period ARR”). The calculation of Current Period ARR includes any upsells, contraction and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the Net Dollar Retention Rate.

For the trailing 12-month calculation, we take a weighted average of this calculation of our quarterly Net Dollar Retention Rate for the four quarters ending with the most recent quarter. Our Net Dollar Retention Rate may fluctuate due to a number of factors, including the level of penetration within our customer base, expansion of products and features and our ability to retain our customers.

Our Net Dollar Retention Rate for all of our customers was 111% and 110% for the three months ended June 30, 2025 and June 30, 2024, respectively. Net Dollar Retention Rate for Customers with more than \$50,000 in ARR was 116% and 114% for the three months ended June 30, 2025 and June 30, 2024, respectively. Net Dollar Retention Rate for Customers with more than \$100,000 in ARR was 117% and 114% for the three months ended June 30, 2025 and June 30, 2024, respectively. In addition, our Net Dollar Retention Rate for customers with more than 10 users was 115% and 114% for the three months ended June 30, 2025 and June 30, 2024, respectively.

A. Operating Results

Components of Results of Operations

The following briefly describes the components of revenue and expenses as presented in our consolidated statements of operations.

Revenue

We derive revenue mainly from monthly or annual subscription agreements with our customers for access to our cloud-based Work OS products. Our customers do not have the ability to take possession of our software.

Cost of Revenue

Cost of revenue consists of merchant and credit card processing fees, hosting fees, amortization of capitalized software development costs, subcontractor costs, salaries and related expenses, share-based compensation, software license fees, and allocated overhead costs.

Gross Profit and Gross Margin

Gross profit, or revenue less cost of revenues, and gross margin, or gross profit as a percentage of revenue, has been, and will continue to be, affected by various factors, including the timing of our acquisition of new customers, renewals of and follow-on sales to existing customers, costs associated with operating our cloud-based products, and the extent to which we expand our operations and customer support organizations. We expect our gross margin to remain relatively consistent over the long term.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Sales and marketing expenses are the most significant component of our operating expenses and consist of marketing and advertising expenses and commission paid to our partners. In addition, personnel-related expenses are a substantial component of our operating expenses and consist of salaries, benefits, and share-based compensation expenses. Operating expenses also include an allocation of overhead costs for facilities and shared IT-related expenses, including depreciation expenses.

Research and Development Expenses

Research and development expenses include salaries and related expenses, share-based compensation, subcontractor costs and allocated overhead costs.

As we continue to focus our research and development efforts on enhancing our Work OS and existing products, as well as building new products, we expect our research and development expenses to increase in absolute dollar amounts and remain at approximately the same level as a percentage of revenue. We foresee that such investment in research and development will contribute to our long-term growth but will also negatively impact our short-term profitability.

For the six months ended June 30, 2025, and June 30, 2024, our research and development expenses as a percentage of revenue were approximately 27% and 21%, respectively.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of compensation expenses for our employees, including share-based compensation, online and offline marketing and advertising expenses, channel partners' commissions and allocated overhead costs.

Our channel partners' commissions as a percentage of revenue were approximately 2% and 5% for the six months ended June 30, 2025, and June 30, 2024 (see also Note 2N to our 2024 consolidated financial statements for the accounting policy for contract costs). For the six months ended June 30, 2025, and June 30, 2024, our sales and marketing expenses as a percentage of revenue were approximately 51% and 57%, respectively.

We expect our sales and marketing expenses will increase in absolute dollar amounts, as we plan to expand our sales and marketing efforts globally, through personnel, online and offline marketing efforts and brand awareness. In the long term, as our business scales through customer expansion and market awareness, we anticipate that sales and marketing expenses as a percentage of total revenue will continue to decline.

General and Administrative Expenses

General and administrative expenses consist of salaries and related expenses, share-based compensation, professional service fees and allocated overhead costs.

We expect our general and administrative expenses to increase in absolute dollars as we continue to grow and expand our operations and operate as a public company. In the long term, we expect that general and administrative expenses as a percent of total revenue will remain at approximately the same level. For both the six months ended June 30, 2025 and June 30, 2024, our general and administrative expenses as a percentage of revenue were approximately 12%.

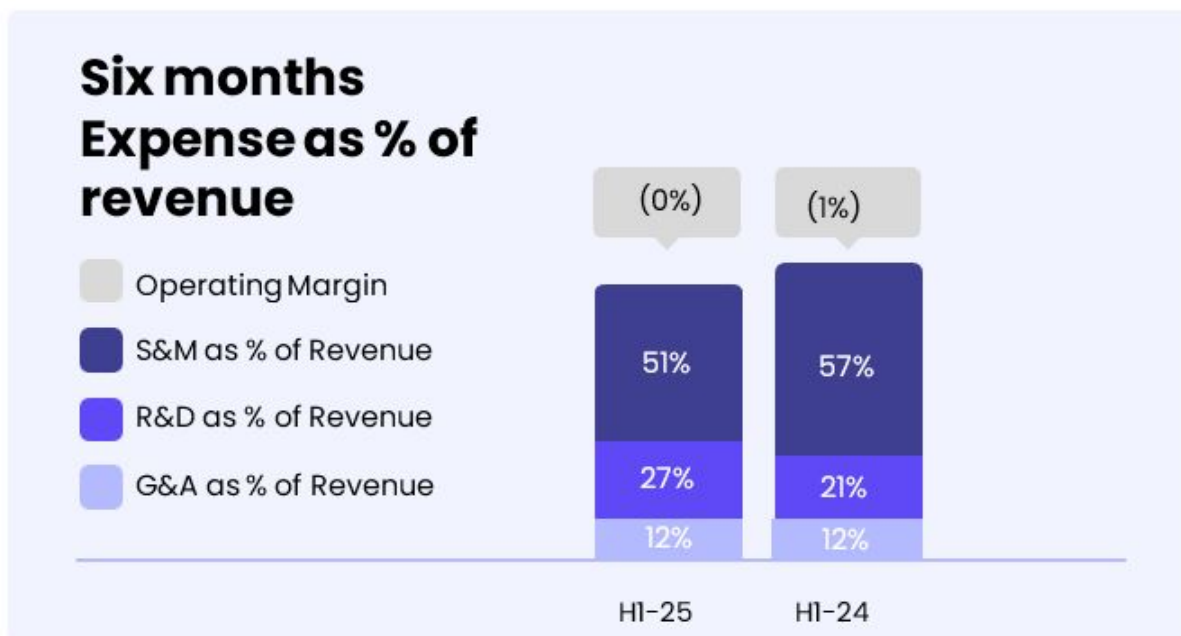
Financial Income, Net

Financial income, net, consists primarily of interest generated by our money market funds and marketable securities, amortization of discount on marketable securities and foreign exchange gains and losses, offset by bank charges and interest expenses.

Income Tax Expenses

Income tax expenses consist primarily of income tax related to foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on deferred tax assets because we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Comparison of Period-to-Period Results of Operations



The following tables set forth the consolidated statements of operations in U.S. dollars and as a percentage of revenue for the period presented.

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Revenue	\$ 581,264	\$ 453,019
Cost of revenue (1)	59,978	47,217
Gross profit	521,286	405,802
Operating Expenses:		
Research and development (1)	156,424	94,868
Sales and marketing (1)	294,310	259,612
General and administrative (1)	72,307	54,550
Total operating expenses	523,041	409,030
Operating loss	(1,755)	(3,228)
Financial income, net	31,749	27,689
Income before income taxes	29,994	24,461
Income tax expenses	(996)	(3,068)
Net income	\$ 28,998	\$ 21,393

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

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Cost of revenue	\$ 3,406	\$ 3,116
Research and development	43,347	23,193
Sales and marketing	19,205	18,068
General and administrative	21,645	18,789
Total share-based compensation	\$ 87,603	\$ 63,166



	Six months ended June 30,	
	2025	2024
Revenue	100%	100%
Cost of revenue	10	10
Gross profit	90	90
Operating Expenses:		
Research and development	27	21
Sales and marketing	51	57
General and administrative	12	12
Total operating expenses	90	90
Operating loss	(-)	(1)
Financial income, net	5	6
Income before income taxes	5	5
Income tax expenses	(-)	(1)
Net income	5%	5%

Comparison of the Six Months Ended June 30, 2025 and 2024

Revenue

	Six months ended June 30,		Change	%
	2025	2024		
	(in thousands)			
Revenue	\$ 581,264	\$ 453,019	\$ 128,245	28%

Revenue was \$581.3 million for the six months ended June 30, 2025, an increase of \$128.2 million, or 28%, compared to \$453.0 million for the six months ended June 30, 2024. This increase was driven primarily by the addition of new customers and revenues generated from our existing customers expanding their use of our products, as reflected by our dollar-based net retention rate of 111% as of June 30, 2025.

Cost of Revenue and Gross Profit

	Six months ended June 30,		Change	% change
	2025	2024		
	(in thousands)			
Cost of revenue	\$ 59,978	\$ 47,217	\$ 12,761	27%
Gross profit	90%	90%		

Cost of revenue was \$60.0 million for the six months ended June 30, 2025, an increase of \$12.8 million, or 27%, compared to \$47.2 million for the six months ended June 30, 2024. This increase is directly related to the growth and scale of our business and was primarily driven by an increase of \$3.7 million in salaries and related expenses, an increase of \$3.3 million in hosting expenses, an increase of \$2.3 million in third-party consulting costs, an increase of \$1.4 million in processing fees, an increase of \$0.8 million in software and subscriptions costs, an increase in allocated overhead costs of \$0.7 million as a result of increased overall costs to support our business growth and related infrastructure and an increase of \$0.3 million in share-based compensation expenses.

Operating Expenses

	Six months ended June 30,		Change	%
	2025	2024		
	(in thousands)			
Research and development	\$ 156,424	\$ 94,868	\$ 61,556	65%
Sales and marketing	294,310	259,612	34,698	13%
General and administrative	72,307	54,550	17,757	33%
Total operating expenses	\$ 523,041	\$ 409,030	\$ 114,011	28%

Research and Development Expenses

Research and development expenses were \$156.4 million for the six months ended June 30, 2025, an increase of \$61.6 million, or 65%, compared to \$94.9 million for the six months ended June 30, 2024. This increase is directly related to the growth and scale of our business and was primarily driven by an increase of \$31.5 million in salaries and related expenses, an increase of \$20.2 million in share-based compensation expenses, due to an increase in the number of employees, an increase of \$7.7 million in allocated overhead costs as a result of increased overall costs to support our business growth and related infrastructure, an increase of \$1.1 million in software costs, and a \$1.0 million increase in hosting costs, partially offset by a decrease of \$0.8 million in third-party consulting costs.

Sales and Marketing Expenses

Sales and marketing expenses were \$294.3 million for the six months ended June 30, 2025, an increase of \$34.7 million, or 13%, compared to \$259.6 million for the six months ended June 30, 2024. This increase is directly related to the growth and scale of our business and was primarily driven by an increase of \$33.7 million in salaries and related expenses, an increase of \$1.1 million in share-based compensation expenses, due to an increase in the number of employees, an increase of \$5.4 million in allocated overhead costs to support our business growth and related infrastructure, an increase of \$2.4 million in courses and conferences expenses, an increase of \$1.7 million in online marketing campaigns, branding and costs associated with global events, an increase of \$1.5 million in software costs, and an increase of \$0.4 million in recruitment expenses, partially offset by a decrease of \$13.1 million in partners commissions.

General and Administrative Expenses

General and administrative expenses were \$72.3 million for the six months ended June 30, 2025, an increase of \$17.8 million, or 33%, compared to \$54.6 million for the six months ended June 30, 2024. This increase is directly related to the growth and scale of our business and was primarily driven by an increase of \$11.5 million in salaries and related expenses, an increase of \$2.9 million in share-based compensation expenses due to an increase in the number of employees, an increase of \$8.5 million in rent and related expenses mainly due to our global office expansion, an increase of \$1.2 million in welfare, an increase of \$1.5 million in software expenses, an increase of \$1.0 million in depreciation, and an increase of \$0.7 million in legal fees, partially offset by a decrease of \$13.8 million in overhead allocation.

Financial Income, Net

	Six months ended June 30,		Change	%
	2025	2024		
	(in thousands)			
Financial income, net	\$ 31,749	\$ 27,689	\$ 4,060	15%

Financial income, net, was \$31.7 million for the six months ended June 30, 2025, an increase of \$4.1 million or 15%, compared to income of \$27.7 million for the six months ended June 30, 2024. This increase was partially driven by global macroeconomic trends, such as higher interest rates on our money market funds and marketable securities of \$2.2 million.

Income Tax Expenses

	Six months ended June 30,		Change	%
	2025	2024		
	(in thousands)			
Income tax expenses	\$ 996	\$ 3,068	\$ (2,072)	(68)%

Income tax expenses were \$1.0 million for the six months ended June 30, 2025, a decrease of \$2.1 million, or 68%, compared to \$3.1 million for the six months ended June 30, 2024. The decrease was primarily driven by tax benefits related to share-based compensation.

Non-GAAP Financial Measures

We regularly review several financial measures, including non-GAAP operating income and adjusted free cash flow, to evaluate our business, measure our performance, identify trends in our business, prepare financial forecasts and make strategic decisions. We believe these non-GAAP financial measures are useful in evaluating our performance in addition to our financial results prepared in accordance with GAAP. You should read these non-GAAP measures in conjunction with our unaudited condensed consolidated financial statements for the six months ended June 30, 2025, and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2024, included in our Annual Report.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented under GAAP. For example, other companies in our industry may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance. Investors are encouraged to review the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and to not rely on any single financial measure to evaluate our business.

The following table sets forth our non-GAAP operating income and adjusted free cash flow for the six months ended June 30, 2025, and June 30, 2024:

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Non-GAAP operating income	\$ 85,848	\$ 59,938
Adjusted free cash flow	\$ 173,625	\$ 140,715

Non-GAAP Operating income

We define non-GAAP operating income as GAAP operating loss, adjusted for certain non-cash items, such as share-based compensation expenses. We exclude these items because these are non-cash expenses, which we do not consider indicative of performance. In addition, management uses non-GAAP operating income to evaluate our financial performance and for planning and forecasting purposes. Non-GAAP operating income should not be considered as an alternative to GAAP operating loss or net income as an indicator of operating performance. The following table provides a reconciliation of non-GAAP operating income to GAAP operating loss for the periods indicated:

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Operating loss	\$ (1,755)	\$ (3,228)
Share-based compensation expenses	87,603	63,166
Non-GAAP operating income	\$ 85,848	\$ 59,938

Adjusted Free Cash Flow

We define adjusted free cash flow as net cash provided by operating activities less cash used for purchases of property and equipment and capitalized software development costs, plus costs associated with the built-out and expansion of our corporate headquarters.

We believe that adjusted free cash flow is a useful indicator of liquidity that provides information to management and investors, even if negative, about the amount of cash used in our operations and for investments in property and equipment and capitalized software development costs. However, we caution that adjusted free cash flow does not reflect our future contractual commitments and the total increase or decrease of our cash balance for a given period. The following table provides a reconciliation of net cash provided by operating activities to adjusted free cash flow for the periods indicated:

	Six months ended June	
	30,	
	2025	2024
	(in thousands)	
Net cash provided by operating activities	\$ 178,807	\$ 147,749
Purchase of property and equipment	(9,571)	(5,964)
Capitalized software development costs	(1,703)	(1,070)
Purchase of property and equipment related to build-out and expansion of our corporate headquarters	6,092	-
Adjusted free cash flow	<u>\$ 173,625</u>	<u>\$ 140,715</u>

B. Liquidity and Capital Resources

As of June 30, 2025, we had \$1,590.5 million in cash and cash equivalents and \$60.1 million in short-term investments consisting of marketable securities. In the six months ended June 30, 2025, we generated net cash provided by operating activities, and we have also generated net cash provided by operating activities each year since our initial public offering in June 2021.

Excluding capital raises, our principal sources of funds are from our deferred revenue, which is included in the liabilities section of our consolidated balance sheet. Deferred revenue consists of payments received in advance of revenue recognition, excluding amounts subject to right of return, and is recognized as revenue recognition criteria are met. We generally invoice our customers in advance of services being provided. The majority of our deferred revenue is expected to be recognized as revenue during the succeeding 12-month period, provided all other revenue recognition criteria have been met. As of June 30, 2025, and December 31, 2024, we had deferred revenue of \$405.1 million and \$342.6 million, respectively. We have generated losses from our operations as reflected in our accumulated deficit of \$523.0 million and \$552.0 million as of June 30, 2025, and December 31, 2024, respectively. Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support customer usage and growth in our customer base, increased research and development expenses to support the growth of our business and related infrastructure, and general and administrative expenses to support being a publicly traded company.

We assess our liquidity primarily through our cash on hand as well as the projected timing of billings under contract with our paying customers and related collection cycles. We believe that our current cash and cash equivalents will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months and for the foreseeable future.

Cash Flows

The following table presents the summary consolidated cash flow information for the periods presented:

	Six months ended June 30,	
	2025	2024
	(in thousands)	
Net cash provided by operating activities	\$ 178,807	\$ 147,749
Net cash used in investing activities	\$ (21,323)	\$ (7,034)
Net cash provided by financing activities	\$ 21,429	\$ 33,399

Operating Activities

Cash provided by operating activities for the six months ended June 30, 2025, of \$178.8 million was primarily related to our net income of \$29.0 million, adjusted for non-cash charges of \$94.1 million and net cash inflows of \$55.7 million resulting from changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation, depreciation and amortization of property and equipment and amortization of discount and accretion of discount on our marketable securities. The main drivers of the changes in operating assets and liabilities were a \$62.5 million increase in deferred revenue, resulting primarily from increased billings for subscriptions, a \$24.1 million increase in accrued expenses and other liabilities, and a \$6.2 million increase in accounts payable primarily driven by payments timing differences. These amounts were partially offset by a \$26.8 million increase in prepaid expenses and other assets, primarily associated with the revaluation of a foreign currency hedging asset and a \$10.4 million increase in accounts receivables, net.

Cash provided by operating activities for the six months ended June 30, 2024 of \$147.7 million was primarily related to our net income of \$21.4 million, adjusted for non-cash charges of \$68.6 million and net cash inflows of \$57.7 million resulting from changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation and depreciation and amortization of property and equipment. The main drivers of the changes in operating assets and liabilities were a \$50.2 million increase in deferred revenue, resulting primarily from increased billings for subscriptions, a \$2.7 million increase in accrued expenses and other liabilities, and a \$21.7 million increase in accounts payable primarily driven by payments timing differences. These amounts were partially offset by a \$15.2 million increase in prepaid expenses and other assets and a \$1.7 million increase in accounts receivables, net.

Investing Activities

Cash used in investing activities during the six months ended June 30, 2025, was \$21.3 million, primarily as a result of purchases of marketable securities in the amount of \$10 million and \$11.3 million of purchases of property and equipment and capitalized software development costs.

Cash used in investing activities during the six months ended June 30, 2024 was \$7.0 million, as a result of purchases of property and equipment and capitalized software development costs.

Financing Activities

Cash provided by financing activities for the six months ended June 30, 2025, was \$21.4 million and was primarily as a result of proceeds of \$26.5 million from exercise of share options and purchases under the employee share purchase plan, partially offset by repayments of \$5.1 million relating to exercises of share options and RSUs, net.

Cash provided by financing activities for the six months ended June 30, 2024 was \$33.4 million and was primarily as a result of proceeds of \$19.3 million from exercise of share options and purchases under the employee share purchase plan and a receipt of tax advance in the amount of \$14.1 million relating to exercises of share options and RSUs, net.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

C. Research and development, patents and licenses, etc.

A comprehensive discussion of our research and development, patents and licenses, etc., is included in “Part 1 - Who We Are” and “Part 4 - Operating and Financial Review and Prospects - Operating Results” sections in our Annual Report.

D. Trend information

Other than as disclosed above and in our Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since June 30, 2025, that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting Estimates

We describe our significant accounting policies more fully in Note 2 to our unaudited condensed consolidated financial statements for the six months ended June 30, 2025. There have been no material changes to our critical accounting policies since we filed our Annual Report. Please see “Part 4. Operating and Financial Review and Prospects – E. Critical Accounting Estimates” section in our Annual Report.

F. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk 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 foreign currency exchange rates and interest rates, which are discussed in detail below.

Foreign Currency Risk

The U.S. dollar is our functional currency. The majority of our revenue was denominated in U.S. dollars for the six months ended June 30, 2025, and June 30, 2024; however certain expenses comprising our cost of revenue and operating expenses were denominated in NIS, mainly payroll and rent.

This foreign currency exposure gives rise to market risk associated with exchange rate movements of the U.S. dollar against the NIS. Furthermore, we anticipate that a material portion of our expenses will continue to be denominated in NIS.

A decrease of 5% in the U.S. dollar to NIS exchange rate would have increased our cost of revenue and operating expenses by approximately 1% during each of the six months ended June 30, 2025, and June 30, 2024. If the NIS fluctuates significantly against the U.S. dollar, it may have a negative impact on our results of operations.

To reduce the impact of foreign exchange risks associated with forecasted future cash flows and the volatility in our Consolidated Statements of Operations, we have established a hedging program as further described in Note 2 to our audited consolidated financial statements included in our Annual Report. Foreign currency contracts are generally utilized in this hedging program. Our foreign currency contracts are short-term in duration. We do not enter into derivative instruments for trading or speculative purposes.

We account for our derivative instruments as either assets or liabilities and carry them at fair value in the Consolidated Balance Sheets. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. Our hedging program reduces but does not eliminate the impact of currency exchange rate movements.

Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counterparties to major financial institutions and by spreading the risk across a number of major financial institutions. However, failure of one or more of these financial institutions is possible and could result in incurred losses.

As of June 30, 2025, the notional amount of our outstanding foreign exchange contracts was \$274.3 million, all of which met the requirements of hedge accounting.

The table below provides information regarding our derivative instruments held in order to limit the exposure to exchange rate fluctuation as of June 30, 2025 (in thousands of dollars):

	Maturity in 2025-2026
Derivatives designated as hedging instruments:	
Foreign exchange contracts:	
NIS	\$ 274,259
Total	\$ 274,259

Interest Rate Risk

We believe that we have no significant exposure to interest rate risk, as we have no long-term loans. However, our future interest income may fall short of expectations due to changes in market interest rates.