



monday.com Announces Second Quarter 2022 Results

*Second quarter revenue of \$123.7 million grew 75% year over year
Number of Customers with more than \$50k ARR grew 147% year over year
Number of paying accounts from new monday Work OS products surpassed 1,000*

New York / Tel Aviv, August 8, 2022 -- **monday.com** (NASDAQ: MNDY), a work operating system (Work OS) where organizations of any size can create the tools and processes they need to manage every aspect of their work, today reported financial results for its second quarter ended June 30, 2022.

Management Commentary:

"We continue to deliver strong top line growth with revenue growing 75% in the second quarter," said monday.com founder and co-CEO, Roy Mann. "Our move upmarket continues at an astonishing rate, growing our enterprise customer base to more than 1,000 customers this quarter, while maintaining our best in industry net dollar retention rates."

"As we announced last quarter, we're evolving into a product suite offering as part of our larger strategy, and we have been impressed by early new customer demand for our products," said monday.com founder and co-CEO, Eran Zinman. "We are committed to being best-in-class in every one of our products' categories, and we know we can achieve that with the Work OS."

"We were pleased with our improving operating margins in the second quarter and are committed to improving efficiency," said Eliran Glazer, monday.com CFO. "Our strategic focus remains in balancing healthy investment in the business with improving efficiency and profitability."

Second Quarter Fiscal 2022 Financial Highlights:

- Revenue was \$123.7 million, an increase of 75% year-over-year.
- GAAP operating loss was \$46.2 million compared to a loss of \$27.5 million in the second quarter of 2021; GAAP operating margin was negative 37% compared to negative 39% in the second quarter of 2021.
- Non-GAAP operating loss was \$15.4 million compared to a loss of \$9.9 million in the second quarter of 2021; non-GAAP operating margin was negative 12% compared to negative 14% in the second quarter of 2021.
- GAAP net loss per basic and diluted share was \$1.01 compared to GAAP net loss per basic and diluted share of \$1.67 in the second quarter of 2021; non-GAAP net loss per basic and diluted share was \$0.33 compared to non-GAAP net loss per basic and diluted share of \$0.26 in the second quarter of 2021.
- Net cash used in operating activities was \$14.1 million, with negative \$19.3 million of adjusted free cash flow compared to net cash used in operating activities of \$0.4 million and negative \$1.5 million of adjusted free cash flow in the second quarter of 2021.

Recent Business Highlights:

- Net dollar retention rate was over 125%.
- Net dollar retention rate for customers with more than 10 users was over 135%.
- Net dollar retention rate for customers with more than \$50,000 in annual recurring revenue ("ARR") was over 150%.
- The number of paid customers with more than \$50,000 in ARR was 1,160, up 147% from 470 as of June 30, 2021.
- Adoption of new monday Work OS products, including monday sales CRM, monday marketer, monday dev and monday projects, surpassed 1,000 paying accounts within the first two months of products' release.
- Notable new customer wins or expansions during the quarter included Renault, Savills, Jellysmack, Safras & Cifras and BKP.

Financial Outlook:

For the third quarter of the fiscal year 2022, monday.com currently expects:

- Total revenue of \$130 million to \$131 million, representing year-over-year growth of 57% to 58%.
- Non-GAAP operating loss of \$25 million to \$24 million and negative operating margin of 19% to 18%.

For the full year 2022, monday.com now expects:

- Total revenue of \$498 million to \$502 million, representing year-over-year growth of 62% to 63%.
- Non-GAAP operating loss of \$112 million to \$108 million and negative operating margin of 22% to 21%.

With the recent strengthening of the US dollar, we now expect FX to negatively impact our full year revenue growth estimates by approximately 300 basis points.

Given the concerns about the macro economy and the market, we have provided prudent yet achievable forward-looking guidance. It should be noted that we did see some softness in demand in Europe at the end of Q2. And while one month is not enough data to extrapolate a larger trend, we are closely monitoring the demand environment across all areas of our business and will be transparent with our investors about our expectations.

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 loss, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share and adjusted free cash flow. 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 net loss attributable to ordinary shareholders 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.

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 expansion 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 subscriptions plan 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 predict our revenue and evaluate our business and future prospects; our ability to manage our growth effectively, execute our business plan or maintain high levels of service and customer satisfaction; our ability to achieve and maintain profitability and compete effectively with established companies and new market entrants in a competitive and rapidly changing market; interruptions or performance problems associated with the technology or infrastructure underlying our platform; real or perceived errors, failures, vulnerabilities, or bugs in our Work OS; our ability to attract customers, grow our retention rates, expand usage within organizations and sell subscription plans; our ability to offer high-quality customer support; our ability to effectively develop and expand our direct sales capabilities; our ability to enhance our reputation and market awareness of our Work OS and products; actions by governments to restrict access to our platform in their countries; our ability to identify and integrate future acquisitions, strategic investments, partnerships or alliances; our ability to attract and retain highly skilled employees; our ability to raise additional capital or generate cash flows necessary to expand our operations and invest in new technology; the market and software categories in which we participate; our ability to ensure that our Work OS and products interoperate with a variety of software applications that are developed by third parties; the success of our strategic relationships with third parties; privacy, data and cybersecurity incidents or any actual or perceived failure by monday.com to comply with privacy, data protection, information security, consumer privacy, data residency, or telecommunications laws, regulations, government access requests, and obligations; intellectual property disputes; changes in foreign exchange rates; general political or destabilizing events, including war, conflict or acts of terrorism and other factors described in "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 16, 2022. 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 2022 and financial outlook. The live call may also be accessed via telephone at (855) 979-6654 or (outside the U.S.). Please reference conference ID: 638330. 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:

The monday.com Work OS is an open platform that democratizes the power of software so organizations can easily build work management tools and software applications to fit their every need. The platform intuitively connects people to processes and systems, empowering teams to excel in every aspect of their work while creating an environment of transparency in business. monday.com has teams in Tel Aviv, New York, San Francisco, Miami, Chicago, London, Sydney, Tokyo and Sao Paulo. The platform is fully customizable to suit any business vertical and is currently used by over 152,000 customers across over 200 industries in 200 countries.

Visit us on our [LinkedIn](#), [Twitter](#), [Instagram](#) and [Facebook](#) .

For more information about monday.com please visit our [Press Room](#).

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Revenue	\$ 123,718	\$ 70,615	\$ 232,215	\$ 129,587
Cost of revenue	16,730	9,108	31,339	17,032
Gross profit	106,988	61,507	200,876	112,555
Operating expenses:				
Research and development	33,962	16,271	60,503	31,852
Sales and marketing	96,740	61,057	212,713	124,105
General and administrative	22,466	11,648	41,336	21,914
Total operating expenses	153,168	88,976	314,552	177,871
Operating loss	(46,180)	(27,469)	(113,676)	(65,316)
Financial income (expense), net	2,452	(359)	4,445	(765)
Loss before income taxes	(43,728)	(27,828)	(109,231)	(66,081)
Income tax expense	(1,943)	(1,063)	(3,118)	(1,762)
Net loss	\$ (45,671)	\$ (28,891)	\$ (112,349)	\$ (67,843)
Deemed dividend to preferred shareholders	-	(3,589)	-	(8,203)
Net loss attributable to ordinary shareholders	\$ (45,671)	\$ (32,480)	\$ (112,349)	\$ (76,046)
Net loss per share attributable to ordinary shareholders', basic and diluted	\$ (1.01)	\$ (1.67)	\$ (2.50)	\$ (4.78)
Weighted-average ordinary shares used in calculating net loss per ordinary share, basic and diluted	45,074,912	19,417,672	45,027,168	15,924,392

MONDAY.COM LTD**CONDENSED CONSOLIDATED BALANCE SHEETS****(U.S. dollars in thousands)**

	June 30,	December 31,
	2022	2021
	(unaudited)	(audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 834,620	\$ 886,812
Accounts receivable, net	9,510	8,509
Prepaid expenses and other current assets	24,314	18,172
Total current assets	<u>868,444</u>	<u>913,493</u>
LONG TERM-ASSETS:		
Property and equipment, net	26,694	19,599
Operating lease right-of-use assets	64,456	-
Other long-term assets	100	100
Total long-term assets	<u>91,250</u>	<u>19,699</u>
Total assets	<u>\$ 959,694</u>	<u>\$ 933,192</u>
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 10,917	\$ 23,612
Accrued expenses and other current liabilities	68,238	70,135
Deferred revenue	177,882	134,438
Operating lease liabilities, current	10,885	-
Total current liabilities	<u>267,922</u>	<u>228,185</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, non-current	47,703	-
Other non-current liabilities	2,039	1,612
Total long-term liabilities	<u>49,742</u>	<u>1,612</u>
Total liabilities	<u>317,664</u>	<u>229,797</u>
SHAREHOLDERS' EQUITY:		
Other comprehensive income	(6,749)	594
Share capital and additional paid-in capital	1,206,788	1,148,461
Accumulated deficit	(558,009)	(445,660)
Total shareholders' equity	<u>642,030</u>	<u>703,395</u>
Total liabilities and shareholders' equity	<u>\$ 959,694</u>	<u>\$ 933,192</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (45,671)	\$ (28,891)	\$ (112,349)	\$ (67,843)
<u>Adjustments to reconcile net loss to net cash used in operating activities:</u>				
Depreciation and amortization	1,397	527	2,524	1,074
Capital loss from sale of property and equipment	-	2	-	47
Share-based compensation	30,822	17,558	54,488	32,098
Change in accrued interest on revolving credit facility	-	(2)	-	19
<u>Changes in operating assets and liabilities:</u>				
Accounts receivable, net	384	533	(1,001)	(453)
Prepaid expenses and other assets	(7,995)	(429)	(3,295)	(2,058)
Accounts payable	(6,448)	(4,972)	(12,624)	(1,003)
Accrued expenses and other liabilities, net	(3,502)	1,099	1,840	5,961
Deferred revenue	16,952	14,220	43,444	31,204
Net cash used in operating activities	<u>(14,061)</u>	<u>(355)</u>	<u>(26,973)</u>	<u>(954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(4,550)	(1,358)	(6,904)	(5,581)
Capitalized software development costs	(684)	(718)	(1,610)	(1,158)
Proceeds from sale of property and equipment	-	-	-	21
Changes in short-term deposits	-	(51)	-	(51)
Net cash used in investing activities	<u>(5,234)</u>	<u>(2,127)</u>	<u>(8,514)</u>	<u>(6,769)</u>

MONDAY.COM LTD**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)****(U.S. dollars in thousands)**

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from initial public offering and concurrent private placement, net of underwriting discounts and other issuance costs	-	736,227	-	736,020
Proceeds from exercise of share options and employee share purchase plan	3,354	1,300	4,705	1,843
Receipt of tax advance relating to exercises of share options	1,017	6,023	(21,367)	6,023
Capital lease payments	(32)	(21)	(43)	(49)
Net cash provided by (used in) financing activities	<u>4,339</u>	<u>743,529</u>	<u>(16,705)</u>	<u>743,837</u>
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(14,956)	741,047	(52,192)	736,114
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - Beginning of period	849,576	126,881	886,812	131,814
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - End of period	<u>\$ 834,620</u>	<u>\$ 867,928</u>	<u>\$ 834,620</u>	<u>\$ 867,928</u>

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEET:

Cash and cash equivalents	\$ 834,620	\$ 865,328	\$ 834,620	\$ 865,328
Restricted cash – Included in prepaid expense and other current assets	-	600	-	600
Restricted cash – Included in other long-term assets	-	2,000	-	2,000
Total cash, cash equivalents, and restricted cash	<u>\$ 834,620</u>	<u>\$ 867,928</u>	<u>\$ 834,620</u>	<u>\$ 867,928</u>

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Reconciliation of GAAP to Non-GAAP Financial Information

(U.S. dollars in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
<u>Reconciliation of gross profit and gross margin</u>				
GAAP gross profit	\$ 106,988	\$ 61,507	\$ 200,876	\$ 112,555
Share-based compensation	2,915	1,833	5,356	3,364
Non-GAAP gross profit	\$ 109,903	\$ 63,340	\$ 206,232	\$ 115,919
GAAP gross margin	86%	87%	87%	87%
Non-GAAP gross margin	89%	90%	89%	89%
<u>Reconciliation of operating expenses</u>				
GAAP research and development	\$ 33,962	\$ 16,271	\$ 60,503	\$ 31,852
Share-based compensation	(9,999)	(5,068)	(17,387)	(9,605)
Non-GAAP research and development	\$ 23,963	\$ 11,203	\$ 43,116	\$ 22,247
GAAP sales and marketing	\$ 96,740	\$ 61,057	\$ 212,713	\$ 124,105
Share-based compensation	(10,075)	(5,536)	(17,453)	(9,570)
Non-GAAP sales and marketing	\$ 86,665	\$ 55,521	\$ 195,260	\$ 114,535
GAAP general and administrative	\$ 22,466	\$ 11,648	\$ 41,336	\$ 21,914
Share-based compensation	(7,833)	(5,121)	(14,292)	(9,559)
Non-GAAP general and administrative	\$ 14,633	\$ 6,527	\$ 27,044	\$ 12,355
<u>Reconciliation of operating loss</u>				
GAAP operating loss	\$ (46,180)	\$ (27,469)	\$ (113,676)	\$ (65,316)
Share-based compensation	30,822	17,558	54,488	32,098
Non-GAAP operating loss	\$ (15,358)	\$ (9,911)	\$ (59,188)	\$ (33,218)
GAAP operating margin	(37%)	(39%)	(49%)	(50%)
Non-GAAP operating margin	(12%)	(14%)	(25%)	(26%)

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Reconciliation of GAAP to Non-GAAP Financial Information (Cont.)

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

Reconciliation of net loss

GAAP net loss	\$	(45,671)	\$	(28,891)	\$	(112,349)	\$	(67,843)
Share-based compensation		30,822		17,558		54,488		32,098
Tax benefit related to share-based compensation ⁽¹⁾		(68)		-		(295)		-
Non-GAAP net loss	\$	<u>(14,917)</u>	\$	<u>(11,333)</u>	\$	<u>(58,156)</u>	\$	<u>(35,745)</u>

Reconciliation of net loss attributable to ordinary shareholders

GAAP net loss attributable to ordinary shareholders	\$	(45,671)	\$	(32,480)	\$	(112,349)	\$	(76,046)
Deemed dividend to preferred shareholders		-		3,589		-		8,203
Share-based compensation		30,822		17,558		54,488		32,098
Tax benefit related to share-based compensation ⁽¹⁾		(68)		-		(295)		-
Non-GAAP net loss	\$	<u>(14,917)</u>	\$	<u>(11,333)</u>	\$	<u>(58,156)</u>	\$	<u>(35,745)</u>

GAAP net loss per share attributable to ordinary shareholders', basic and diluted	\$	(1.01)	\$	(1.67)	\$	(2.50)	\$	(4.78)
Non-GAAP net loss per share, basic and diluted	\$	<u>(0.33)</u>	\$	<u>(0.26)</u>	\$	<u>(1.29)</u>	\$	<u>(0.81)</u>

Reconciliation of basic and diluted weighted average number of shares outstanding

Weighted average number of ordinary shares outstanding used in computing basic and diluted net loss per share (GAAP)		45,074,912		19,417,672		45,027,168		15,924,392
Additional shares giving effect to IPO and concurrent private placement ⁽²⁾		-		3,946,810		-		4,489,262
Additional shares giving effect to conversion of convertible preferred shares at the beginning of the period ⁽³⁾		-		20,629,197		-		23,518,666
Weighted average number of ordinary shares outstanding used in computing basic and diluted net loss per share (Non-GAAP)		<u>45,074,912</u>		<u>43,993,679</u>		<u>45,027,168</u>		<u>43,932,320</u>

- (1) The tax benefits generated from the exercise of the disqualifying disposition of incentive share options were excluded in calculating its non-GAAP net loss and non-GAAP basic and diluted net loss per share. The Company believes that excluding these tax benefits enables investors to see the full effect that excluding share-based compensation expenses had on the operating results.
- (2) Assumes ordinary shares outstanding after accounting for the issuance of 5,037,742 ordinary shares associated with our initial public offering and concurrent private placement at the beginning of the three months and six months periods ending on June 30, 2021, instead of the IPO closing date, June 10, 2021.
- (3) Assumes ordinary shares outstanding after accounting for the automatic conversion of the preferred shares then outstanding into ordinary shares at the beginning of the fiscal year.

MONDAY.COM LTD**Reconciliation of net cash used in operating activities to adjusted free cash flow**

(U.S. dollars in thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(unaudited)		(unaudited)	
Net cash provided by operating activities	\$ (14,061)	\$ (355)	\$ (26,973)	\$ (954)
Purchase of property and equipment	(4,550)	(1,358)	(6,904)	(5,581)
Capitalized software development costs	(684)	(718)	(1,610)	(1,158)
Purchase of property and equipment related to build-out of our new corporate headquarters	-	951	-	4,618
Adjusted free cash flow	<u>\$ (19,295)</u>	<u>\$ (1,480)</u>	<u>\$ (35,487)</u>	<u>\$ (3,075)</u>