



 **monday.com**

# Q4 | 2022

## Shareholder Letter

# Financial highlights

## Fourth quarter and fiscal year 2022 key results

	Q4 FY 2022	FY 2022	
Revenue	<b>\$149.9M</b> 57% Y/Y Growth	<b>\$519.0M</b> 68% Y/Y Growth	Customers +\$50K ARR* <b>1,474</b> 86% Y/Y Growth
Gross margin non-gaap	<b>90%</b>	<b>89%</b>	Net dollar retention rate* <b>+120%</b> for all customers
Operating margin non-gaap	<b>10%</b>	<b>(9%)</b>	<b>+130%</b> for customers with 10+ users
Adj. FCF margin non-gaap	<b>20%</b>	<b>2%</b>	

## Financial outlook

Q1 FY 2023

Revenue

**\$154M – \$156M**

42% – 44% Y/Y Growth

Non-GAAP operating loss

**(\$19M) – (\$17M)**

(13%) – (12%) Margin

FY 2023

Revenue

**\$688M – \$693M**

33% – 34% Y/Y Growth

Non-GAAP operating loss

**(\$36M) – (\$32M)**

~(5%) Margin

\*Metrics as of the end of the period ended December 31, 2022

# From the CEOs

Fellow shareholders,

As we look back on an amazing FY'22, we are more energized than ever, with strong financial results, improved efficiency, and continued product innovation. We put this progress on display at our Elevate '22 world tour, where we had the opportunity to meet with customers and partners in person. We also announced plans to launch monday DB, which will upgrade our infrastructure and provide even more flexibility and speed.



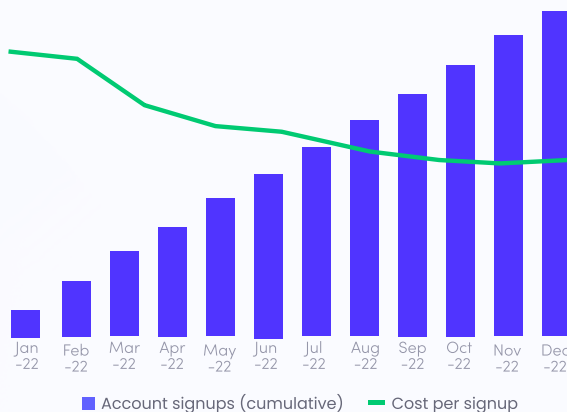
Our Q4 and FY'22 results demonstrate that monday.com continues to drive growth and profitability at scale. Regardless of macroeconomic uncertainties, we believe we are well positioned for the road ahead.

## Q4 results exceed expectations

Q4 capped off an amazing year, with strong revenue growth and free cash flow (FCF) expansion. We finished the quarter with \$150 million in revenue and \$30 million in adjusted free cash flow. In addition, the quarter marked a major company milestone, as we achieved positive non-GAAP operating income for the first time. With such strong Q4 results, the company has now generated more than \$5 in ARR for every \$1 in cash burned since inception.

## Improving customer acquisition

New customer demand remained strong in Q4. While our competitors have largely abandoned their performance marketing efforts, we've continued to generate demand and improve our customer acquisition efficiency.



## 2022 was a year of significant accomplishments

FY'22 was another year of phenomenal growth at monday.com – both financially and organizationally. Key accomplishments from 2022 include:

- Ended the year with \$519 million in revenue, up 68% year-over-year
- Improved overall efficiency and achieved positive FCF for the second year in a row
- Received incredible feedback on our new Work OS product suite, particularly CRM
- Added 34,000 net new customers to the monday.com family
- Grew enterprise customers by 86% to 1,474 customers
- Increased number of marketplace apps to 217, including 61 monetized apps
- Expanded our team by 485 employees and opened five new global offices

## Looking ahead to 2023

As we turn our attention to the next fiscal year, we are highly confident in meeting all of our goals, and there's a lot we plan to accomplish:

- Deliver exceptional customer experience
- Build and scale our platform and product suite
- Be the market leader in the work management space
- Expand the upmarket growth engine
- Improve efficiency and deliver positive FCF for the third straight year

Thank you to the entire monday.com team for your amazing work in making 2022 our most successful year yet! Now it's full steam ahead into an exciting 2023.

Best,  
Roy and Eran



# Taking Work OS to the next level with monday DB

Providing a best-in-class product experience for our customers is one of our top priorities. To that end, we recently previewed the launch of monday DB (monday database), which will upgrade our core infrastructure and provide customers with the speed and reliability they need.

As our customers' use cases become more complex with increasing amounts of data, it is essential that our platform scales with them. monday DB will enhance the way the Work OS engine runs and stores data, ensuring that our platform is schemaless, completely flexible, and built for infinite scale.

monday DB will be rolled out to customers in phases throughout FY'23, with full adoption to be completed in FY'24.



**100x bigger boards – up to 100,000 items**



**10x faster board load times**



**Enhanced platform reliability**



# Customer spotlight

**186k+**

Customers

**200+**

Countries and territories

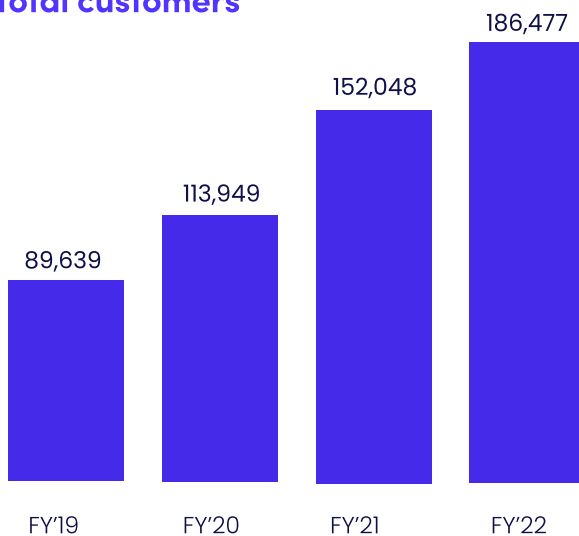
**200+**

Industries

**70%**

Non-tech industries

## Total customers



Acquiring new customers remains a core part of our growth strategy. We finished FY'22 with **186,477 customers**, a **23% increase year-over-year**.

Customers use monday.com to address a wide range of use cases across all departments. We will continue to invest in our sales, marketing, and partner ecosystem to bring new customers to monday.com.

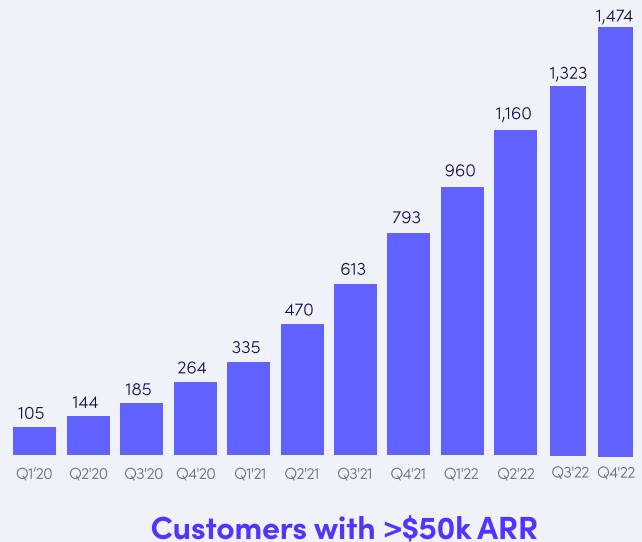
## New customer win with leading global bank

We are excited to announce that one of the world's leading banks recently adopted monday.com. With their goal to move away from multiple work management and legacy communication tools, monday.com proved to be the best fit. Over 1,000 users have now adopted monday.com across the investment banking, wealth management, global technology, corporate risk, and audit teams, and are seeing the power of our Work OS in enabling collaboration and efficiency.

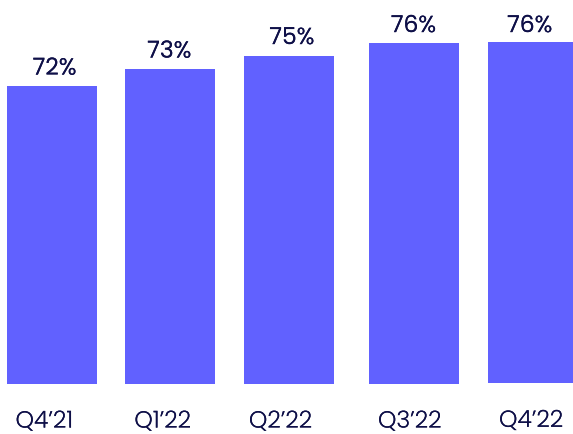


# Focus on the enterprise continues to deliver

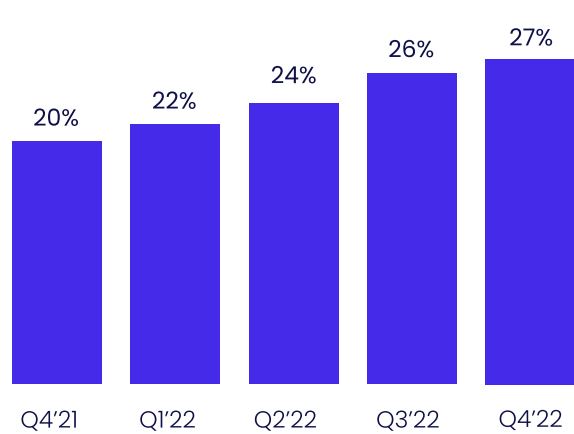
Our strong revenue growth in FY'22 continues to be led by enterprise customers. We finished the year with **1,474 enterprise customers, an 86% year-over-year increase.**



As we add more enterprise features and functionality to our products and build out our direct sales organization, we continue to expand more with enterprise customers. As of the fourth quarter, customers with 10+ users now represent 76% of Annual Recurring Revenue (ARR), up from 72% a year ago. Customers with more than \$50k in ARR now represent 27% of ARR, up from 20% a year ago.



**ARR % from customers with 10+ users**



**ARR % from customers with >\$50k ARR**

# Enhancing our partner ecosystem

Our marketplace and partnerships continue to be major growth drivers, increasing our ability to serve all types of organizations across virtually any industry.



## Joining forces with Appfire

We are excited to announce a new partnership with Appfire, the world's largest enterprise collaboration app provider, to expand the monday.com app marketplace. With a track record of creating easy-to-use, powerful, and reliable apps for the world's most reputable tech companies, Appfire will allow us to build on our strong foundation and take our marketplace to the next level.

In addition to releasing apps on the monday.com app marketplace, Appfire will work with us to build and develop new apps that meet the growing needs of the monday.com community. This will include apps that help distributed teams collaborate, plan, visualize, deliver, and track their work.

**185**

active channel partners

**566**

new referral partners in Q4

**217**

marketplace apps customers use to tailor the Work OS to their needs

**61**

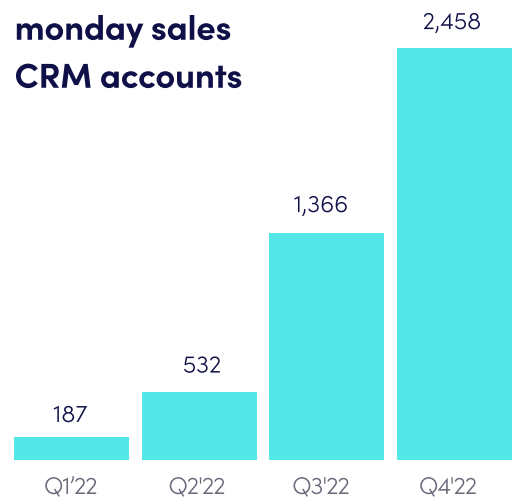
monetized apps in the marketplace

# monday sales CRM

monday sales CRM continues to make major progress – both in terms of customer adoption and product capabilities.

The rapid growth and strong customer feedback has been amazing. Currently, monday sales CRM is only available to new monday.com customers, and we finished FY'22 with 2,458 new monday sales CRM accounts.

## monday sales CRM accounts



Customers tell us they love monday sales CRM as it is more customizable and easier to use than traditional CRM tools. As we begin to slowly roll out monday sales CRM to our existing customers, we remain focused on adding more powerful features and functionality to make it the best CRM in the industry. In Q4'22, this included improved UI/UX functionality, enhanced email integrations and new reporting capabilities.



# Establishing the 'CRO Organization'

As we grow, we are focused on ensuring that our teams are working efficiently and collaboratively across departments. As a result, we announced the promotion of Yoni Osherov to Chief Revenue Officer (CRO), making him the first person to hold this title at the company.

In his new role, Yoni oversees all customer-facing teams, amounting to over half of the company, including sales, customer experience, marketing, customer success, and partners.

The establishment of the 'CRO organization' will ensure that the customer's experience is seamless – from the moment they begin using monday.com and throughout their growth trajectory.



**Yoni Osherov**  
Chief Revenue  
Officer



# Making a digital difference

In the aftermath of Hurricane Ian, our teams helped CADENA International set up efficient humanitarian aid systems. Through this effort, we also supported affected monday.com employees and their families, as well as matched employee donations to local NGOs.



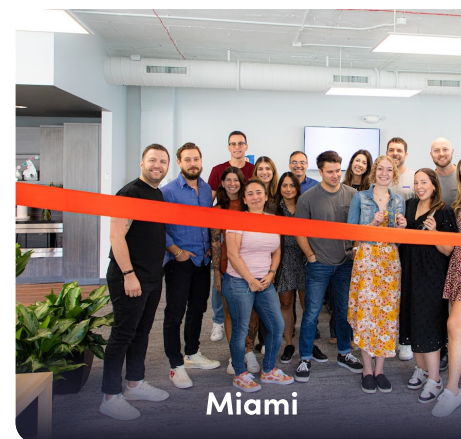
In November 2022, we created a one-stop shop to support nonprofits' GivingTuesday operations. This included providing nonprofits with a monday.com GivingTuesday campaign management template, training webinars, and grants of \$2,500 to fund the software and consulting services needed for their campaigns. Additionally, we held a contest in partnership with other companies to award \$5,000 to three nonprofits with the most innovative and compelling social media GivingTuesday campaigns.



# Nurturing an award-winning place to work

As of the end of FY'22, we have 1,549 employees around the world, an incredible 46% increase from last year. To support our growing employee base, we continued to grow our offices around the world in 2022, with expanded offices in New York and London, and new locations in Chicago, Miami and Tokyo. In addition, in January 2023 we opened a new office in Denver.

Even as we grow, maintaining our culture of ownership and transparency is a top priority. This effort was recognized by Dun & Bradstreet, which named monday.com to its 2022 Dun's 100 rankings for Best High Tech Companies to Work For, as well as its High Tech Company lists for Best Companies to Work for Parents and Best Companies Promoting Community Service Policy in Israel. Built In also named us one of the Best Places to Work in the U.S. 2023 in New York City, San Francisco, Austin, Chicago, Colorado, Houston, and Miami.





**Eliran Glazer**  
CFO

# Financial highlights

We reported another quarter of strong growth in Q4'22, supported by increasing customer demand for the monday.com Work OS and our product suite. We continued to improve our customer acquisition efficiency in the quarter, and reported positive adjusted free cash flow and non-GAAP operating income.

## Fourth quarter fiscal year 2022

<b>GAAP Results</b>	<b>Q4'22 Actual</b>	<b>Q4'21 Actual</b>	<b>Diff.</b>	<b>Diff. %</b>
<b>Revenue</b>	<b>149.9</b>	<b>95.5</b>	<b>54.4</b>	<b>57%</b>
Gross profit	132.6	83.8	48.8	58%
<b>Gross margin</b>	<b>88%</b>	<b>88%</b>		
R&D	32.6	22.0	10.6	48%
As % of revenue	22%	23%		
S&M	88.4	76.5	11.9	15%
As % of revenue	59%	80%		
G&A	21.7	16.9	4.8	29%
As % of revenue	14%	18%		
<b>Total operating expenses</b>	<b>142.7</b>	<b>115.4</b>	<b>27.3</b>	<b>24%</b>
<b>Operating loss</b>	<b>(10.1)</b>	<b>(31.6)</b>	<b>21.5</b>	<b>68%</b>
<b>Operating margin</b>	<b>(7%)</b>	<b>(33%)</b>		

<b>Non-GAAP Results</b>	<b>Q4'22 Actual</b>	<b>Q4'21 Actual</b>	<b>Diff.</b>	<b>Diff. %</b>
Gross profit	134.9	86.0	48.9	57%
<b>Gross margin</b>	<b>90%</b>	<b>90%</b>		
R&D	24.7	15.4	9.3	60%
As % of revenue	16%	16%		
S&M	80.9	69.4	11.5	17%
As % of revenue	54%	73%		
G&A	15.0	11.1	3.9	35%
As % of revenue	10%	12%		
<b>Total operating expenses</b>	<b>120.6</b>	<b>95.9</b>	<b>24.7</b>	<b>26%</b>
<b>Operating income (loss)</b>	<b>14.3</b>	<b>(9.9)</b>	<b>24.2</b>	<b>244%</b>
<b>Operating margin</b>	<b>10%</b>	<b>(10%)</b>		

A reconciliation of GAAP to non-GAAP measures is provided in the tables at the end of this document.

# Financial highlights

FY'22 was an outstanding year for the company. We grew revenue 68% year-over-year, delivered our second consecutive year of positive free cash flow, and for the first time reported positive quarterly adjusted operating income. Our performance in the year gives us even more confidence in our ability to drive meaningful growth in FY'23 and beyond.

## Fiscal year 2022

GAAP Results	FY'22 Actual	FY'21 Actual	Diff.	Diff. %
<b>Revenue</b>	<b>519.0</b>	<b>308.2</b>	<b>210.8</b>	<b>68%</b>
Gross profit	452.5	269.1	183.4	68%
<b>Gross margin</b>	<b>87%</b>	<b>87%</b>		
R&D	127.0	73.7	53.3	72%
As % of revenue	24%	24%		
S&M	392.1	268.1	124.0	46%
As % of revenue	76%	87%		
G&A	85.4	53.5	31.9	60%
As % of revenue	16%	17%		
<b>Total operating expenses</b>	<b>604.5</b>	<b>395.3</b>	<b>209.2</b>	<b>53%</b>
<b>Operating loss</b>	<b>(152.0)</b>	<b>(126.1)</b>	<b>(25.9)</b>	<b>(21%)</b>
<b>Operating margin</b>	<b>(29%)</b>	<b>(41%)</b>		

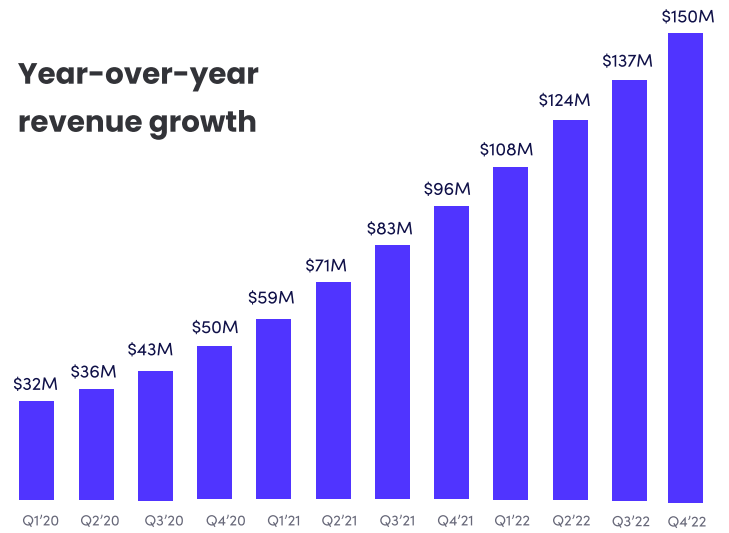
Non-GAAP Results	FY'22 Actual	FY'21 Actual	Diff.	Diff. %
Gross profit	462.9	276.8	186.1	67%
<b>Gross margin</b>	<b>89%</b>	<b>90%</b>		
R&D	94.1	51.9	42.2	81%
As % of revenue	18%	17%		
S&M	358.6	244.9	113.7	46%
As % of revenue	69%	79%		
G&A	57.3	32.6	24.7	76%
As % of revenue	11%	11%		
<b>Total operating expenses</b>	<b>510.0</b>	<b>329.4</b>	<b>180.6</b>	<b>55%</b>
<b>Operating loss</b>	<b>(47.1)</b>	<b>(52.6)</b>	<b>5.5</b>	<b>10%</b>
<b>Operating margin</b>	<b>(9%)</b>	<b>(17%)</b>		

A reconciliation of GAAP to non-GAAP measures is provided in the tables at the end of this document.

# Total revenue

Total revenue came in at \$149.9 million in Q4'22, up 57% from the year ago quarter, and at \$519.0 million in FY'22, up 68% from the prior year. Excluding the impact of foreign exchange (FX), revenue grew 60% year-over-year in Q4'22, and 71% year-over-year in FY'22.

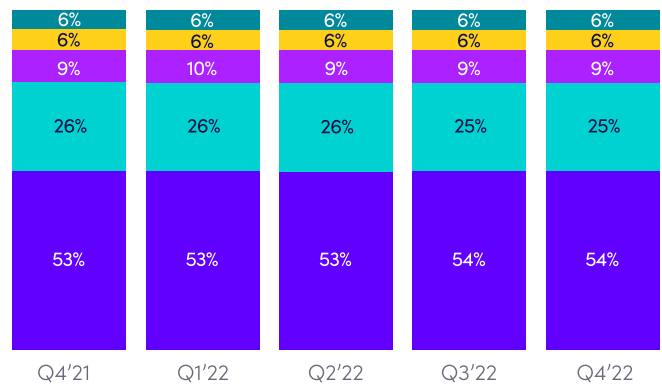
## Year-over-year revenue growth



# Revenue by geography

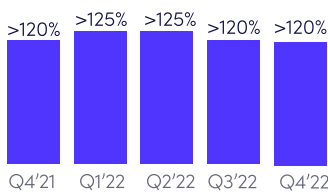
- Middle East & Africa
- Latin America
- Asia-Pacific
- Europe
- North America

## % of revenue

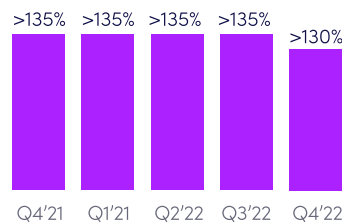


# Net dollar retention rate

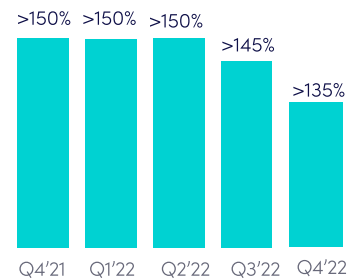
NDR for all customers



NDR for customers with 10+ users



NDR for customers with more than \$50K ARR



Our overall net dollar retention rate (NDR) remained steady in Q4'22, reflecting our focus on the organizations with the highest expansion potential, and continued resilience through a more challenging macroeconomic environment. We experienced a decline in NDR for our larger customers, reflecting slower seat expansion in the upmarket. As a reminder, our NDR is a trailing four-quarter, weighted average calculation.

# Margin and operating expenses

(NON-GAAP)

Research and development expense was \$24.7 million in Q4'22, or 16% of revenue, in-line with the year ago quarter, and \$94.1 million in FY'22, or 18% of revenue, up from 17% in the prior year. We plan to invest significantly in R&D in FY23 as we build out our product suite and scale our Work OS platform both horizontally and vertically.

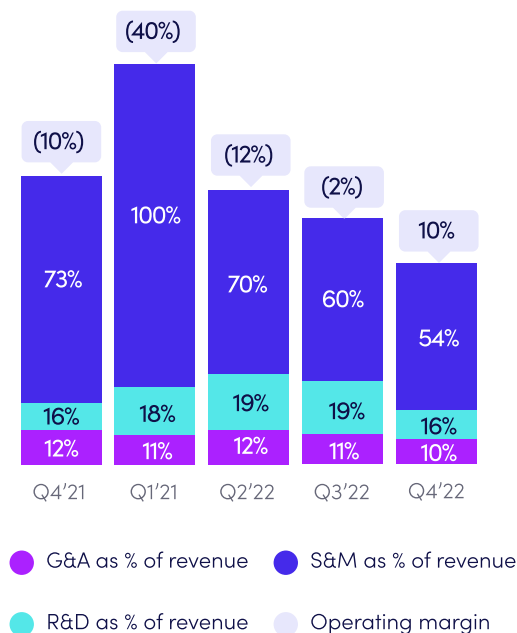
Sales and marketing expense was \$80.9 million in Q4'22, or 54% of revenue, compared to 73% in the year ago quarter, and \$358.6 million in FY'22, or 69% of revenue, compared to 79% in the prior year.

G&A expense was \$15.0 million in Q4'22, or 10% of revenue, compared to 12% in the year ago quarter, and \$57.3 million in FY'22, or 11% of revenue, in-line with the prior year.

Operating income was \$14.3 million in Q4'22, up from a loss of (\$9.9) million in the year ago quarter. Operating loss was (\$47.1) million in FY'22, up from (\$52.6) million in the prior year. Operating margin was positive 10% in Q4'22 and negative 9% in FY'22.

Net income (loss) was \$22.2 million in Q4'22, and (\$33.4) million in FY'22. Diluted net income (loss) per share was \$0.44 in Q4'22, and (\$0.73) in FY'22, based on 50.4 million and 45.8 million fully diluted shares outstanding, respectively.

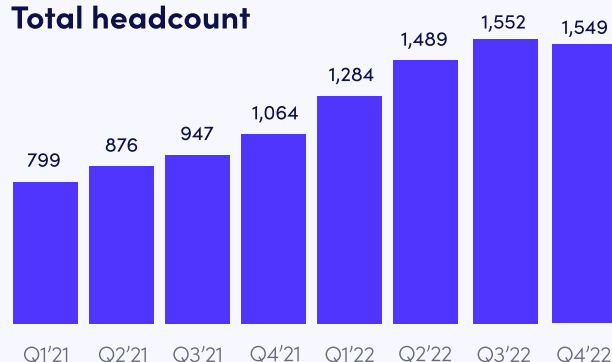
% of revenue



## Headcount

Total employee headcount was 1,549, a decline of three employees since Q3'22. Looking to next year, as we continue to build out our platform and product suite, we expect to continue hiring for our R&D and Product teams.

Total headcount



# Balance sheet

Cash and cash equivalents increased to \$885.9 million at the end of Q4'22, up from \$852.6 million at the end of Q3'22.



# Adjusted free cash flow

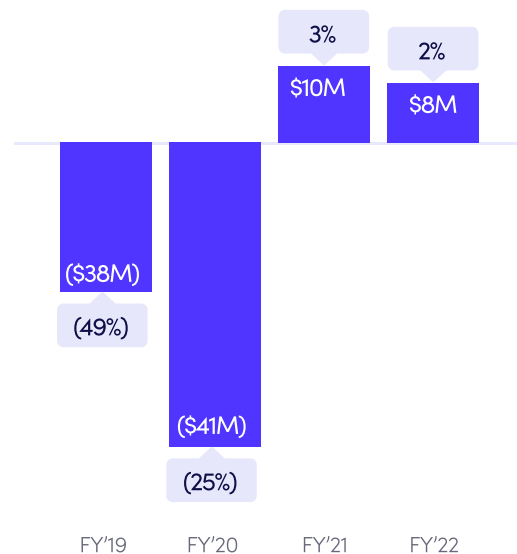
(NON-GAAP)

In Q4'22, adjusted free cash flow was \$29.7 million and adjusted free cash flow margin, as defined as adjusted free cash flow as a percentage of revenue, was 20%. In FY'22, adjusted free cash flow was \$8.1 million and adjusted free cash flow margin was 2%.

FY'22 marks our second consecutive year being adjusted free cash flow positive, and we expect to again be adjusted free cash flow positive in FY'23. Our goal remains to have sustainable positive adjusted free cash flow by the second half of FY'23.

Adjusted free cash flow is defined as net cash from operating activities, less cash used for property and equipment and capitalized software costs, excluding non-recurring items.

Adjusted free cash flow



● Adjusted free cash flow margin

# Financial guidance

	Q1 FY 2023	FY 2023
<b>Revenue</b>	\$154-\$156 million	\$688-\$693 million
Y/Y growth %	42%-44%	33% - 34%
<b>Non-GAAP operating loss</b>	(\$19)-(\$17) million	(\$36)-(\$32) million
Margin %	(13%)-(12%)	~(5%)

For the first quarter of fiscal year 2023, we expect our revenue to be in the range of \$154 million to \$156 million, representing growth of 42% to 44% year-over-year. We expect a non-GAAP operating loss of \$19 million to \$17 million and a negative operating margin of 13% to 12%.

For the full year 2023, we expect revenue to be in the range of \$688 million to \$693 million, representing growth of 33% to 34% year-over-year. We expect a full year non-GAAP operating loss of \$36 million to \$32 million and a negative operating margin of approximately 5%.

# MONDAY.COM LTD

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	(audited)
<b>Revenue</b>	\$ 149,921	\$ 95,545	\$ 519,029	\$ 308,150
Cost of revenue	17,359	11,768	66,528	39,013
<b>Gross profit</b>	<b>132,562</b>	<b>83,777</b>	<b>452,501</b>	<b>269,137</b>
<b>Operating expenses:</b>				
Research and development	32,560	21,959	127,047	73,686
Sales and marketing	88,385	76,535	392,068	268,083
General and administrative	21,717	16,881	85,401	53,493
<b>Total operating expenses</b>	<b>142,662</b>	<b>115,375</b>	<b>604,516</b>	<b>395,262</b>
<b>Operating loss</b>	<b>(10,100)</b>	<b>(31,598)</b>	<b>(152,015)</b>	<b>(126,125)</b>
Financial income (expense), net	11,137	147	22,554	(838)
Income (loss) before income taxes	1,037	(31,451)	(129,461)	(126,963)
Income tax	(2,525)	(1,154)	(7,406)	(2,331)
<b>Net loss</b>	<b>\$ (1,488)</b>	<b>\$ (32,605)</b>	<b>\$ (136,867)</b>	<b>\$ (129,294)</b>
Deemed dividend to preferred shareholders	-	-	-	(8,203)
Net loss attributable to ordinary shareholders	\$ (1,488)	\$ (32,605)	\$ (136,867)	\$ (137,497)
<b>Net loss per share attributable to ordinary shareholders, basic and diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.73)</b>	<b>\$ (2.99)</b>	<b>\$ (4.53)</b>
Weighted-average ordinary shares used in calculating net loss per ordinary share, basic and diluted	47,659,154	44,741,992	45,804,714	30,332,006

# MONDAY.COM LTD

## CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	December 31, 2022 (unaudited)	December 31, 2021 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 885,894	\$ 886,812
Accounts receivable, net	13,226	8,509
Prepaid expenses and other current assets	24,725	18,172
<b>Total current assets</b>	<b>923,845</b>	<b>913,493</b>
<b>LONG TERM-ASSETS:</b>		
Property and equipment, net	34,416	19,599
Operating lease right-of-use assets	80,197	-
Other long-term assets	585	100
<b>Total long-term assets</b>	<b>115,198</b>	<b>19,699</b>
<b>Total assets</b>	<b>\$ 1,039,043</b>	<b>\$ 933,192</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 7,335	\$ 23,612
Accrued expenses and other current liabilities	73,706	70,135
Deferred revenue, current	198,099	134,438
Operating lease liabilities, current	19,083	-
<b>Total current liabilities</b>	<b>298,223</b>	<b>228,185</b>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liabilities, non-current	58,638	-
Deferred revenues, non-current	2,442	1,612
<b>Total long-term liabilities</b>	<b>61,080</b>	<b>1,612</b>
<b>Total liabilities</b>	<b>359,303</b>	<b>229,797</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Other comprehensive income (loss)	(3,210)	594
Share capital and additional paid-in capital	1,265,477	1,148,461
Accumulated deficit	(582,527)	(445,660)
<b>Total shareholders' equity</b>	<b>679,740</b>	<b>703,395</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,039,043</b>	<b>\$ 933,192</b>

# MONDAY.COM LTD

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	(audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	\$ (1,488)	\$ (32,605)	\$ (136,867)	\$ (129,294)
<u>Adjustments to reconcile net loss to net cash provided by operating activities:</u>				
Depreciation and amortization	3,183	963	8,567	2,746
Capital loss from sale of property and equipment	—	10	—	76
Share-based compensation	24,378	21,669	104,920	73,529
Change in accrued interest on revolving credit facility	—	—	—	(16)
<u>Changes in operating assets and liabilities:</u>				
Accounts receivable, net	1,240	(1,551)	(4,717)	(4,598)
Prepaid expenses and other assets	4,147	(2,303)	6,490	(13,335)
Accounts payable	678	3,053	(16,072)	(2,040)
Accrued expenses and other liabilities, net	(7,601)	6,753	326	24,915
Deferred revenue	9,544	17,527	64,491	64,372
<b>Net cash provided by operating activities</b>	<b>34,081</b>	<b>13,516</b>	<b>27,138</b>	<b>16,355</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	(3,760)	(2,974)	(16,003)	(11,578)
Capitalized software development costs	(656)	(432)	(2,998)	(2,180)
Proceeds from sale of property and equipment	—	105	—	129
Changes in short-term deposits	—	—	—	10,000
<b>Net cash used in investing activities</b>	<b>(4,416)</b>	<b>(3,301)</b>	<b>(19,001)</b>	<b>(3,629)</b>

# MONDAY.COM LTD

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

(U.S. dollars in thousands)

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	(audited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from initial public offering and concurrent private placement, net of underwriting discounts and other issuance costs	—	—	—	735,856
Proceeds from exercise of share options and employee share purchase plan	3,904	1,661	12,181	5,249
Repayment of revolving credit facility, net	—	—	—	(21,000)
Receipt of tax advance relating to exercises of share options and RSUs, net	(220)	(1,265)	(21,152)	22,258
Capital lease payments	(23)	(19)	(84)	(91)
<b>Net cash provided by (used in) financing activities</b>	<b>3,661</b>	<b>377</b>	<b>(9,055)</b>	<b>742,272</b>
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	33,326	10,592	(918)	754,998
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – Beginning of period	852,568	876,220	886,812	131,814
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH – End of period</b>	<b>\$ 885,894</b>	<b>\$ 886,812</b>	<b>\$ 885,894</b>	<b>\$ 886,812</b>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEET:</b>				
Cash and cash equivalents	\$ 885,894	\$ 886,812	\$ 885,894	\$ 886,812
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 885,894</b>	<b>\$ 886,812</b>	<b>\$ 885,894</b>	<b>\$ 886,812</b>

# MONDAY.COM LTD

## Reconciliation of GAAP to Non-GAAP Financial Information

(U.S. dollars in thousands)

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
<u>Reconciliation of gross profit and gross margin</u>				
GAAP gross profit	\$ 132,562	\$ 83,777	\$ 452,501	\$ 269,137
Share-based compensation	2,367	2,210	10,406	7,681
Non-GAAP gross profit	\$ 134,929	\$ 85,987	\$ 462,907	\$ 276,818
GAAP gross margin	88%	88%	87%	87%
<b>Non-GAAP gross margin</b>	<b>90%</b>	<b>90%</b>	<b>89%</b>	<b>90%</b>
<u>Reconciliation of operating expenses</u>				
GAAP research and development	\$ 32,560	\$ 21,959	\$ 127,047	\$ 73,686
Share-based compensation	(7,845)	(6,554)	(32,957)	(21,779)
<b>Non-GAAP research and development</b>	<b>\$ 24,715</b>	<b>\$ 15,405</b>	<b>\$ 94,090</b>	<b>\$ 51,907</b>
GAAP sales and marketing	\$ 88,385	\$ 76,535	\$ 392,068	\$ 268,083
Share-based compensation	(7,466)	(7,117)	(33,457)	(23,135)
<b>Non-GAAP sales and marketing</b>	<b>\$ 80,919</b>	<b>\$ 69,418</b>	<b>\$ 358,611</b>	<b>\$ 244,948</b>
GAAP general and administrative	\$ 21,717	\$ 16,881	\$ 85,401	\$ 53,493
Share-based compensation	(6,700)	(5,788)	(28,100)	(20,934)
<b>Non-GAAP general and administrative</b>	<b>\$ 15,017</b>	<b>\$ 11,093</b>	<b>\$ 57,301</b>	<b>\$ 32,559</b>
<u>Reconciliation of operating income (loss)</u>				
GAAP operating loss	\$ (10,100)	\$ (31,598)	\$ (152,015)	\$ (126,125)
Share-based compensation	24,378	21,669	104,920	73,529
Non-GAAP operating income (loss)	\$ 14,278	\$ (9,929)	\$ (47,095)	\$ (52,596)
GAAP operating margin	(7%)	(33%)	(29%)	(41%)
Non-GAAP operating margin	10%	(10%)	(9%)	(17%)

# MONDAY.COM LTD

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

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
<u>Reconciliation of net income (loss)</u>				
GAAP net loss	\$ (1,488)	\$ (32,605)	\$ (136,867)	\$ (129,294)
Share-based compensation	24,378	21,669	104,920	73,529
Tax benefit related to share-based compensation <sup>(1)</sup>	(688)	(780)	(1,431)	(3,069)
Non-GAAP net income (loss)	\$ 22,202	\$ (11,716)	\$ (33,378)	\$ (58,834)
<u>Reconciliation of net income (loss) attributable to ordinary shareholders</u>				
GAAP net loss attributable to ordinary shareholders	\$ (1,488)	\$ (32,605)	\$ (136,867)	\$ (137,497)
Deemed dividend to preferred shareholders	—	—	—	8,203
Share-based compensation	24,378	21,669	104,920	73,529
Tax benefit related to share-based compensation <sup>(1)</sup>	(688)	(780)	(1,431)	(3,069)
Non-GAAP net income (loss)	\$ 22,202	\$ (11,716)	\$ (33,378)	\$ (58,834)
GAAP net loss per share attributable to ordinary shareholders', basic and diluted	\$ (0.03)	\$ (0.73)	\$ (2.99)	\$ (4.53)
Non-GAAP net income (loss) per share, basic	\$ 0.47	\$ (0.26)	\$ (0.73)	\$ (1.33)
Non-GAAP net income (loss) per share, diluted	\$ 0.44	\$ (0.26)	\$ (0.73)	\$ (1.33)
<u>Reconciliation of basic and diluted weighted average number of shares outstanding</u>				
Weighted average number of ordinary shares outstanding used in computing basic and diluted net loss per share (GAAP)	47,659,154	44,741,992	45,804,714	30,332,006
Additional shares giving effect to IPO and concurrent private placement <sup>(2)</sup>	—	—	—	2,226,182
Additional shares giving effect to conversion of convertible preferred shares at the beginning of the period <sup>(3)</sup>	—	—	—	11,662,681
Weighted average number of ordinary shares outstanding used in computing basic net income (loss) per share (Non-GAAP)	47,659,154	44,741,992	45,804,714	44,220,869
Dilution from share options and RSUs <sup>(4)</sup>	2,718,269	—	—	—
Weighted average number of ordinary shares outstanding used in computing diluted net income (loss) per share (Non-GAAP)	50,377,423	44,741,992	45,804,714	44,220,869

(1) The tax benefits generated from the exercise of the disqualifying disposition of incentive share options were excluded in calculating its non-GAAP net income (loss) and non-GAAP basic and diluted net income (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 fiscal year ending December 31, 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.

(4) The effect of these dilutive shares were not included in the GAAP calculation of diluted net loss per share for the years ended December 31, 2022 and 2021 and three months ended December 31, 2021, because the effect would have been anti-dilutive.

## MONDAY.COM LTD

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

The following table reconciles our quarterly reported year-over-year revenue growth rates to the non-GAAP measure of FX adjusted year-over-year revenue growth rates which excludes the impact of foreign currency. The company believes FX adjusted growth rates provide a useful framework for assessing our business performance excluding the effects of foreign currency rates fluctuations. The impact of foreign currency is determined by calculating the current year result using foreign exchange rates consistent with the prior year:

	Three months ended				Year ended
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2022
			(unaudited)		
<b>Revenue growth as reported</b>	<b>57%</b>	<b>65%</b>	<b>75%</b>	<b>84%</b>	<b>68%</b>
Impact of foreign currency	3%	3%	2%	1%	3%
<b>Revenue growth, FX adjusted</b>	<b>60%</b>	<b>68%</b>	<b>77%</b>	<b>85%</b>	<b>71%</b>

## MONDAY.COM LTD

### Reconciliation of net cash provided by operating activities to adjusted free cash flow

(U.S. dollars in thousands)

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Net cash provided by operating activities	\$ 34,081	\$ 13,516	\$ 27,138	\$ 16,355
Purchase of property and equipment	(3,760)	(2,974)	(16,003)	(11,578)
Capitalized software development costs	(656)	(432)	(2,998)	(2,180)
Purchase of property and equipment related to build-out of our new corporate headquarters	—	—	—	7,303
<b>Adjusted free cash flow</b>	<b>\$ 29,665</b>	<b>\$ 10,110</b>	<b>\$ 8,137</b>	<b>\$ 9,900</b>
Adjusted free cash flow margin	20%	11%	2%	3%

## MONDAY.COM LTD

### Reconciliation of net cash provided by operating activities to adjusted free cash flow

(U.S. dollars in thousands)

	Three months ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Net cash provided by (used in) operating activities	\$ 34,081	\$ 20,030	\$ (14,061)	\$ (12,912)	\$ 13,516
Purchase of property and equipment	(3,760)	(5,339)	(4,550)	(2,354)	(2,974)
Capitalized software development costs	(656)	(732)	(684)	(926)	(432)
Purchase of property and equipment related to build-out of our new corporate headquarters	—	—	—	—	—
<b>Adjusted free cash flow</b>	<b>\$ 29,665</b>	<b>\$ 13,959</b>	<b>\$ (19,295)</b>	<b>\$ (16,192)</b>	<b>\$ 10,110</b>
Adjusted free cash flow margin	20%	10%	(16%)	(15%)	11%

## Forward-looking statements

This shareholder letter 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 limited operating history, fluctuations in operating results, and the fact that we derive a majority of revenues from a single product; our history of net losses and risks related to our ability to achieve or maintain profitability and manage our growth or business plan effectively; foreign currency exchange rate fluctuations; real or perceived errors, failures, vulnerabilities or bugs or interruptions or performance problems in the technology or infrastructure underlying our platform; our ability to attract customers, grow our retention rates and expand usage within organizations; risks related to our subscription-based business model; our ability to offer high-quality customer support and consistent sales strategies; our ability to enhance our reputation, brand, and market awareness of our products; risks related to international operations; difficulties in integration of partnerships, acquisitions and alliances; risks associated with environmental and social responsibility; our ability to attract and retain highly skilled employees; our ability to raise additional capital or generate cash flows necessary to grow our business; our ability to generate new capabilities to compete in a market that is new and rapidly changing; uncertain global economic conditions; the ability of our Work OS to interoperate with a variety of software applications; our dependence on third parties for web engine searches, the maintenance of our infrastructure, the hosting of our platform, and mobile application distribution; risks related to security disruptions, unauthorized system access and evolving privacy laws and regulations; the novelty of our Digital Lift Initiative; changes in tax law and regulations; our ability to maintain, protect or enforce our intellectual property rights or risks related to claims that we infringe the intellectual property rights of others; risks related to our use of open-source software; risks related to our founder shares that provide certain veto rights; risks related to our status as a foreign private issuer located in Israel; our expectation not to pay dividends for the foreseeable future; 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, 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 shareholder letter represent monday.com’s views as of the date of this letter. 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 letter.

## Earnings Webcast

monday.com will hold a [public webcast](#) at 8:30 a.m. ET today to discuss the results for its fourth quarter and fiscal year 2022 and financial outlook. The live call may also be accessed via telephone at (855) 979-6654 or +1 (646) 664-1960 (outside the U.S.). Please reference conference ID: 645330. An archived webcast can be accessed from the News & Events section of monday.com's Investor Relations website following the call.

## About monday.com

The monday.com Work OS is a low code-no code 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 offices in Tel Aviv, New York, Miami, Chicago, Denver, London, Warsaw, Sydney, Melbourne, São Paulo, and Tokyo. The platform is fully customizable to suit any business vertical and is currently used by over 186,000 customers across over 200 industries in over 200 countries and territories.

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