monday.com

Q4 | 2023

Shareholder Letter



Financial highlights

Fourth quarter and fiscal year 2023

	Q4 FY 2023	FY 2023
Revenue	**$202.6M** 35% Y/Y Growth	**$729.7M** 41% Y/Y Growth
Gross margin non-gaap	**90%**	**90%**
Operating margin non-gaap	**10%**	**8%**
Free cash flow margin non-gaap	**27%**	**28%**

Total customers*

225,231

+21% Y/Y growth

Net dollar retention rate (NDR)*

110%

for all customers

Financial outlook

Q1 FY 2024

Revenue

$207M - $211M

28% - 30% Y/Y growth

Non-GAAP operating income

$8M - $12M

4% - 6% margin

Free cash flow

$56M - $60M

27% - 29% margin

FY 2024

Revenue

$926M - $932M

27% - 28% Y/Y growth

Non-GAAP operating income

$58M - $64M

6% - 7% margin

Free cash flow

$200M - $206M

~22% margin

*Metrics as of the end of the quarter ended December 31, 2023

From the CEOs

Fellow shareholders,

As we reflect on our recent Elevate world tour, including our first-ever Investor Day, we are filled with an incredible sense of energy and purpose as we embark on 2024. The events were a resounding success, bringing together customers, analysts and investors from around the world.

Our Elevate world tour provided us an opportunity to connect with our users, demo our latest AI and CRM product advancements, and gather valuable feedback. The enthusiasm and engagement displayed by our attendees were truly inspiring, reaffirming our commitment to delivering innovative products that empower teams to achieve their full potential.

Elevate'23 Conference
Videos

Investor Day
Webcast & Presentation


New York City



London



Sydney

Furthermore, the addition of our first-ever Investor Day was a significant milestone. It allowed us to showcase our progress, present our vision for the future, and highlight our expected financial performance in the coming years. The positive response we received from the investment community fuels our motivation and drive to reach new heights in the year ahead.

Strong finish to a remarkable 2023

2023 was a year of incredible growth and progress at monday.com. Despite the prevailing global economic and geopolitical uncertainties, we exceeded all expectations.

Revenue for fiscal year 2023 grew a remarkable 41% year-over-year, primarily driven by strong customer acquisition and expansion, especially with larger accounts. In addition to a strong top-line, we continue to see improving efficiency, and reported record annual non-gaap operating margin and free cash flow.

Empowering users with a next-level platform and product suite

Our commitment to innovation played a key role in our 2023 success. Over the past year, we launched new capabilities and delivered hundreds of new features, including monday AI and monday workflows. We also elevated our mobile experience and enhanced our security, data protection, and permission settings.

In 2023, we upgraded our infrastructure with mondayDB, which boosted board performance by up to 5x. mondayDB continues to exceed expectations and remains on schedule. We are now entering phase 2.0, with a focus on the most complex work scenarios, allowing customers to build and manage workflows at scale without being limited by performance constraints.

Updating pricing to align with enhanced value

Following several months of extensive testing, we recently introduced an updated pricing model ahead of schedule. As part of the rollout, we notified our customers that we will be updating list prices across our product suite – monday work management, monday sales CRM, and monday dev.

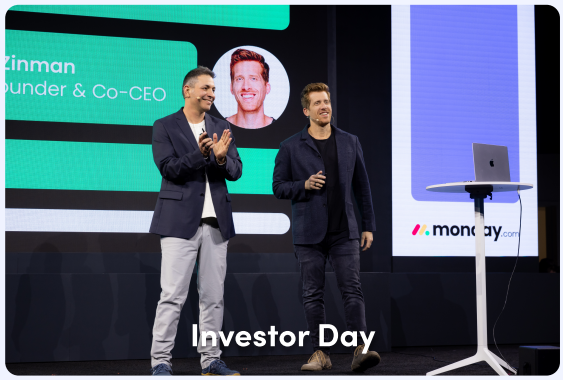
Our customers are at the heart of everything we do, and we've heavily invested in providing the best-in-class Work OS platform and products. We believe that our products have evolved to provide even greater benefits and meet the ever-changing needs of our customers. The updated prices reflect the value and quality that our products deliver, helping to ensure that our customers receive the best possible return on their investment.

Investing for the next stage of growth in 2024

As we enter 2024, we are more energized than ever to continue innovating and pushing the boundaries of what is possible. Our focus remains on enhancing our Work OS platform and product suite, expanding our enterprise presence, and delivering unparalleled value to our customers.

Looking ahead, we are well positioned to build on our achievements and continue our upward trajectory. With a strong customer base, a focus on innovation, and a resilient business model, monday.com is poised for sustained growth and success in the coming years.

Best,
Roy and Eran





Work OS platform enhancements

The Work OS platform is the cornerstone of our product architecture, made up of powerful low-code/no-code building blocks. We continue to invest heavily in the platform, and in Q4 launched several key features that further support the scale and maturity of all our Work OS products:

Enterprise-grade features



Tenant-level encryption & bring your own key

Encryption of data at-rest is now done while enabling customers to either encrypt their data using their own unique key or by bringing in their own key.



Supporting multiple SSO

Our multi-SSO capability enables the seamless integration of multiple-identity providers, enabling users with enhanced security and simplified user access management.

Scaling the platform



Increasing platform limits to support our largest accounts

Our biggest accounts are now even bigger, and since the launch of mondayDB we have continued to scale the WorkOS platform to support our largest accounts and most complex use cases. In 2023, we significantly increased the number of users, workspaces, boards, and items we are able to support. And we plan to continue to scale in 2024 to drive our ongoing expansion into the enterprise.

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.

219
active channel partners

612
new referral partners

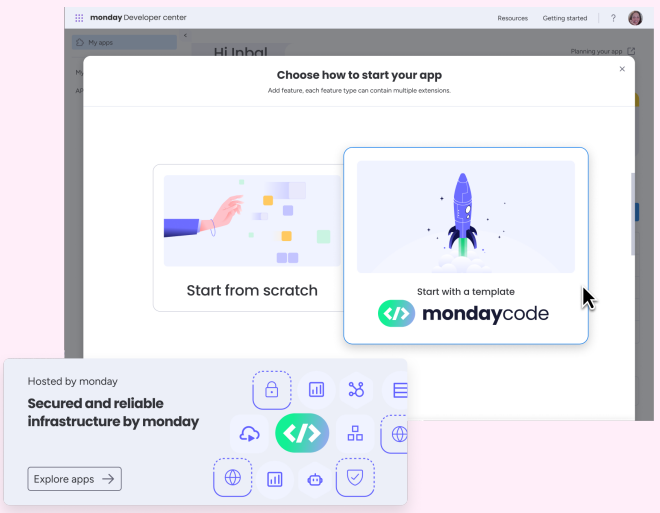
409
marketplace apps

236
apps collecting payments

monday_code

Streamlining app development and adoption for the enterprise

monday code provides a secure, serverless environment within the Work OS platform, where developers can host and run apps with monday.com's security and compliance standards built in. With monday code, developers are able to avoid the heavy lifting associated with setting up and managing production servers, allowing them to easily create apps that meet our customers' unique requirements.

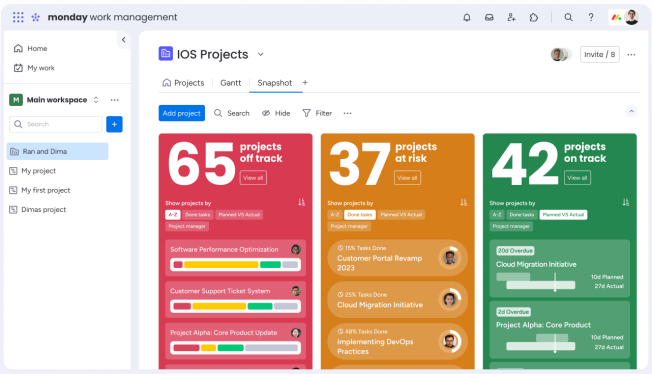


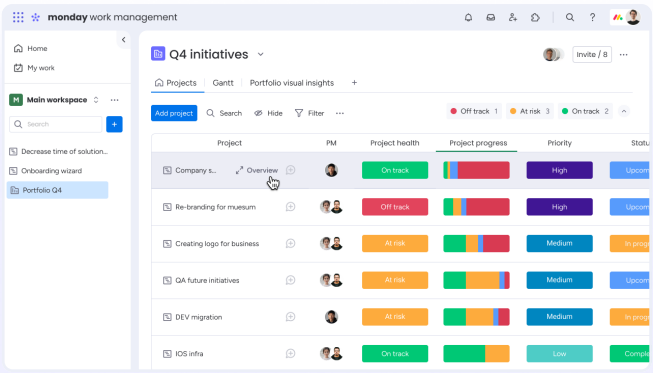
monday work management

Managing all aspects of work in one complete solution

Manage multiple projects with Portfolio

Portfolio enables users to automatically link projects to one combined portfolio. This gives project and portfolio managers a new level of control over their work, allowing them to easily see the status of their portfolios in a snapshot and identify bottlenecks that require action.





monday.com recognized as a Leader

in the December 2023 Gartner® Magic Quadrant™ for Collaborative Work Management, the first Magic Quadrant™ in this category

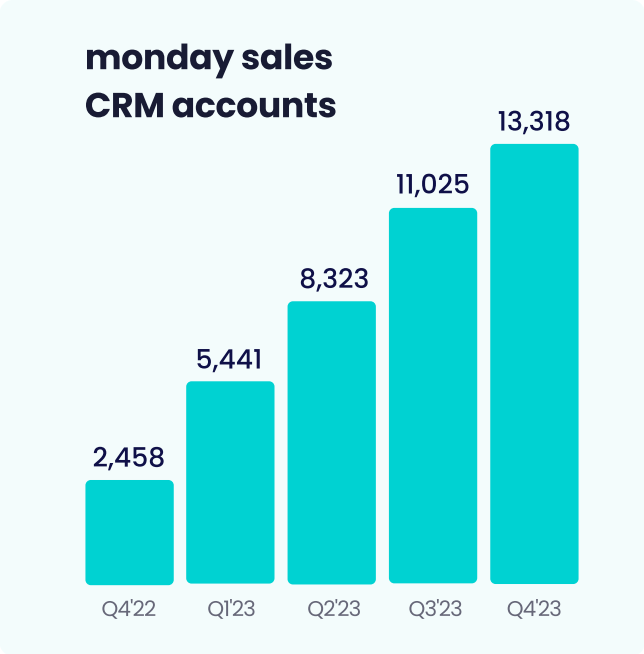
Gartner does not endorse any vendor, product or service depicted in its research publications and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. GARTNER and Magic Quadrant are registered trademarks and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and are used herein with permission. All rights reserved. The Gartner document is available upon request from monday.com. The Gartner content described herein, (the "Gartner Content") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Quarterly Shareholder Letter) and the opinions expressed in the Gartner Content are subject to change without notice.

monday sales CRM

Unlocking the power of CRM for all teams

Starting last year, we began opening monday sales CRM to a selection of our existing customer base. We continue to see strong demand for the product and expect it to be available to all customers by the end of Q1'24.

Total monday sales CRM accounts at the end of Q4 increased to **13,318, representing 21% growth from the prior quarter**.



Product enhancements

Accounts enrichment

Through a collaboration with Crunchbase, we've made prospecting significantly easier. Users can now enter the domain of a company in their Accounts board, and details including industry, description and number of employees will automatically appear.

Lead management - conditional status change

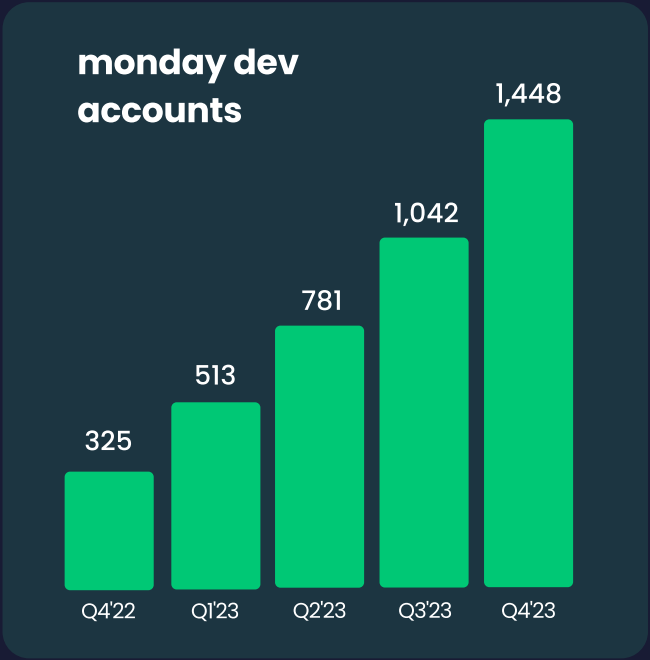
Board admins can now go into any status column and mandate that certain fields must be filled out before a user can change the status. This improves our customers' data hygiene and makes their processes more efficient by reducing missing records.

monday dev

Simplifying software development

Built on the user-friendly Work OS platform, monday dev empowers product and development teams with a comprehensive suite of tools, enabling them to seamlessly manage all development processes. We expect the product to be available to all customers by the end of Q1'24.

Total monday dev accounts at the end of Q4 grew to **1,448, representing 39% growth from the prior quarter**.



Product enhancements

Sprint automations

monday dev now includes unplanned detection with an "unplanned" column as a trigger for additional automations and workflows, which allows users to handle the unplanned state automatically.

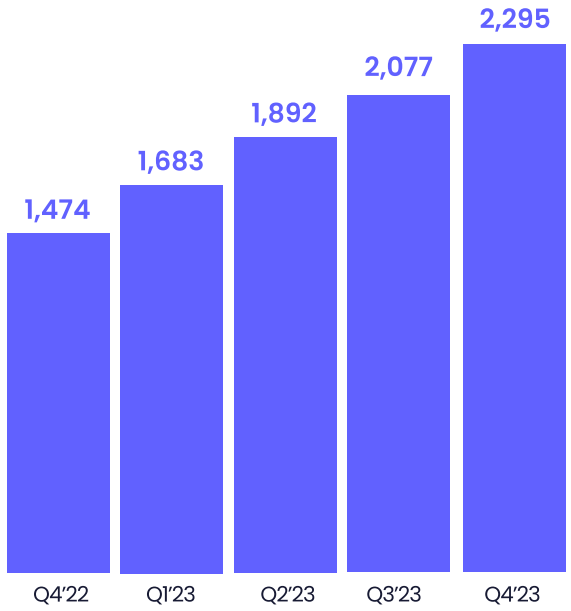
Task descriptions

We added a rich text editor at the item level for handling all requirements of a task, user story, and epic. In the rich text editor, users can add titles, bullet points, tables and more, making the requirements more readable for team members.

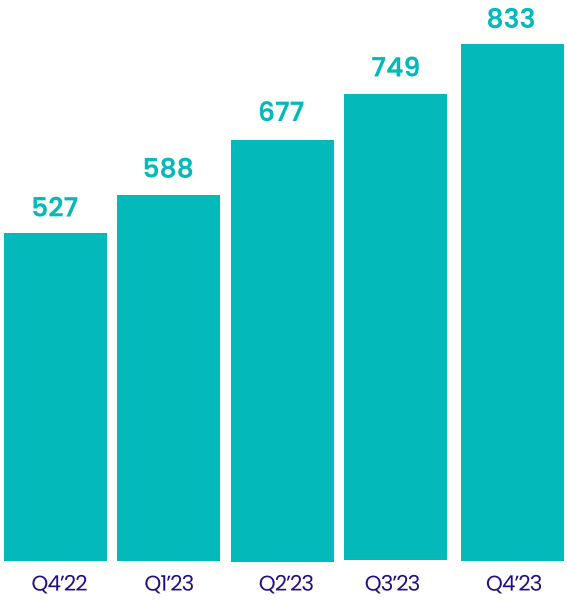
Burndown chart filters

Burndown charts are now more customizable, with users able to analyze the sprint based on specific team members, types of tasks, projects, and more.

Accelerating upmarket

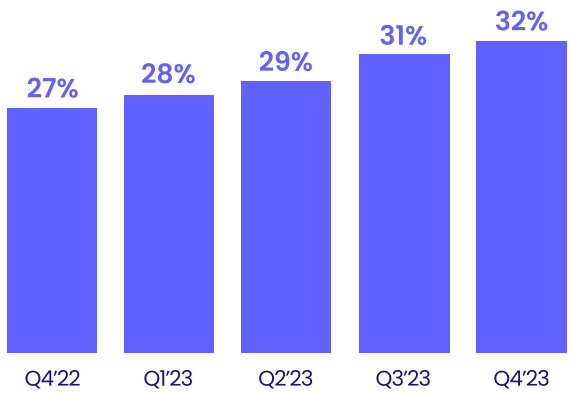


# of customers with >$50k ARR*

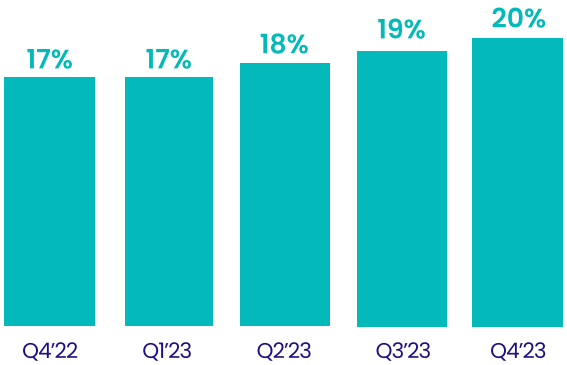


# of customers with >$100k ARR*

In FY'23, we added 821 enterprise customers (>$50k ARR), an acceleration from FY'22, in which we added 681. This growth was supported by our continued commitment to strengthening our enterprise-grade capabilities, including through the ongoing rollout of mondayDB.



% of ARR for customers with >$50k ARR*



% of ARR for customers with >$100k ARR*

Customers with more than $50k in ARR now represent 32% of ARR, up from 27% a year ago. Customers with more than $100k in ARR now represent 20% of ARR, up from 17% a year ago.

* Data as of the end of each quarter

Financial highlights



Eliran Glazer
CFO

Q4'23 marked another great quarter for monday.com, supported by robust customer demand for the monday.com Work OS and our product suite. We continued to drive sustainable growth in the quarter while delivering strong efficiency across the business.

Fourth quarter fiscal year 2023

(U.S. dollars in millions)

GAAP Results	Q4'23	Q4'22	Diff.	Diff. %
Revenue	**202.6**	**149.9**	**52.6**	**35%**
Gross profit	180.2	132.6	47.6	36%
Gross margin	**89%**	**88%**		
R&D	41.9	32.6	9.3	29%
As % of revenue	21%	22%		
S&M	114.9	88.4	26.5	30%
As % of revenue	57%	59%		
G&A	24.5	21.7	2.8	13%
As % of revenue	12%	14%		
Total operating expenses	**181.3**	**142.7**	**38.6**	**27%**
Operating loss	**(1.1)**	**(10.1)**	**9.0**	**89%**
Operating margin	**(1%)**	**(7%)**		

Non-GAAP Results	Q4'23	Q4'22	Diff.	Diff. %
Gross profit	181.8	134.9	46.8	35%
Gross margin	**90%**	**90%**		
R&D	33.3	24.7	8.6	35%
As % of revenue	16%	16%		
S&M	110.0	80.9	29.1	36%
As % of revenue	54%	54%		
G&A	17.3	15.0	2.2	15%
As % of revenue	9%	10%		
Total operating expenses	**160.6**	**120.7**	**39.9**	**33%**
Operating income	**21.2**	**14.3**	**6.9**	**48%**
Operating margin	**10%**	**10%**		

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

Financial highlights

FY'23 was an outstanding year for monday.com, with strong growth and record profitability, even in the face of macroeconomic challenges. We are highly confident in our ability to carry this momentum forward into FY'24 and beyond as we continue to focus on driving top-line growth and building market share.

Fiscal year 2023

(U.S. dollars in millions)

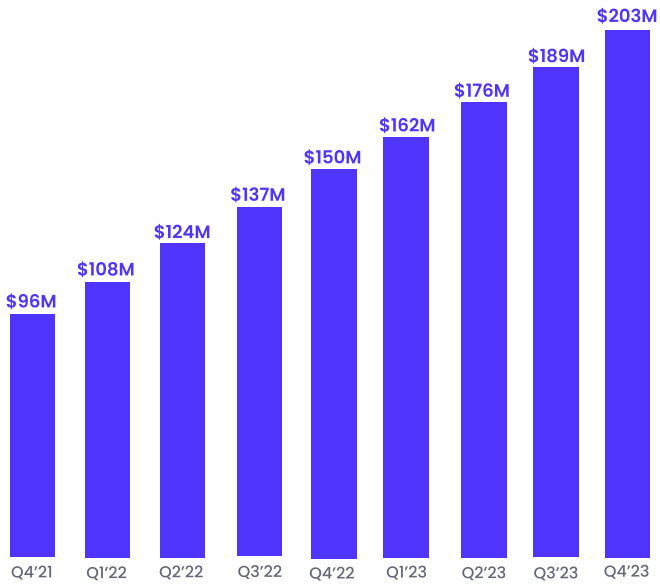
GAAP Results	FY'23	FY'22	Diff.	Diff. %
Revenue	**729.7**	**519.0**	**210.7**	**41%**
Gross profit	649.1	452.5	196.5	43%
Gross margin	**89%**	**87%**		
R&D	156.5	127.0	29.5	23%
As % of revenue	21%	24%		
S&M	438.4	392.1	46.3	12%
As % of revenue	60%	76%		
G&A	92.7	85.4	7.3	9%
As % of revenue	13%	16%		
Total operating expenses	**687.6**	**604.5**	**83.1**	**14%**
Operating loss	**(38.6)**	**(152.0)**	**113.4**	**75%**
Operating margin	**(5%)**	**(29%)**		

Non-GAAP Results	FY'23	FY'22	Diff.	Diff. %
Gross profit	655.4	462.9	192.5	42%
Gross margin	**90%**	**89%**		
R&D	117.8	94.1	23.7	25%
As % of revenue	16%	18%		
S&M	413.0	358.6	54.4	15%
As % of revenue	57%	69%		
G&A	63.0	57.3	5.7	10%
As % of revenue	9%	11%		
Total operating expenses	**593.8**	**510.0**	**83.8**	**16%**
Operating income (loss)	**61.6**	**(47.1)**	**108.7**	**231%**
Operating margin	**8%**	**(9%)**		

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

Total revenue

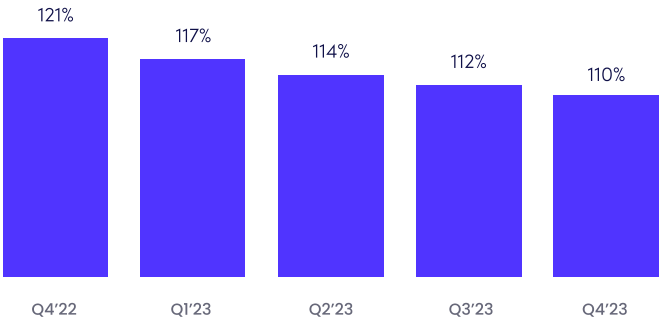
Total revenue came in at $202.6 million in Q4'23, up 35% from the year ago quarter, and at $729.7 million in FY'23, up 41% from the prior year.



Total revenue

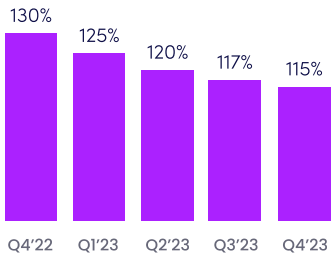
Net dollar retention rate

For all customers

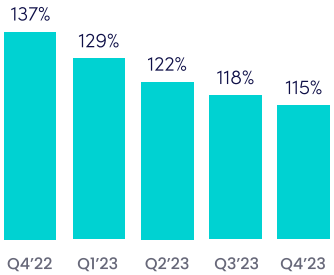


Our overall NDR declined slightly in Q4'23 to 110%. We anticipate reported NDR to begin to recover in the second half of FY'24. As a reminder, our NDR is a trailing four-quarter, weighted average calculation.

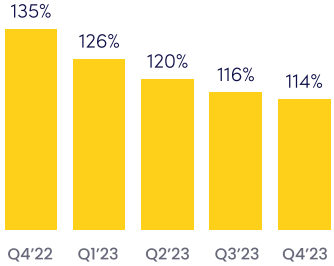
For customers with 10+ users



For customers with more than $50K ARR



For customers with more than $100K ARR



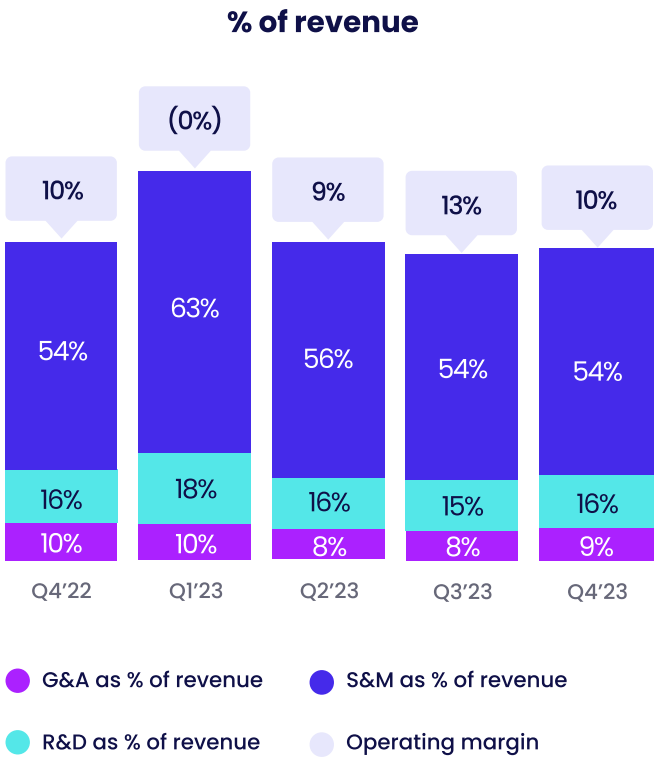
Margin and operating expenses

(NON-GAAP)

Research and development expense was $33.3 million in Q4'23, or 16% of revenue, in-line with Q4'22, and $117.8 million in FY'23, or 16% revenue, compared to 18% in FY'22.

Sales and marketing expense was $110.0 million in Q4'23, or 54% of revenue, in-line with Q4'22, and $413.0 million in FY'23, or 57% of revenue, compared to 69% in FY'22.

G&A expense was $17.3 million in Q4'23, or 9% of revenue, compared to 10% in Q4'22, and $63.0 million in FY'23, or 9% of revenue, compared to 11% in FY'22.



Operating income was $21.2 million in Q4'23, up from $14.3 million in Q4'22, and operating margin was 10%. Operating income was $61.6 million in FY'23, up from a loss of $47.1 million in FY'22, and operating margin was 8%.

Net income was $33.7 million in Q4'23, up from $22.2 million in Q4'22, and $94.9 million in FY'23, up from a loss of $33.4 million in FY'22. Diluted net income per share was $0.65 in Q4'23 and $1.85 in FY'23, based on 51.6 million and 51.2 million fully diluted shares outstanding, respectively

Headcount

Total employee headcount was 1,854, an increase of 110 employees since Q3'23. We expect to ramp hiring in FY'24, with a continued focus on our R&D, product and sales teams as we build out our platform and product suite.



Balance sheet

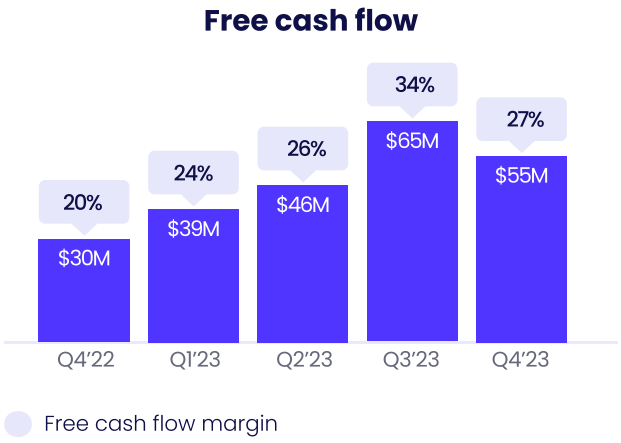
Cash and cash equivalents increased to **$1.12 billion at the end of Q4’23**, up from $1.05 billion at the end of Q3’23.



Free cash flow

(NON-GAAP)

Free cash flow for Q4’23 was $55.4 million and free cash flow margin, as defined as free cash flow as a percentage of revenue, was 27%. For FY’23, free cash flow was $204.9 million and free cash flow margin was 28%.



Financial guidance

	Q1 FY 2024	FY 2024
Revenue	$207 - $211 million	$926 - $932 million
Y/Y growth %	28% - 30%	27% - 28%
Non-GAAP operating income	$8 - $12 million	$58 - $64 million
Margin %	4% - 6%	6% - 7%
Free cash flow	$56 - $60 million	$200 - $206 million
Margin %	27% - 29%	~22%

For the first quarter of fiscal year 2024, we expect our revenue to be in the range of $207 million to $211 million, representing growth of 28% to 30% year-over-year. We expect non-GAAP operating income of $8 million to $12 million and an operating margin of 4% to 6%. We expect free cash flow of $56 million to $60 million and free cash flow margin of 27% to 29%.

For the full year 2024, we expect revenue to be in the range of $926 million to $932 million, representing growth of 27% to 28% year-over-year. We expect full year non-GAAP operating income of $58 million to $64 million and an operating margin of 6% to 7%. We expect full year free cash flow of $200 million to $206 million and free cash flow margin of approximately 22%.

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 limited operating history, fluctuations in operating results, and the fact that we derive a majority of revenues from a single product; risks related to our ability to 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 the use of AI and AI-related products; 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, including those related to the ongoing war between Israel and Hamas and any further escalations of conflict in the Middle East; 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, 2022, filed with the SEC on March 14, 2023. 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

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 2023 and financial outlook. The live call may also be accessed via telephone at +1 (646) 307-1963 or +1 (800) 715-9871 (toll-free). Please reference conference ID: 4658694. 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. Fully customizable to suit any business vertical, the platform is currently used by over 225,000 customers across more than 200 industries and in over 200 countries and territories.

Visit us on our LinkedIn, X (formerly Twitter), Instagram, YouTube, TikTok, and Facebook. For more information about monday.com please visit our Press Room.

MONDAY.COM LTD
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	(audited)
Revenue	$ 202,570	$ 149,921	$ 729,695	$ 519,029
Cost of revenue	22,408	17,359	80,645	66,528
Gross profit	**180,162**	**132,562**	**649,050**	**452,501**
Operating expenses:				
Research and development	41,898	32,560	156,500	127,047
Sales and marketing	114,919	88,385	438,402	392,068
General and administrative	24,490	21,717	92,733	85,401
Total operating expenses	**181,307**	**142,662**	**687,635**	**604,516**
Operating loss	**(1,145)**	**(10,100)**	**(38,585)**	**(152,015)**
Financial income, net	12,861	11,137	41,911	22,554
Income (loss) before income taxes	11,716	1,037	3,326	(129,461)
Income tax (expense) benefit	621	(2,525)	(5,203)	(7,406)
Net Income (loss)	$ **12,337**	$ **(1,488)**	$ **(1,877)**	$ **(136,867)**
Net income (loss) per share, basic	$ **0.25**	$ **(0.03)**	$ **(0.04)**	$ **(2.99)**
Net income (loss) per share, diluted	$ **0.24**	$ **(0.03)**	$ **(0.04)**	$ **(2.99)**
Weighted-average ordinary shares used in calculating net income (loss) per ordinary share, basic	48,796,294	47,659,154	48,366,378	45,804,714
Weighted-average ordinary shares used in calculating net income (loss) per ordinary share, diluted	51,607,542	47,659,154	48,366,378	45,804,714

MONDAY.COM LTD
CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	December 31, 2023 (unaudited)	December 31, 2022 (audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,116,128	$ 885,894
Accounts receivable, net	17,911	13,226
Prepaid expenses and other current assets	39,103	24,725
Total current assets	**1,173,142**	**923,845**
LONG-TERM ASSETS:		
Property and equipment, net	37,418	34,416
Operating lease right-of-use assets	62,280	80,197
Other long-term assets	2,816	585
Total long-term assets	**102,514**	**115,198**
Total assets	**$ 1,275,656**	**$ 1,039,043**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 24,837	$ 7,335
Accrued expenses and other current liabilities	106,691	73,706
Deferred revenue, current	266,284	198,099
Operating lease liabilities, current	18,201	19,083
Total current liabilities	**416,013**	**298,223**
LONG-TERM LIABILITIES		
Operating lease liabilities, non-current	42,946	58,638
Deferred revenues, non-current	3,189	2,442
Total long-term liabilities	**46,135**	**61,080**
Total liabilities	**462,148**	**359,303**
SHAREHOLDERS' EQUITY:		
Other comprehensive income (loss)	9,804	(3,210)
Share capital and additional paid-in capital	1,388,108	1,265,477
Accumulated deficit	(584,404)	(582,527)
Total shareholders' equity	**813,508**	**679,740**
Total liabilities and shareholders' equity	**$ 1,275,656**	**$ 1,039,043**

MONDAY.COM LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	(audited)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ 12,337	$ (1,488)	$ (1,877)	$ (136,867)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,556	3,183	9,023	8,567
Share-based compensation	22,345	24,378	100,186	104,920
Changes in operating assets and liabilities:				
Accounts receivable, net	(4,105)	1,240	(4,685)	(4,717)
Prepaid expenses and other assets	1,515	4,147	11,840	6,490
Accounts payable	8,647	678	17,397	(16,072)
Accrued expenses and other liabilities, net	7,223	(7,601)	14,588	326
Deferred revenue	7,990	9,544	68,932	64,491
Net cash provided by operating activities	**58,508**	**34,081**	**215,404**	**27,138**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(2,438)	(3,760)	(7,901)	(16,003)
Capitalized software development costs	(629)	(656)	(2,558)	(2,998)
Net cash used in investing activities	**(3,067)**	**(4,416)**	**(10,459)**	**(19,001)**

MONDAY.COM LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

(U.S. dollars in thousands)

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	(audited)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from exercise of share options and employee share purchase plan	6,539	3,904	21,243	12,181
Receipt (repayment) of tax advance relating to exercises of share options and RSUs, net	(122)	(220)	4,046	(21,152)
Capital lease payments	-	(23)	-	(84)
Net cash provided by (used in) financing activities	**6,417**	**3,661**	**25,289**	**(9,055)**
INCREASE (DECREASE) IN CASH, AND CASH EQUIVALENTS	61,858	33,326	230,234	(918)
CASH and CASH EQUIVALENTS – Beginning of period	1,054,270	852,568	885,894	886,812
CASH and CASH EQUIVALENTS – End of period	**$ 1,116,128**	**$ 885,894**	**$ 1,116,128**	**$ 885,894**

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

(U.S. dollars in thousands)

	Three months ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
			(unaudited)		
Reconciliation of gross profit and gross margin					
GAAP gross profit	$ 180,162	$ 167,483	$ 156,163	$ 145,242	$ 132,562
Share-based compensation	1,602	1,383	1,845	1,477	2,367
Non-GAAP gross profit	$ 181,764	$ 168,866	$ 158,008	$ 146,719	$ 134,929
GAAP gross margin	89%	89%	89%	90%	88%
Non-GAAP gross margin	**90%**	**89%**	**90%**	**90%**	**90%**
Reconciliation of operating expenses					
GAAP research and development	$ 41,898	$ 38,433	$ 39,106	$ 37,063	$ 32,560
Share-based compensation	(8,613)	(10,382)	(11,198)	(8,544)	(7,845)
Non-GAAP research and development	**$ 33,285**	**$ 28,051**	**$ 27,908**	**$ 28,519**	**$ 24,715**
GAAP sales and marketing	$ 114,919	$ 108,360	$ 107,443	$ 107,680	$ 88,385
Share-based compensation	(4,899)	(6,856)	(8,612)	(5,028)	(7,466)
Non-GAAP sales and marketing	**$ 110,020**	**$ 101,504**	**$ 98,831**	**$ 102,652**	**$ 80,919**
GAAP general and administrative	$ 24,490	$ 23,211	$ 21,781	$ 23,251	$ 21,717
Share-based compensation	(7,231)	(7,977)	(7,129)	(7,410)	(6,700)
Non-GAAP general and administrative	**$ 17,259**	**$ 15,234**	**$ 14,652**	**$ 15,841**	**$ 15,017**
Reconciliation of operating income (loss)					
GAAP operating loss	$ (1,145)	$ (2,521)	$ (12,167)	$ (22,752)	$ (10,100)
Share-based compensation	22,345	26,598	28,784	22,459	24,378
Non-GAAP operating income (loss)	$ 21,200	$ 24,077	$ 16,617	$ (293)	$ 14,278
GAAP operating margin	(1%)	(1%)	(7%)	(14%)	(7%)
Non-GAAP operating margin	10%	13%	9%	(0%)	10%

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

(U.S. dollars in thousands)

	Year ended December 31,	
	2023	2022
	(unaudited)	
Reconciliation of gross profit and gross margin		
GAAP gross profit	$ 649,050	$ 452,501
Share-based compensation	6,307	10,406
Non-GAAP gross profit	$ 655,357	$ 462,907
GAAP gross margin	89%	87%
Non-GAAP gross margin	**90%**	**89%**
Reconciliation of operating expenses		
GAAP research and development	$ 156,500	$ 127,047
Share-based compensation	(38,737)	(32,957)
Non-GAAP research and development	**$ 117,763**	**$ 94,090**
GAAP sales and marketing	$ 438,402	$ 392,068
Share-based compensation	(25,395)	(33,457)
Non-GAAP sales and marketing	**$ 413,007**	**$ 358,611**
GAAP general and administrative	$ 92,733	$ 85,401
Share-based compensation	(29,747)	(28,100)
Non-GAAP general and administrative	**$ 62,986**	**$ 57,301**
Reconciliation of operating income (loss)		
GAAP operating loss	$ (38,585)	$ (152,015)
Share-based compensation	100,186	104,920
Non-GAAP operating income (loss)	$ 61,601	$ (47,095)
GAAP operating margin	(5%)	(29%)
Non-GAAP operating margin	8%	(9%)

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				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
			(unaudited)		
Reconciliation of net income (loss)					
GAAP net income (loss)	$ 12,337	$ 7,488	$ (7,035)	$ (14,667)	$ (1,488)
Share-based compensation	22,345	26,598	28,784	22,459	24,378
Tax benefit related to share-based compensation[1]	(972)	(1,075)	(786)	(559)	(688)
Non-GAAP net income (loss)	**$ 33,710**	**$ 33,011**	**$ 20,963**	**$ 7,233**	**$ 22,202**
Reconciliation of weighted average number of shares outstanding					
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income (loss) per ordinary share, basic	48,796,294	48,536,315	48,209,039	47,912,353	47,659,154
Effect of dilutive shares [2]	2,811,248	2,925,394	2,949,919	2,926,057	2,718,269
Weighted-average ordinary shares used in calculating Non-GAAP net income (loss) per ordinary share, diluted	**51,607,542**	**51,461,709**	**51,158,958**	**50,838,410**	**50,377,423**
GAAP net income (loss) per share, basic	$ 0.25	$ 0.15	$ (0.15)	$ (0.31)	$ (0.03)
GAAP net income (loss) per share, diluted	$ 0.24	$ 0.15	$ (0.15)	$ (0.31)	$ (0.03)
Non-GAAP net income (loss) per share, basic	$ 0.69	$ 0.68	$ 0.43	$ 0.15	$ 0.47
Non-GAAP net income (loss) per share, diluted	$ 0.65	$ 0.64	$ 0.41	$ 0.14	$ 0.44

(1) The tax benefits generated from the exercise of the disqualifying disposition of incentive share options were excluded in calculating non-GAAP net income (loss) and non-GAAP net income (loss) per basic and diluted 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) The effect of these dilutive shares was not included in the GAAP calculation of diluted net income (loss) per share because the effect would have been anti-dilutive, with the exception of the three months ended December 31, 2023 and September 30, 2023.

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

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

	Year ended December 31,	
	2023	2022
	(unaudited)	
Reconciliation of net income (loss)		
GAAP net loss	$ (1,877)	$ (136,867)
Share-based compensation	100,186	104,920
Tax benefit related to share-based compensation[1]	(3,392)	(1,431)
Non-GAAP net income (loss)	$ 94,917	$ (33,378)
Reconciliation of weighted average number of shares outstanding		
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income (loss) per ordinary share, basic	48,366,378	45,804,714
Effect of dilutive shares [2]	2,869,112	—
Weighted-average ordinary shares used in calculating Non-GAAP net income (loss) per ordinary share, diluted	51,235,490	45,804,714
GAAP net income (loss) per share, basic	(0.04)	(2.99)
GAAP net income (loss) per share, diluted	(0.04)	(2.99)
Non-GAAP net income (loss) per share, basic	1.96	(0.73)
Non-GAAP net income (loss) per share, diluted	1.85	(0.73)

(1) The tax benefits generated from the exercise of the disqualifying disposition of incentive share options were excluded in calculating non-GAAP net income (loss) and non-GAAP net income (loss) per basic and diluted 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) The effect of these dilutive shares was not included in the GAAP calculation of diluted net loss per share 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 and annual 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 changes in foreign currency exchange rates. The company believes FX adjusted growth rates provide a useful framework for assessing our business performance excluding the effects of foreign currency exchange rate fluctuations. The impact of foreign currency exchange rate fluctuations is determined by calculating the current year result using foreign exchange rates consistent with the prior year period.

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue growth as reported	**35%**	**57%**	**41%**	**68%**
Impact of foreign currency	0%	3%	0%	3%
Revenue growth, FX adjusted	**35%**	**60%**	**41%**	**71%**

MONDAY.COM LTD

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

(U.S. dollars in thousands)

	Three months ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
			(unaudited)		
Net cash provided by operating activities	$ 58,508	$ 66,579	$ 47,589	$ 42,728	$ 34,081
Purchase of property and equipment	(2,438)	(779)	(1,123)	(3,561)	(3,760)
Capitalized software development costs	(629)	(910)	(534)	(485)	(656)
Free cash flow	**$ 55,441**	**$ 64,890**	**$ 45,932**	**$ 38,682**	**$ 29,665**
Free cash flow margin	27%	34%	26%	24%	20%

	Year ended December 31,	
	2023	2022
	(unaudited)	
Net cash provided by operating activities	$ 215,404	$ 27,138
Purchase of property and equipment	(7,901)	(16,003)
Capitalized software development costs	(2,558)	(2,998)
Free cash flow	**$ 204,945**	**$ 8,137**
Free cash flow margin	28%	2%