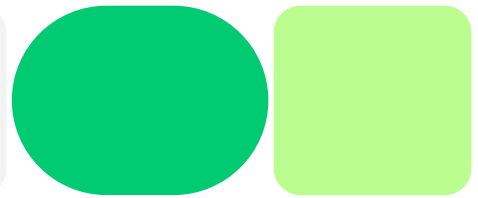


# Q1 | 2026

## Shareholder Letter



# Financial highlights



## First quarter 2026 key results

Revenue

**\$351.3M**

24% Y/Y Growth

Gross margin

**89%**

NON-GAAP

Customers \$50k+ ARR\*

**4,547**

32% Y/Y Growth

Net dollar retention  
rate (NDR)\*

**110%**

for all customers

Operating  
margin

**14%**

NON-GAAP

Adjusted free cash  
flow margin

**29%**

NON-GAAP

## Financial outlook

Q2 FY 2026

Revenue

**\$354M – \$356M**

18% – 19% Y/Y growth

Operating income (Non-GAAP)

**\$46M – \$48M**

13% – 14% margin



FY 2026

Revenue

**\$1,466M – \$1,474M**

19% – 20% Y/Y growth

Operating income (Non-GAAP)

**\$185M – \$191M**

~13% margin

Adj. free cash flow

**\$280M – \$290M**

19% – 20% margin

\*Metrics as of the end of the quarter ended March 31, 2026

# From the CEOs

Fellow shareholders,

monday.com delivered a strong start to 2026. **Q1 revenue grew 24%** year-over-year, reflecting sustained demand for our platform as enterprises consolidate their work infrastructure. We generated a **record \$49 million in Non-GAAP operating profit**, demonstrating that our growth is increasingly efficient. Adjusted free cash flow margin expanded to 29%, underscoring the financial durability of our business model. Gross retention continued to improve in Q1, reaching historical highs for the company, reflecting how deeply monday.com is embedded in how our customers run their businesses.

Enterprise momentum continued to build, with 42% of ARR coming from customers with \$50,000+ in ARR, **a record number of new customers with \$500,000+ in ARR**, and average contract values continuing to expand, reinforcing that the consolidation of work infrastructure onto monday.com is a durable, enterprise-led trend.

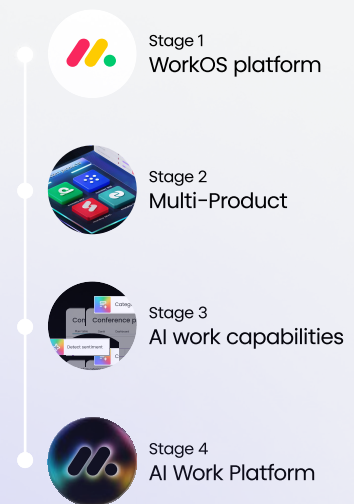
The market is also responding to our AI products: **approximately 10% of net new ARR in Q1 was driven by AI**, a figure we expect to grow as our AI offerings expand and mature.

## From WorkOS to AI Work Platform with native agents

Alongside our Q1 results, we announced an important step in monday.com's platform evolution: the launch of our AI Work Platform. We are moving beyond boards and dashboards into a platform that enables organizations to orchestrate work between humans and AI agents, at scale.

The AI Work Platform unifies agents that execute work on behalf of teams, flexible work surfaces, and enterprise-grade governance, all grounded in mondayDB, our single source of truth that gives AI the context to drive meaningful outcomes.

A standalone AI tool can automate a task. monday.com can orchestrate an entire operation. More than 250,000 customers already trust us with their work, and the AI Work Platform is how we deepen that trust in a fundamentally new way.



## mondayDB 3.0: Built for the scale of AI



Underpinning our AI Work Platform is a foundational infrastructure investment built for the demands of autonomous AI. This quarter we delivered mondayDB 3.0, which increases our scale 100x, **from 100,000 items per board to 10 million**, with high-performance, low-latency execution under the heavy, concurrent workloads that AI agents generate. Because AI operates across millions of records in real time, any platform that can't support that scale becomes a bottleneck rather than an accelerant. With mondayDB 3.0 now in production, our customers can deploy AI agents to triage tickets, orchestrate processes, and generate insights at the full scale of the enterprise.

## Evolving our business model for the AI era ✨

Alongside our platform updates, we have begun transitioning to a consumption-based pricing model aligning how customers pay with the value AI actually delivers. On May 6th, we introduced the **new seats-plus-credits pricing structure** for new customers and plan to gradually move existing customers to the new pricing structure over time.

Enterprise customers receive complimentary AI packages to ensure successful adoption at scale. This shift is significant as it moves monday.com's business model closer to a usage-driven architecture, where we believe revenue expands naturally as AI takes on more work across an organization without requiring additional seat purchases.

## We are our own best AI case study

We are also seeing the benefits of AI play out inside monday.com, most visibly in how our R&D organization operates. Since 2025, AI has helped us increase the pace at which our R&D team delivers new product work.

**+32%** Output per developer

**38%** Reduction in product time-to-market

What's happening is structural. AI is absorbing the mechanical work, giving our engineers the bandwidth to be more deliberate and more thoughtful about architecture, edge cases, and long-term maintainability. The result is a team that ships more and breaks less. We believe this is an early but meaningful signal of what AI-native engineering looks like in practice, and we intend to keep pushing that frontier.

## Expanding the AI Work Platform with OneAI

We are excited to announce our agreement to acquire OneAI, a company specializing in enterprise-grade voice agents. The OneAI team has spent years solving one of the harder problems in enterprise AI: making voice agents that actually work in production. This acquisition expands monday's AI Work Platform with native voice capabilities.

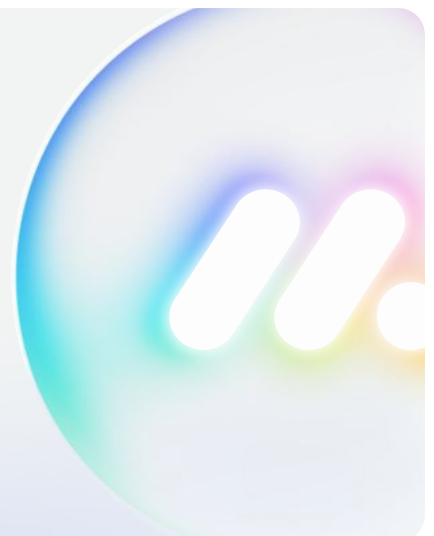


## Looking ahead

We are not managing monday.com as a company defending its position. We are building it as the company that defines what an AI Work Platform means for businesses. Q1 2026 was a strong step in that direction.

The next era of work is being built now. We remain focused on execution and look forward to demonstrating continued progress throughout 2026.

**Best,  
Roy and Eran**



Where ambition meets execution:

# The AI Work Platform of the future

Watch the video for a closer look at the new era of monday.com -

The screenshot displays the Monday.com AI Work Platform interface. On the left, a sidebar lists 'ACTIVE AGENTS' including 'Competitor reaserch', 'Scheduling agent', 'Creative copy', 'Creative Assets agent', and 'Priority manager'. The main workspace is titled 'Global marketing campaign' and features a 'Main table' view. A 'Social Campaign' table shows tasks with columns for Asset, Status, Priority, and Market. A 'Company kickoff' table shows tasks with columns for Status, Priority, and Market. A large black callout bubble with a hand cursor points to the 'Watch video' text, and a green arrow points to the 'Done' status in the 'Company kickoff' table.

Asset	Status	Priority	Market
	Review in progress	High	EMEA / US
	Pending revision	Medium	EMEA / US
	Review in progress	Medium	EMEA / US
	Pending revision	Medium	EMEA
	Pending revision	Medium	EMEA

Asset	Status	Priority	Market
Partner summit	Done	Medium	EMEA / US
Drinks & insights	Approved	High	EMEA / US
Customers panel	Approved	High	EMEA / US
VIP cocktails on the roof	Pending revision	High	EMEA
	Pending revision	Low	EMEA

# One platform. Built for people and agents.

With these Agents live, we're now pursuing our biggest shift yet: turning our platform into the place where people and agents work side by side to live up to one promise - delivering real business results with AI. We're delivering solutions built around the job the customer needs done, powered by the right agents, workflows and vibe apps to get there.

Orchestration  
Any workflow,  
in any work format

Control  
Security, compliance, and cost  
management in one place.

Execution  
People lead, agents deliver

Help me plan a global conference

5 venues were allocated **Completed**

60 RSVP calls approved **Completed**

Finalizing agenda **Completed**

Lena, recruiting agent | enabled in:

- Designers hiring
- Recruiting task force
- New applicants
- Open positions
- Onboarding

Unified context layer on **mondayDB**

## Across every department.

### Sales | VP Sales

From first touch to close, agents qualify, research, and follow up so reps close.

### Marketing | CMO

From brief to campaign launch, agents handle copy, assets, and scheduling.

### Product | Product Lead

Prioritize with read data. Ship with agents that draft specs and track progress.

### HR | HR Director

From job post to interview, agents screen, schedule and follow up.

### Legal | General Counsel

From contract request to redlined draft, agents handle the first pass.

# Building for what's next

We're not waiting for the AI era, we're already building it. Here's what's live.

## Agents welcome Welcoming all agents to monday.com

Any AI agent – built on Gemini, OpenAI, Claude, or any framework – can sign up for a free monday.com account with full API access. HATCHA verification, instant API key, and full MCP access. 9+ platforms already supported.

## MCP monday.com in every AI tool

MCP brings monday.com into Claude, Gemini, ChatGPT, Copilot, Cursor, Figma Make, and thousands of other MCP-compatible products. Create tasks, generate reports, triage requests, and update pipelines – from any AI product your team already works in.

## Agents store Opening the platform to agent builders

AI companies can build and publish agents on top of monday.com, bringing deep domain and vertical expertise.



## Seats for people. Credits for AI.

We are updating our pricing structure to reflect the evolving ways customers use the platform, enabling people and agents to work together more effectively.

### Seats for people

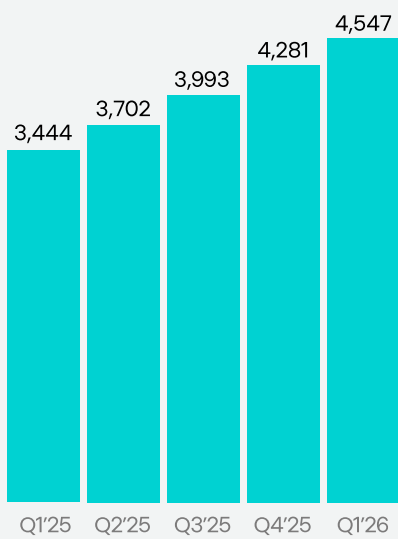
+Seats for 3rd party agents

### Credits for AI

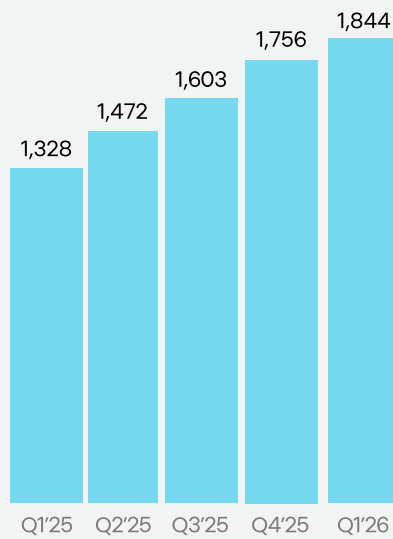
AI becomes core

- monday agents**
- monday vibe**
- monday sidekick**
- monday workflows**
- monday notetaker**
- monday blocks**

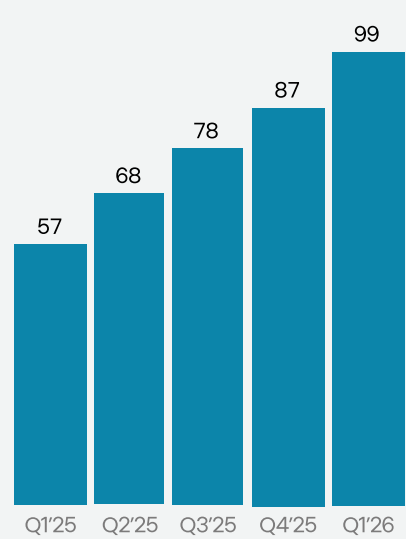
# Expanding upmarket



**# of customers with \$50k+ ARR\***

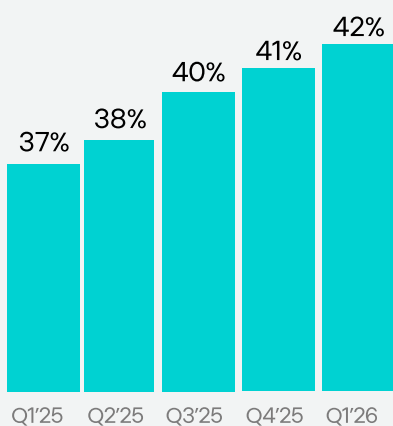


**# of customers with \$100k+ ARR\***

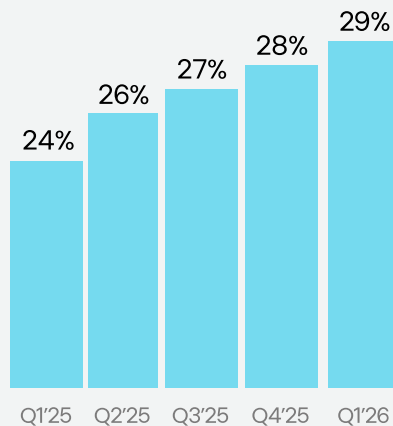


**# of customers with \$500k+ ARR\***

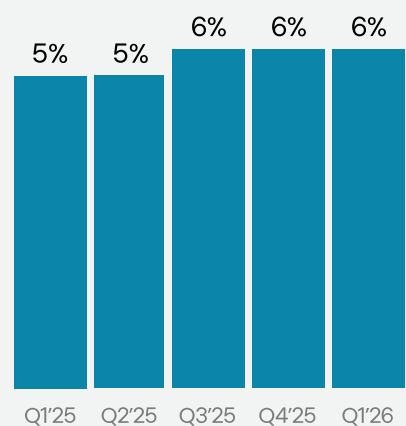
In Q1'26, we added 266 net new customers over \$50k in ARR, 88 customers over \$100k in ARR, and a record 12 customers over \$500k in ARR. This growth was supported by our continued commitment to strengthening our enterprise-grade product capabilities and ongoing efforts to bolster our enterprise go-to-market approach.



**% of ARR from customers with \$50k+ ARR\***



**% of ARR from customers with \$100k+ ARR\***

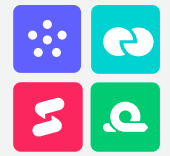


**% of ARR from customers with \$500k+ ARR\***

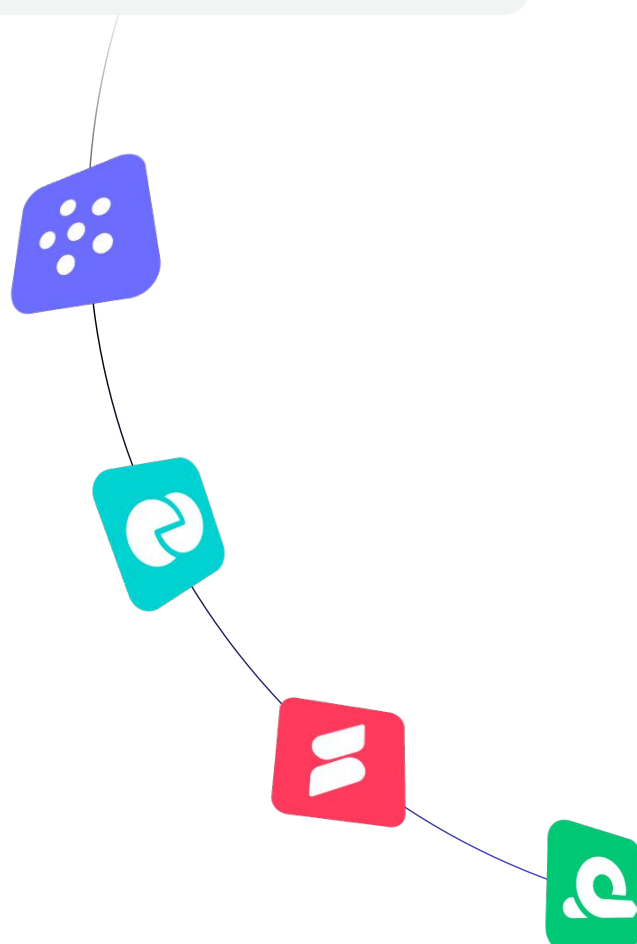
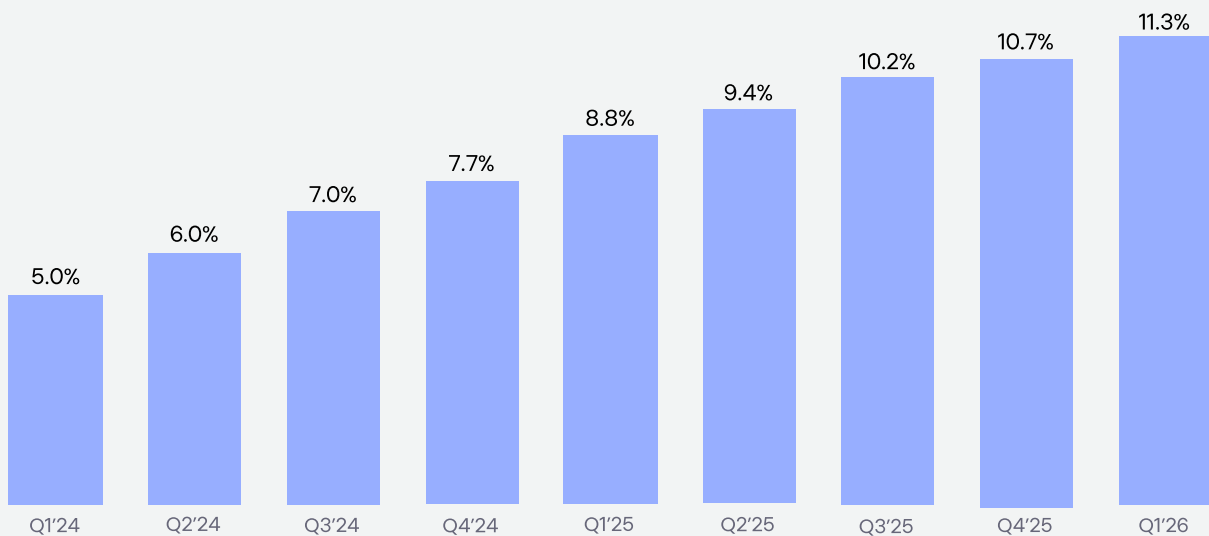
Customers with more than \$50k in ARR now represent 42% of ARR, up from 37% a year ago. Customers with more than \$100k in ARR now represent 29% of ARR, up from 24% a year ago. Customers with more than \$500k in ARR now represent 6% of ARR, up from 5% a year ago.

\*Data as of the end of each quarter

# Multi-product expansion

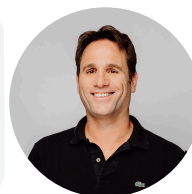


Our multi-product strategy continues to drive strong growth, reaching customers across a wider variety of teams and use cases. As of the end of Q1, **new products\* now account for 11.3% of total ARR**, with ongoing momentum as we continue to integrate AI across the product suite.



\*"New products" include the monday CRM suite (monday CRM and monday campaigns), monday dev, and monday service.

# Financial highlights



**Eliran Glazer**  
CFO

Fiscal year 2026 started on a strong note, with solid revenue growth driven by sustained expansion among larger, more strategic customers.

## First quarter fiscal year 2026

(U.S. dollars in millions)

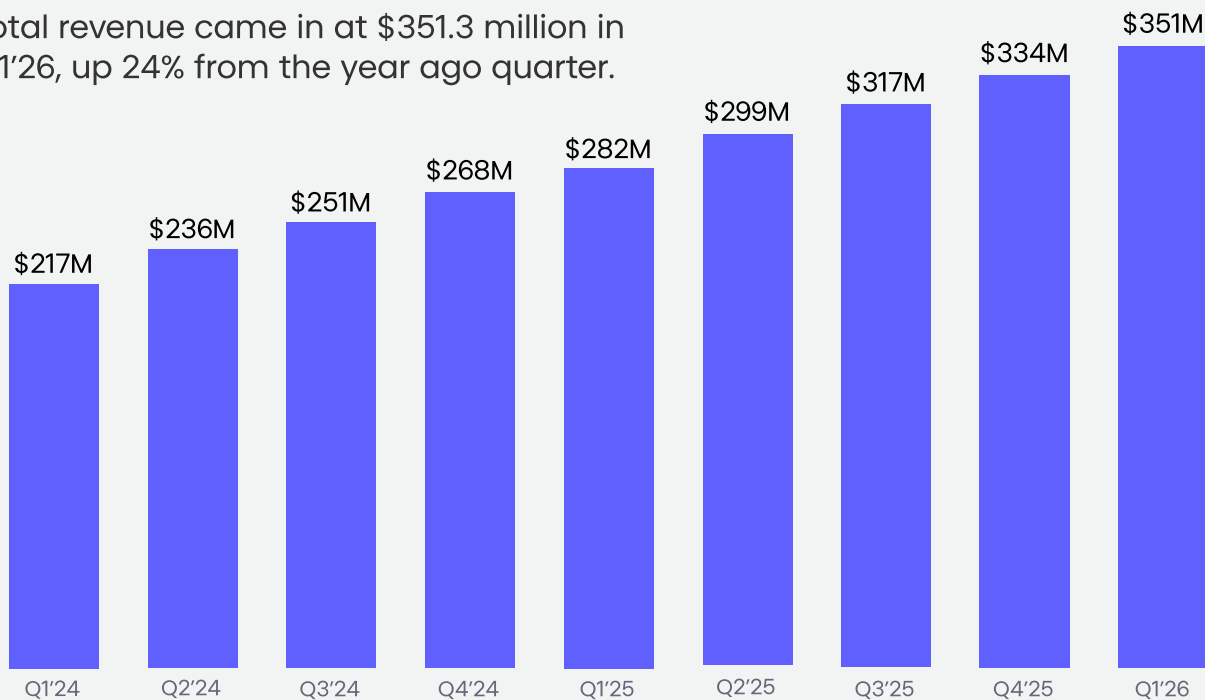
<b>GAAP Results</b>	<b>Q1'26</b>	<b>Q1'25</b>	<b>Diff.</b>	<b>Diff. %</b>
<b>Revenue</b>	<b>351.3</b>	<b>282.3</b>	<b>69.0</b>	<b>24%</b>
Gross profit	313.1	253.4	59.7	24%
<b>Gross margin</b>	<b>89%</b>	<b>90%</b>		
R&D	92.0	69.4	22.6	33%
As % of revenue	26%	25%		
S&M	165.4	141.7	23.7	17%
As % of revenue	47%	50%		
G&A	36.0	32.5	3.5	11%
As % of revenue	10%	12%		
<b>Total operating expenses</b>	<b>293.4</b>	<b>243.6</b>	<b>49.8</b>	<b>20%</b>
<b>Operating income</b>	<b>19.8</b>	<b>9.8</b>	<b>10.0</b>	<b>102%</b>
<b>Operating margin</b>	<b>6%</b>	<b>3%</b>		

<b>Non-GAAP Results</b>	<b>Q1'26</b>	<b>Q1'25</b>	<b>Diff.</b>	<b>Diff. %</b>
Gross profit	314.2	254.6	59.6	23%
<b>Gross margin</b>	<b>89%</b>	<b>90%</b>		
R&D	78.4	53.8	24.6	46%
As % of revenue	22%	19%		
S&M	158.2	135.9	22.3	16%
As % of revenue	45%	48%		
G&A	28.6	24.1	4.5	19%
As % of revenue	8%	9%		
<b>Total operating expenses</b>	<b>265.2</b>	<b>213.8</b>	<b>51.4</b>	<b>24%</b>
<b>Operating income</b>	<b>49.0</b>	<b>40.8</b>	<b>8.3</b>	<b>20%</b>
<b>Operating margin</b>	<b>14%</b>	<b>14%</b>		

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

# Total revenue

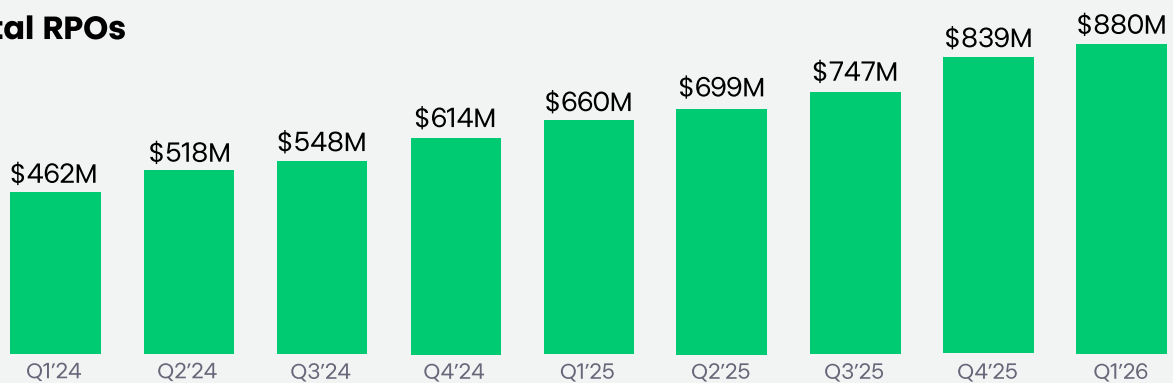
Total revenue came in at \$351.3 million in Q1'26, up 24% from the year ago quarter.



# Remaining performance obligations (RPOs)

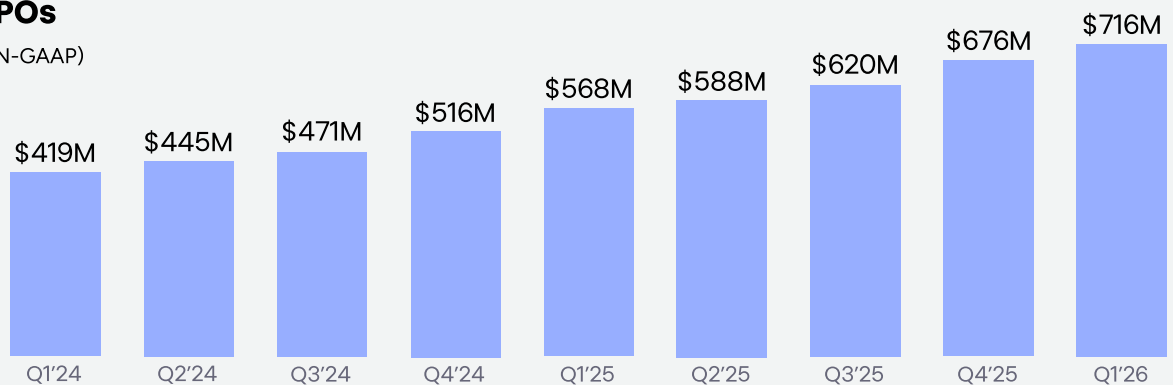
Total RPOs were \$880 million, up 33% year-over-year, and current remaining performance obligations (cRPOs) were \$716 million, up 26% year-over-year.

## Total RPOs



## cRPOs

(NON-GAAP)



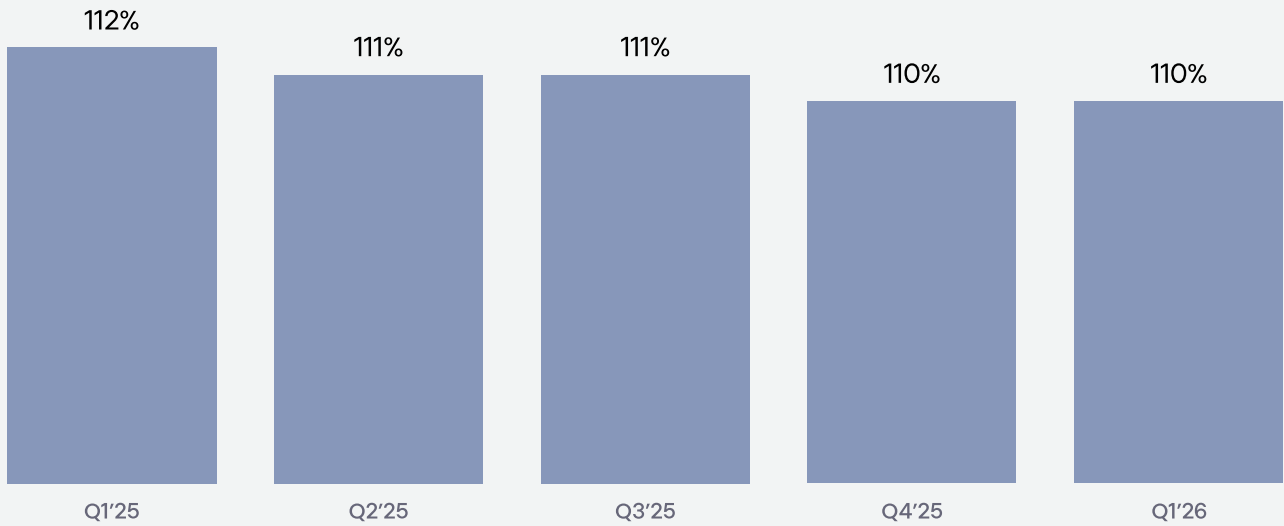
Note: Data as of the end of each quarter

# Net dollar retention rate

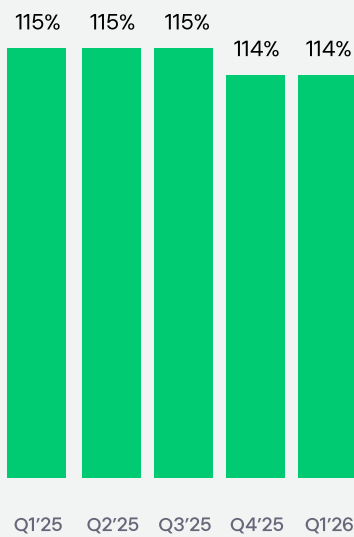
Our overall NDR was 110% in Q1'26. As a reminder, our NDR is a trailing four-quarter, weighted average calculation.

Note: all NDR data is as of the end of each quarter

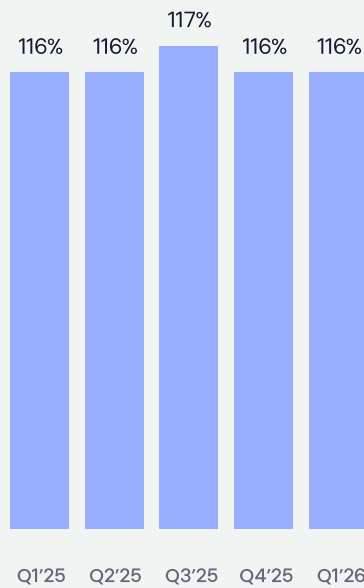
## For all customers



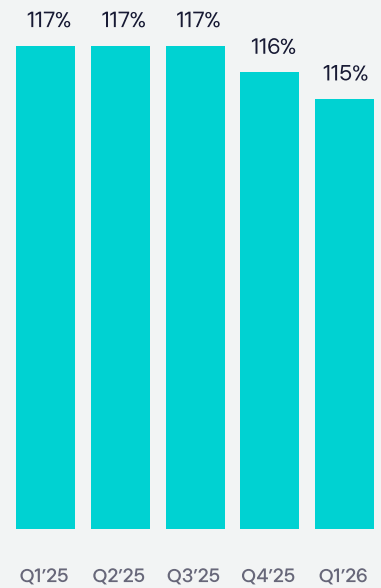
## For customers with 10+ users



## For customers with more than \$50k ARR



## For customers with more than \$100k ARR



# Margin and operating expenses

(NON-GAAP)

Research and development (R&D) expense was \$78.4 million in Q1'26, or 22% of revenue, compared to 19% in Q1'25.

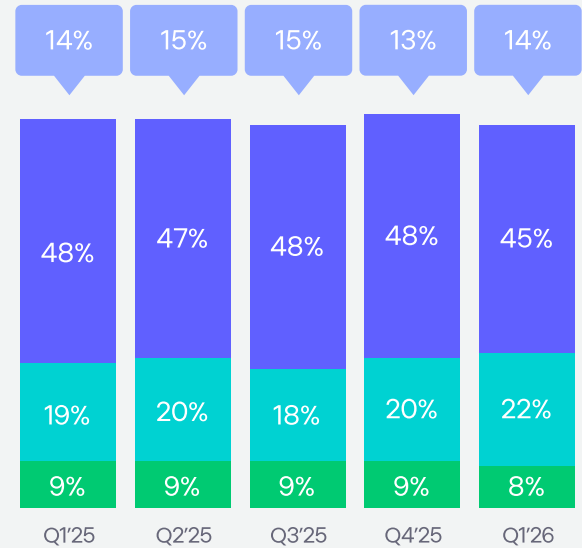
Sales and marketing (S&M) expense was \$158.2 million in Q1'26, or 45% of revenue, compared to 48% in Q1'25.

General and administrative (G&A) expense was \$28.6 million in Q1'26, or 8% of revenue, compared to 9% in Q1'25.

Operating income was \$49.0 million in Q1'26, up from \$40.8 million in Q1'25, and operating margin was 14%, same as Q1'25.

Net income was \$56.0 million in Q1'26, compared to \$58.4 million in Q1'25. Diluted net income per share was \$1.15 in Q1, based on 48.9 million fully diluted shares outstanding.

## % of revenue

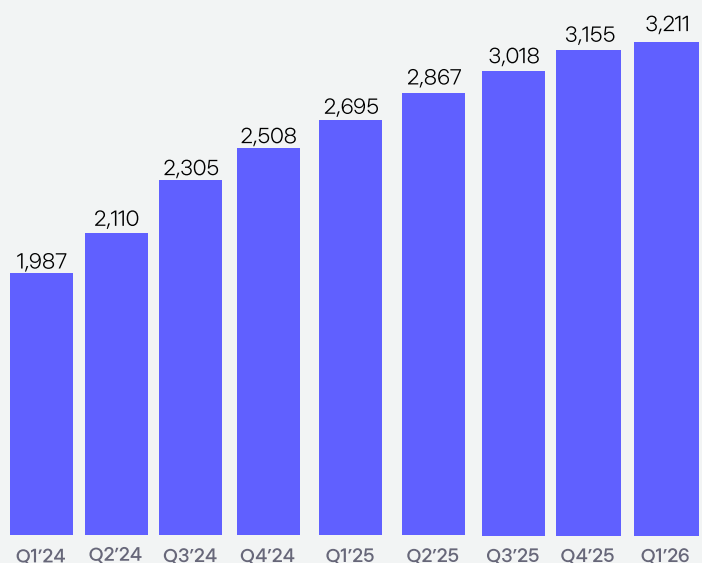


- G&A as % of revenue
- R&D as % of revenue
- S&M as % of revenue
- Operating margin

# Headcount

Total employee headcount was 3,211, an increase of 56 employees since Q4'25.

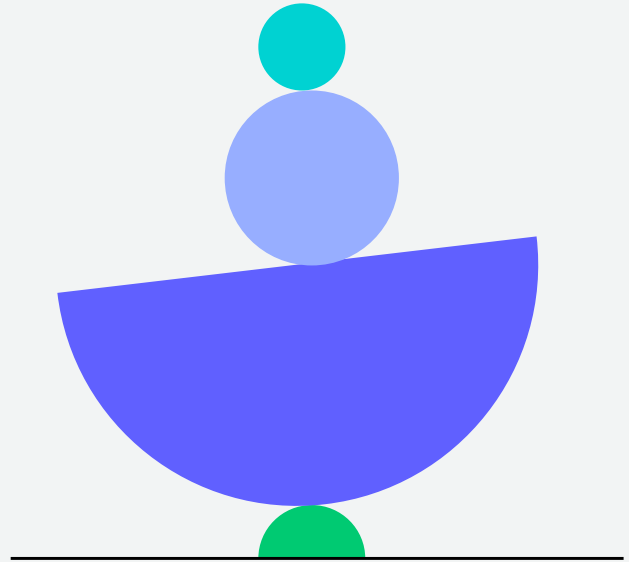
By the end of FY26, we expect headcount to now be largely flat reflecting the productivity gains AI is already delivering across our organization.



## Balance sheet

Cash, cash equivalents and marketable securities totaled \$1.21 billion at the end of Q1'26, compared to \$1.67 billion at the end of Q4'25, reflecting \$553 million of share repurchases executed during the quarter.

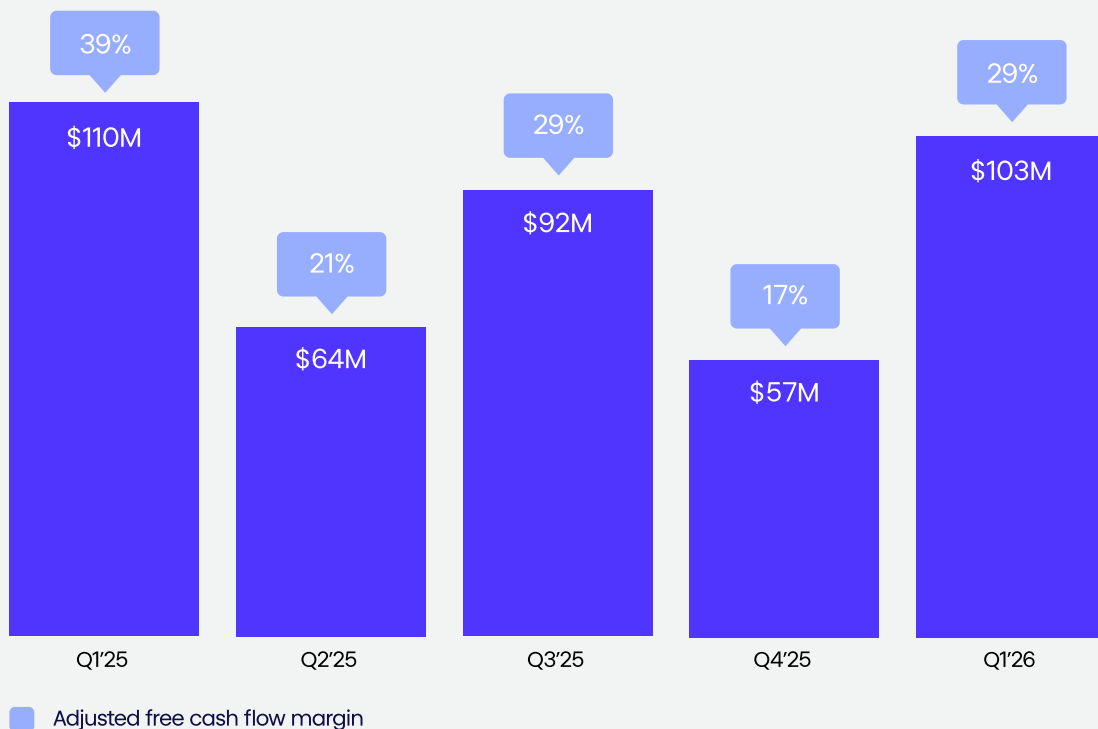
As of the end of Q1'26, approximately \$182 million remained available under our existing share repurchase authorization.



## Adjusted free cash flow

(NON-GAAP)

Adjusted free cash flow for Q1'26 was \$102.8 million, and adjusted free cash flow margin, as defined as adjusted free cash flow as a percentage of revenue, was 29%.



# Financial guidance

	Q2 FY 2026	FY 2026
<b>Revenue</b>	<b>\$354 - \$356 million</b>	<b>\$1,466 - \$1,474 million</b>
Y/Y growth %	18% - 19%	19% - 20%
<b>Non-GAAP operating income</b>	<b>\$46 - \$48 million</b>	<b>\$185 - \$191 million</b>
Margin %	13% - 14%	~13%
<b>Adjusted free cash flow</b>		<b>\$280 - \$290 million</b>
Margin %		19% - 20%

For the second quarter of fiscal year 2026, we expect our revenue to be in the range of \$354 million to \$356 million, representing growth of 18% to 19% year-over-year. We expect non-GAAP operating income of \$46 million to \$48 million and a non-GAAP operating margin of 13% to 14%, which assumes a negative FX impact of 100 to 200 basis points.

For the full year 2026, we expect revenue to be in the range of \$1,466 million to \$1,474 million, representing growth of 19% to 20% year-over-year. We expect full year non-GAAP operating income of \$185 million to \$191 million and a non-GAAP operating margin of approximately 13%, which assumes a negative FX impact of 100 to 200 basis points. We expect full year adjusted free cash flow of \$280 million to \$290 million and adjusted free cash flow margin of 19% to 20%, which assumes a negative FX impact of 100 to 200 basis points.

## 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 ability to effectively manage the scope and complexity of our business following years of rapid growth, increasing operating expenses, and our ability to maintain profitability; foreign currency exchange rate fluctuations; the fact that we continue to derive a majority of revenue from monday work management; fluctuations in operating results; real or perceived errors, failures, vulnerabilities or bugs in our platform, products or third-party applications offered on our app marketplace or interruptions or performance problems associated with the technology or infrastructure underlying our platform; risks related to artificial intelligence (“AI”) and machine learning; our ability to attract customers, grow our retention rates, expand usage within organizations, including cross-selling and upselling and sell subscription plans; risks related to our subscription-based business model; our sales efforts may require considerable time and expense and the use of differing sales strategies may extend our sales cycles; changes in sizes or types of business that purchase our platform and products; our ability to offer high-quality customer support and direct sales capabilities; maintenance of corporate culture; risks related to international operations and compliance with laws and regulations applicable to our global operations; risks related to acquisitions, strategic investments, partnerships, or alliances; risks associated with scrutiny related to environmental and social matters; our dependence on founders and other key employees and ability to attract and retain highly skilled employees; our ability to raise additional capital or generate cash flows necessary expand our operations and invest in new technologies; uncertain global economic conditions and inflation; changes and competition in the market and software categories in which we participate; our ability to introduce new products, features, integrations, capabilities, and enhancements; the ability of our platform to interoperate with a variety of software applications; our reliance on third-party application stores to distribute our mobile application; our successful strategic relationships with, and our dependence on third parties; our reliance on web search engines, both traditional and AI generated, to direct traffic to our website; interruptions or delays in service from third parties or our inability to plan and manage interruptions; risks related to security incidents and unauthorized access to our or our third-party vendors’ systems, networks or data or the data of users and organizers on our platform; evolving privacy protection and data security laws, regulations, industry standards, policies, contractual obligations, and cross-border data transfer or localization restrictions; new legislation and regulatory obligations regulating AI; changes in tax law and regulations or if we were to be classified as a passive foreign investment company; our ability to realize deferred tax assets or requirements to collect sales or other indirect taxes; our ability to maintain, protect or enforce our intellectual property rights or intellectual property infringement claims; risks related to our use of open-source software; risks related to our founder share that provides certain veto rights; risks related to our status as a foreign private issuer incorporated and located in Israel, including risks related to the ongoing conflicts in the region and escalations thereof; our expectation not to pay dividends for the foreseeable future; risks related to our repurchase program, including an inability to guarantee the amount of repurchases of our ordinary shares that will occur, if any, or that our repurchase program will enhance long-term shareholder value; risks related to our Digital Lift Initiative and the monday.com Foundation; risks related to legal and regulatory matters; and other factors described in “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2025, filed with the SEC on March 13, 2026. 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 shareholder 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 shareholder letter.

### **Earnings Webcast**

monday.com will hold a public webcast at 8:30 a.m. ET today to discuss the results for its first quarter and fiscal year 2026 and financial outlook. The live call may also be accessed via telephone at +1 (646) 968-2525 or +1 (888) 596-4144 (toll-free). Please reference conference ID: 1347415. An archived webcast can be accessed from the News & Events section of monday.com's Investor Relations website following the call.

### **About monday.com**

monday.com is the AI work platform that not only helps manage and orchestrate work, but also does the work for you. Over 250,000 customers worldwide use monday.com to bring people, workflows, and AI agents together on one flexible platform, where AI doesn't just assist, it executes. From work management and CRM to service and dev, every monday.com product runs on the same AI layer, automating tasks, running workflows, and helping teams deliver exponentially more with less effort. Visit [monday.com](https://monday.com) to learn more.

# Appendix

## Condensed consolidated statements of operations

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

	Three months ended March 31,	
	2026	2025
(unaudited)		
Revenue	\$ 351,265	\$ 282,250
Cost of revenue	38,124	28,805
<b>Gross profit</b>	<b>313,141</b>	<b>253,445</b>
<b>Operating expenses:</b>		
Research and development	92,020	69,385
Sales and marketing	165,395	141,720
General and administrative	35,972	32,544
<b>Total operating expenses</b>	<b>293,387</b>	<b>243,649</b>
<b>Operating income</b>	<b>19,754</b>	<b>9,796</b>
Financial income, net	10,376	17,647
Income before income taxes	30,130	27,443
Income tax expense	(2,096)	(18)
<b>Net Income</b>	<b>\$ 28,034</b>	<b>\$ 27,425</b>
<b>Net income per share attributable to ordinary shareholders, basic</b>	<b>\$ 0.58</b>	<b>\$ 0.54</b>
<b>Net income per share attributable to ordinary shareholders, diluted</b>	<b>\$ 0.57</b>	<b>\$ 0.52</b>
Weighted-average ordinary shares used in calculating net income per ordinary share, basic	48,018,030	51,005,188
Weighted-average ordinary shares used in calculating net income per ordinary share, diluted	48,857,280	53,042,479

# Condensed consolidated balance sheets

(U.S. dollars in thousands)

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 997,135	\$ 1,503,149
Marketable securities	215,141	162,308
Accounts receivable, net	34,370	30,552
Prepaid expenses and other current assets	100,686	93,055
<b>Total current assets</b>	<b>1,347,332</b>	<b>1,789,064</b>
<b>LONG-TERM ASSETS:</b>		
Property and equipment, net	54,178	53,888
Operating lease right-of-use assets	160,099	149,149
Deferred tax asset, net	56,639	58,682
Other long-term assets	73,951	55,817
<b>Total long-term assets</b>	<b>344,867</b>	<b>317,536</b>
<b>Total assets</b>	<b>\$ 1,692,199</b>	<b>\$ 2,106,600</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 46,527	\$ 45,001
Accrued expenses and other current liabilities	252,191	234,377
Deferred revenue, current	455,131	409,677
Operating lease liabilities, current	28,527	25,819
<b>Total current liabilities</b>	<b>782,376</b>	<b>714,874</b>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liabilities, non-current	149,046	142,948
Deferred revenues, non-current	2,086	1,942
<b>Total long-term liabilities</b>	<b>151,132</b>	<b>144,890</b>
<b>Total liabilities</b>	<b>933,508</b>	<b>859,764</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Other comprehensive income	10,821	18,097
Share capital and additional paid-in capital	1,153,126	1,662,029
Accumulated deficit	(405,256)	(433,290)
<b>Total shareholders' equity</b>	<b>758,691</b>	<b>1,246,836</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,692,199</b>	<b>\$ 2,106,600</b>

# Condensed consolidated statements of cash flows

(U.S. dollars in thousands)

	Three months ended	
	2026	2025
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 28,034	\$ 27,425
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>		
Depreciation and amortization	3,848	3,250
Loss from sale of property and equipment	—	—
Share-based compensation	29,283	30,958
Amortization of discount and accretion of interest on marketable securities	(2,471)	(675)
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable, net	(3,818)	(632)
Prepaid expenses and other assets	(16,417)	(9,770)
Deferred taxes	2,250	—
Accounts payable	436	(3,844)
Accrued expenses and other liabilities, net	17,945	21,157
Deferred revenue	45,598	44,101
<b>Net cash provided by operating activities</b>	<b>104,687</b>	<b>111,970</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(2,447)	(3,687)
Purchase of marketable securities	(69,123)	(10,049)
Maturities of marketable securities	18,247	—
Investment in affiliated company	(9,332)	—
Capitalized software development costs	(484)	(779)
<b>Net cash used in investing activities</b>	<b>(63,139)</b>	<b>(14,515)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of share options and employee share purchase plan	7,040	14,136
Receipt (repayment) of tax advance relating to exercises of share options and RSUs, net	(1,990)	4,412
Repurchase of ordinary shares	(552,612)	—
<b>Net cash provided by (used in) financing activities</b>	<b>(547,562)</b>	<b>18,548</b>
INCREASE (DECREASE) IN CASH, AND CASH EQUIVALENTS	(506,014)	116,003
CASH and CASH EQUIVALENTS – Beginning of period	1,503,149	1,411,602
<b>CASH and CASH EQUIVALENTS – End of period</b>	<b>\$ 997,135</b>	<b>\$ 1,527,605</b>

# Reconciliation of GAAP to Non-GAAP financial information

(U.S. dollars in thousands)

	Three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
			(unaudited)		
<u>Reconciliation of gross profit and gross margin</u>					
GAAP gross profit	\$ 313,141	\$ 296,545	\$ 281,067	\$ 267,841	\$ 253,445
Share-based compensation	1,049	2,191	2,964	2,272	1,134
Non-GAAP gross profit	\$ 314,190	\$ 298,736	\$ 284,031	\$ 270,113	\$ 254,579
GAAP gross margin	89%	89%	89%	90%	90%
<b>Non-GAAP gross margin</b>	<b>89%</b>	<b>89%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>
<u>Reconciliation of operating expenses</u>					
GAAP research and development	\$ 92,020	\$ 84,922	\$ 79,453	\$ 87,039	\$ 69,385
Share-based compensation	(13,607)	(17,222)	(21,681)	(27,806)	(15,541)
<b>Non-GAAP research and development</b>	<b>\$ 78,413</b>	<b>\$ 67,700</b>	<b>\$ 57,772</b>	<b>\$ 59,233</b>	<b>\$ 53,844</b>
GAAP sales and marketing	\$ 165,395	\$ 170,733	\$ 165,808	\$ 152,590	\$ 141,720
Share-based compensation	(7,214)	(10,875)	(14,004)	(13,367)	(5,838)
<b>Non-GAAP sales and marketing</b>	<b>\$ 158,181</b>	<b>\$ 159,858</b>	<b>\$ 151,804</b>	<b>\$ 139,223</b>	<b>\$ 135,882</b>
GAAP general and administrative	\$ 35,972	\$ 38,505	\$ 38,184	\$ 39,763	\$ 32,544
Share-based compensation	(7,413)	(9,258)	(11,213)	(13,200)	(8,445)
<b>Non-GAAP general and administrative</b>	<b>\$ 28,559</b>	<b>\$ 29,247</b>	<b>\$ 26,971</b>	<b>\$ 26,563</b>	<b>\$ 24,099</b>
<u>Reconciliation of operating income (loss)</u>					
GAAP operating income (loss)	\$ 19,754	\$ 2,385	\$ (2,378)	\$ (11,551)	\$ 9,796
Share-based compensation	29,283	39,546	49,862	56,645	30,958
<b>Non-GAAP operating income</b>	<b>\$ 49,037</b>	<b>\$ 41,931</b>	<b>\$ 47,484</b>	<b>\$ 45,094</b>	<b>\$ 40,754</b>
GAAP operating margin	6%	1%	(1%)	(4%)	3%
<b>Non-GAAP operating margin</b>	<b>14%</b>	<b>13%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>

# Reconciliation of GAAP to Non-GAAP financial information (cont.)

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

	Three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
	(unaudited)				
<u>Reconciliation of net income</u>					
GAAP net income	\$ 28,034	\$ 76,692	\$ 13,052	\$ 1,573	\$ 27,425
Share-based compensation	29,283	39,546	49,862	56,645	30,958
Income tax benefit related to valuation allowance reversal <sup>(1)</sup>	—	(61,150)	—	—	—
Tax expense (benefit) related to share-based compensation <sup>(2)</sup>	(1,313)	(80)	(1,015)	78	—
<b>Non-GAAP net income</b>	<b>\$ 56,004</b>	<b>\$ 55,008</b>	<b>\$ 61,899</b>	<b>\$ 58,296</b>	<b>\$ 58,383</b>
<u>Reconciliation of weighted average number of shares outstanding</u>					
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income per ordinary share, basic	48,018,030	51,686,448	51,687,504	51,385,862	51,005,188
Effect of dilutive shares	839,250	1,241,798	1,576,981	1,885,662	2,037,291
<b>Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income per ordinary share, diluted</b>	<b>48,857,280</b>	<b>52,928,246</b>	<b>53,264,485</b>	<b>53,271,524</b>	<b>53,042,479</b>
GAAP net income per share, basic	\$ 0.58	\$ 1.48	\$ 0.25	\$ 0.03	\$ 0.54
GAAP net income per share, diluted	\$ 0.57	\$ 1.45	\$ 0.25	\$ 0.03	\$ 0.52
Non-GAAP net income per share, basic	\$ 1.17	\$ 1.06	\$ 1.20	\$ 1.13	\$ 1.14
Non-GAAP net income per share, diluted	\$ 1.15	\$ 1.04	\$ 1.16	\$ 1.09	\$ 1.10

(1) During the fourth quarter of 2025, the Company recorded a non-cash income tax benefit related to the reversal of a valuation allowance on deferred tax assets following sustained profitability. This benefit is excluded from non-GAAP net income as management believes it is a discrete item that is not indicative of the Company's ongoing operating performance. The Company continues to evaluate the realizability of its deferred tax assets each reporting period.

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

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

(U.S. dollars in thousands)

	Three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
	(unaudited)				
Net cash provided by operating activities	\$ 104,687	\$ 59,693	\$ 95,144	\$ 66,837	\$ 111,970
Purchase of property and equipment	(2,447)	(6,807)	(3,984)	(5,884)	(3,687)
Capitalized software development costs	(484)	(736)	(941)	(924)	(779)
Purchase of property and equipment related to build-out and expansion of our corporate headquarters	1,022	4,584	2,082	4,064	2,028
<b>Adjusted free cash flow</b>	<b>\$ 102,778</b>	<b>\$ 56,734</b>	<b>\$ 92,301</b>	<b>\$ 64,093</b>	<b>\$ 109,532</b>
Adjusted free cash flow margin	29%	17%	29%	21%	39%