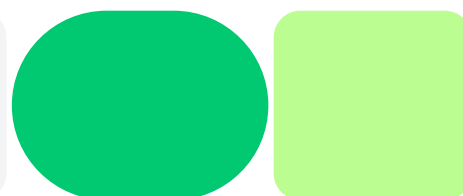


Q2 | 2026

Shareholder Letter



Financial highlights



Second quarter 2026 key results

Revenue

\$364.6M

22% Y/Y Growth

Gross margin

89%

NON-GAAP

Customers \$50k+ ARR*

4,834

31% Y/Y Growth

Net dollar retention
rate (NDR)*

109%

for all customers

Operating
margin

17%

NON-GAAP

Adjusted free cash
flow margin

14%

NON-GAAP

Financial outlook

Q3 FY 2026

Revenue

\$368M – \$370M

16% – 17% Y/Y growth

Operating income (Non-GAAP)

\$57M – \$59M

~16% margin



FY 2026

Revenue

\$1,466M – \$1,474M

19% – 20% Y/Y growth

Operating income (Non-GAAP)

\$230M – \$234M

~16% margin

Adj. free cash flow

\$280M – \$290M

19% – 20% margin

*Metrics as of the end of the quarter ended June 30, 2026

From the CEOs

Fellow shareholders,

Over the past nine months, monday.com has undergone the most meaningful strategic shift in our history. We moved from building software that helps people manage work to building software that does the work with people and AI agents operating together in a single, unified workspace. That shift changed our product, our strategy, and how we serve our customers.

It also required us to change ourselves.

On July 22, we reduced our global workforce by approximately 20%. It was the hardest decision we have made since founding this company. The people who left were talented colleagues who built something we are proud of, and we are grateful for everything they contributed.

We are also certain it was the right call. Our focus is not to protect where we are, but to position us for where we are going. Most of the savings will be reinvested into people, products, and AI. What changes is how we operate with fewer management layers, smaller teams with real decision-making authority, and a go-to-market model built around the deeper customer partnership that AI deployment demands.

Our Q2 results reflect the strength of the business we are building from. **Q2 revenue grew 22%** year-over-year while **Q2 non-GAAP operating margin expanded to 17%**. In July, we **crossed \$1.5 billion in ARR**, a milestone that reflects the durability of our core business even as we reshape the company around AI. We raised our full-year non-GAAP operating margin outlook while holding our revenue growth and free cash flow guidance. More telling than any single metric is that AI product adoption continues to accelerate, and customer response to our new direction continues to exceed our expectations.

We have never seen an opportunity [this large in software](#). We intend to take it.

Promising start to the new AI Work Platform

The clearest evidence that our strategy is working is what we are seeing in AI adoption.

AI ARR doubled from Q1 to Q2 and now represents 17% of net new ARR added in the quarter. That is a meaningful signal, not because the absolute number is large yet but because the rate of change tells us customers are actively choosing our AI capabilities, not simply inheriting them.

Equally encouraging is the early reception to our new seat-and-credit pricing model, launched in May. Adoption has been strong out of the gate, and customers are engaging deeply enough with our AI products to invest beyond the default package. Pricing models only work when customers see value worth paying for. We are beginning to see that.

We are under no illusion that these are anything other than early results. The numbers are promising, not definitive. But they are moving in the right direction, at an accelerating pace, and they reinforce our conviction that the strategic bets we are making on the AI Work Platform, on new pricing, and on a reorganized company built to execute faster, are the right ones.

2x
AI ARR growth
Q1→Q2

A growing base of strategic customers

Record net additions of \$100k+ and \$500k+ customers in Q2 reflect the continued strength of our upmarket motion. Larger customers continue to be an important driver of our business, and we remain focused on deepening those relationships as we expand our AI capabilities.

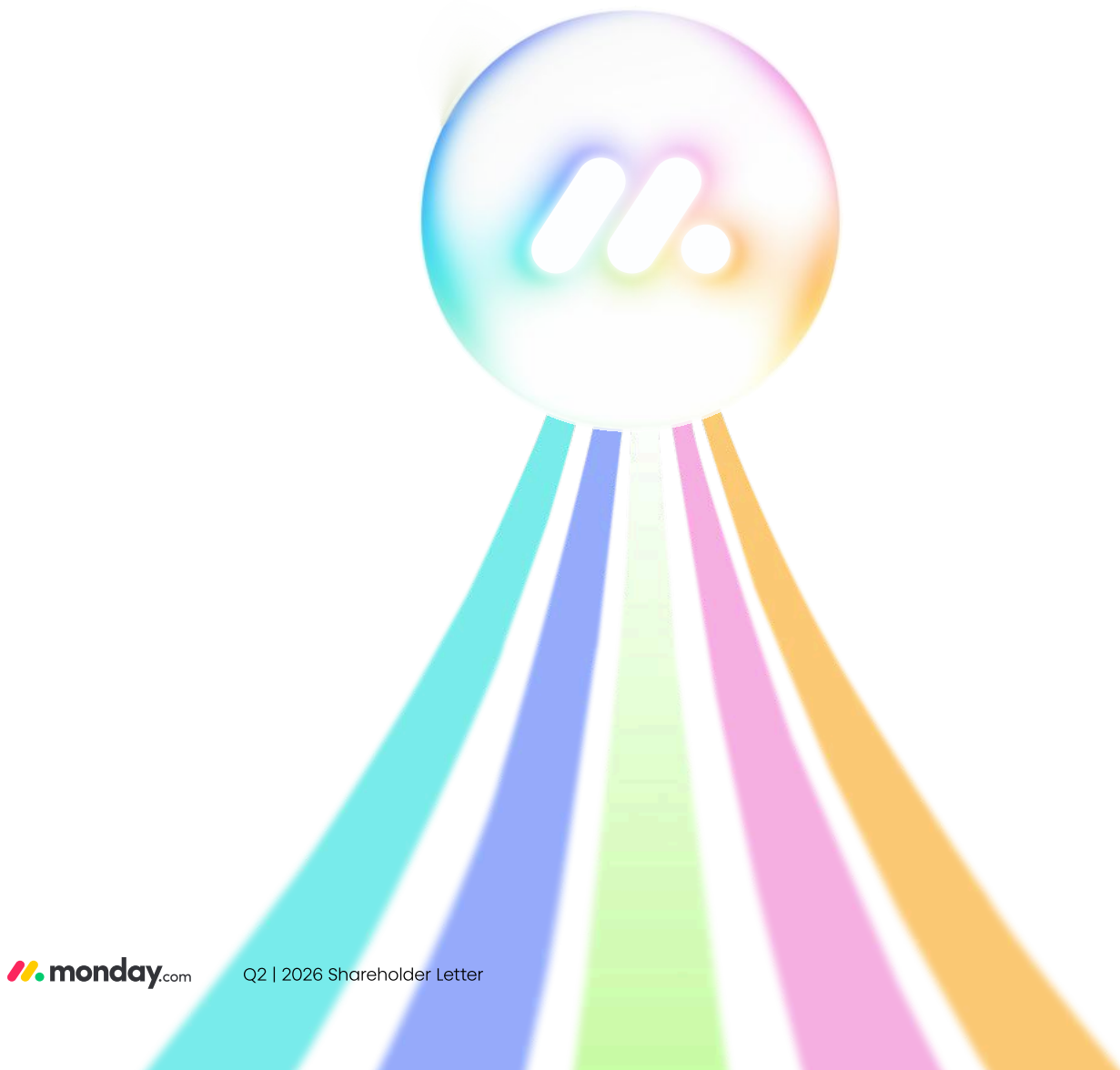
RPO growth also showed improvement in the quarter, an encouraging signal that our largest customers are extending their commitments to monday.com.

The opportunity ahead

The decisions we made this quarter, restructuring our organization, sharpening our product portfolio, and committing fully to the AI Work Platform were not easy ones. But they were ours to make, and we made them with clear eyes.

What lies ahead is an opportunity in software unlike anything we have seen before: a genuine chance to redefine what work looks like when AI and people operate as one. We are building the company, the products, and the go-to-market model to capture it. We are grateful for your continued trust, and we look forward to earning it quarter by quarter.

**Best,
Roy and Eran**



The AI Work Platform in action

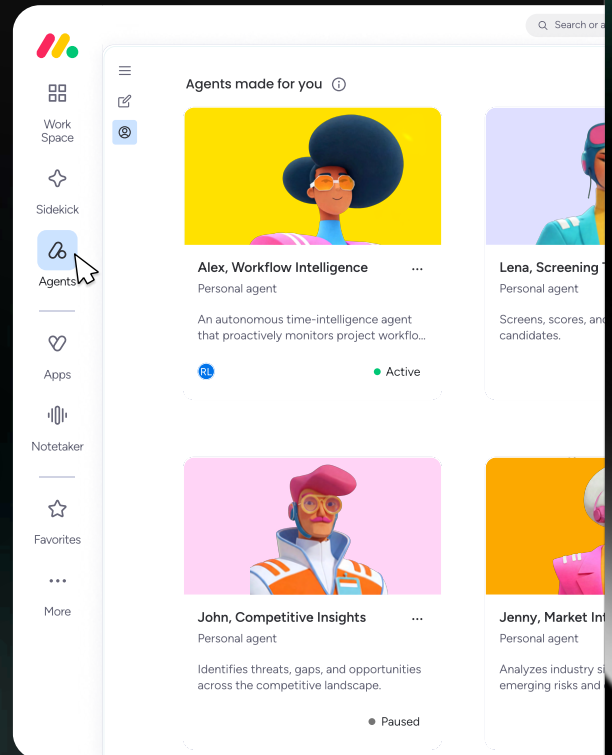


Real usage that compounds

The clearest evidence that our strategy is working is what we are seeing in AI adoption.

AI ARR doubled from Q1 to Q2 and now represents 17% of net new ARR added in the quarter. That is a meaningful signal, not because the absolute number is large yet, but because the rate of change tells us customers are actively choosing our AI capabilities, not simply inheriting them.

What sits behind that ARR number is genuine, broad-based product usage across our AI suite. Customers are automating workflows with monday Agents, accelerating execution with AI-powered blocks, getting real-time assistance through monday Sidekick, and reclaiming time in meetings with monday Notetaker. These are not features being explored in pilots. They are tools being used at scale, every day, by real teams doing real work.



Taken together, the usage data tells a consistent story: customers are engaging with our AI products deeply and repeatedly. That kind of habitual usage is what drives retention, expansion, and ultimately the ARR growth we expect to accelerate in the quarters ahead. We are still early, but the foundation is solid and the trajectory is clear.

monday agents

1.7M+

Agent interactions

monday blocks

98M+

AI blocks actions

monday sidekick

~3M

Conversations

monday notetaker

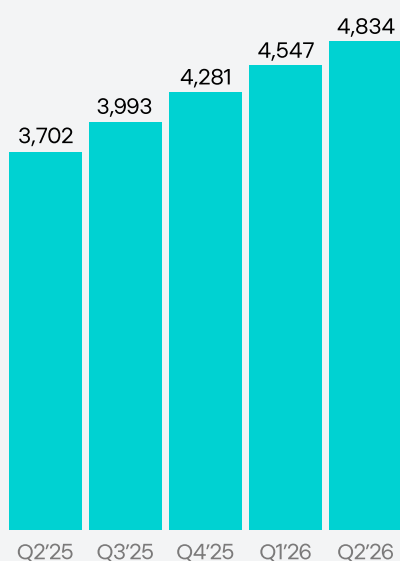
180k+

Notetaker hours

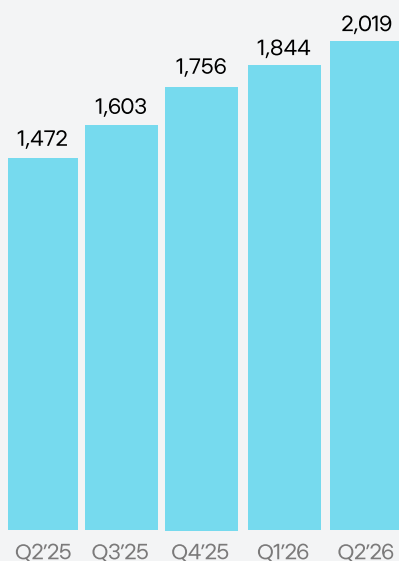
*Based on data at the end of Q2 since the product feature launch



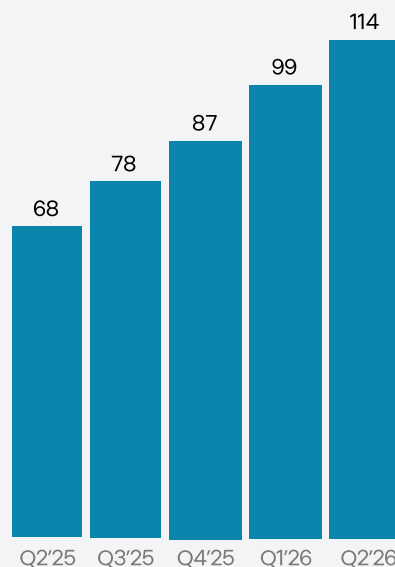
Expanding upmarket



of customers with
\$50k+ ARR*

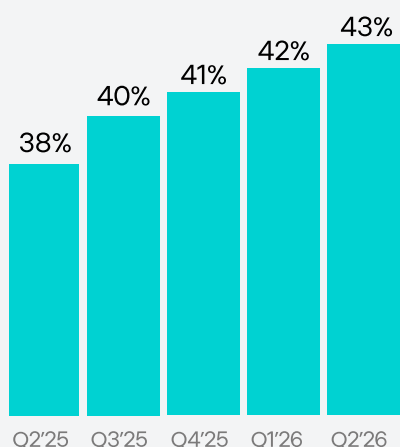


of customers with
\$100k+ ARR*

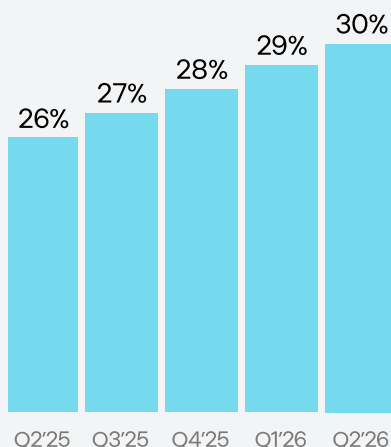


of customers with
\$500k+ ARR*

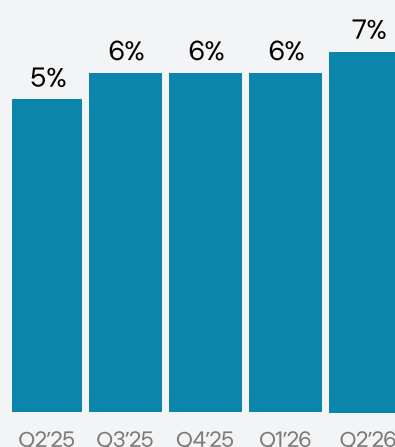
In Q2'26, we added 287 net new customers over \$50k in ARR, 175 customers over \$100k in ARR, and a record 15 customers over \$500k in ARR. This growth was supported by our continued commitment to strengthening our enterprise-grade product capabilities and ongoing efforts to bolster our enterprise go-to-market approach.



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



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

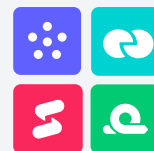


% of ARR from customers
with \$500k+ ARR*

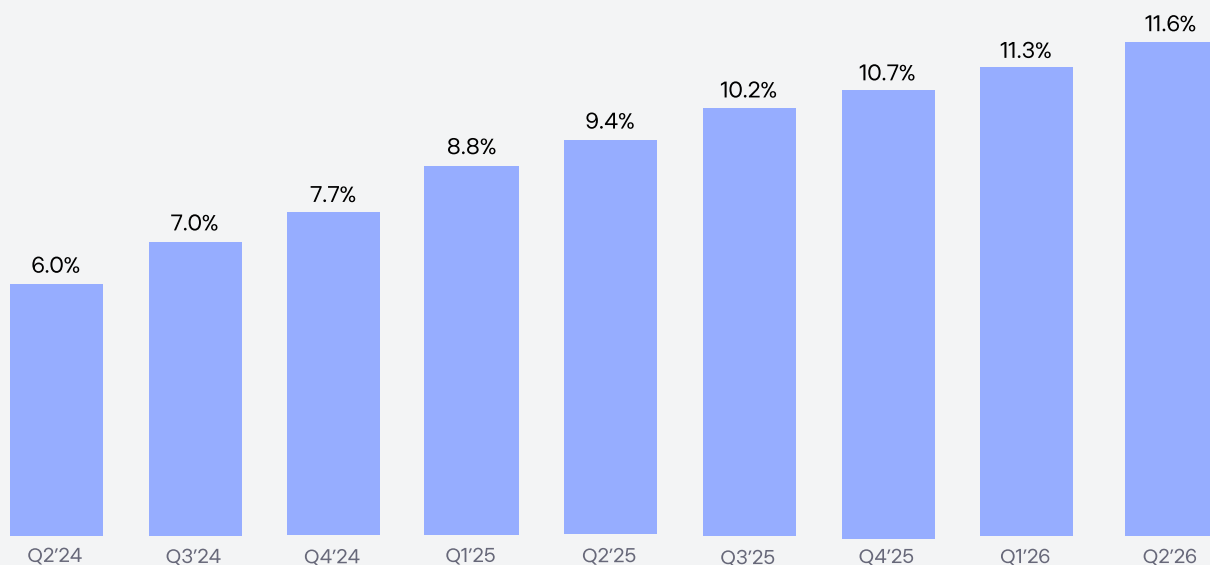
Customers with more than \$50k in ARR now represent 43% of ARR, up from 38% a year ago. Customers with more than \$100k in ARR now represent 30% of ARR, up from 26% a year ago. Customers with more than \$500k in ARR now represent 7% of ARR, up from 5% a year ago.

*Data as of the end of each quarter

Multi-product expansion

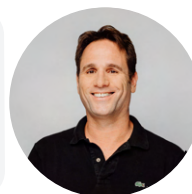


Our multi-product strategy continues to drive strong growth, reaching customers across a wider variety of teams and use cases. As of the end of Q2, **new products* now account for 11.6% of total ARR**, with ongoing momentum as we continue to integrate AI across the product suite.



*"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 has continued to build momentum, with Q2 revenue growing 22% year-over-year to \$365 million, driven by record net additions of \$100k+ and \$500k+ customers and solid RPO growth. Non-GAAP operating margin expanded to 17% in the quarter, reflecting both the underlying strength of the business and our ongoing discipline around cost structure.

Second quarter fiscal year 2026

(U.S. dollars in millions)

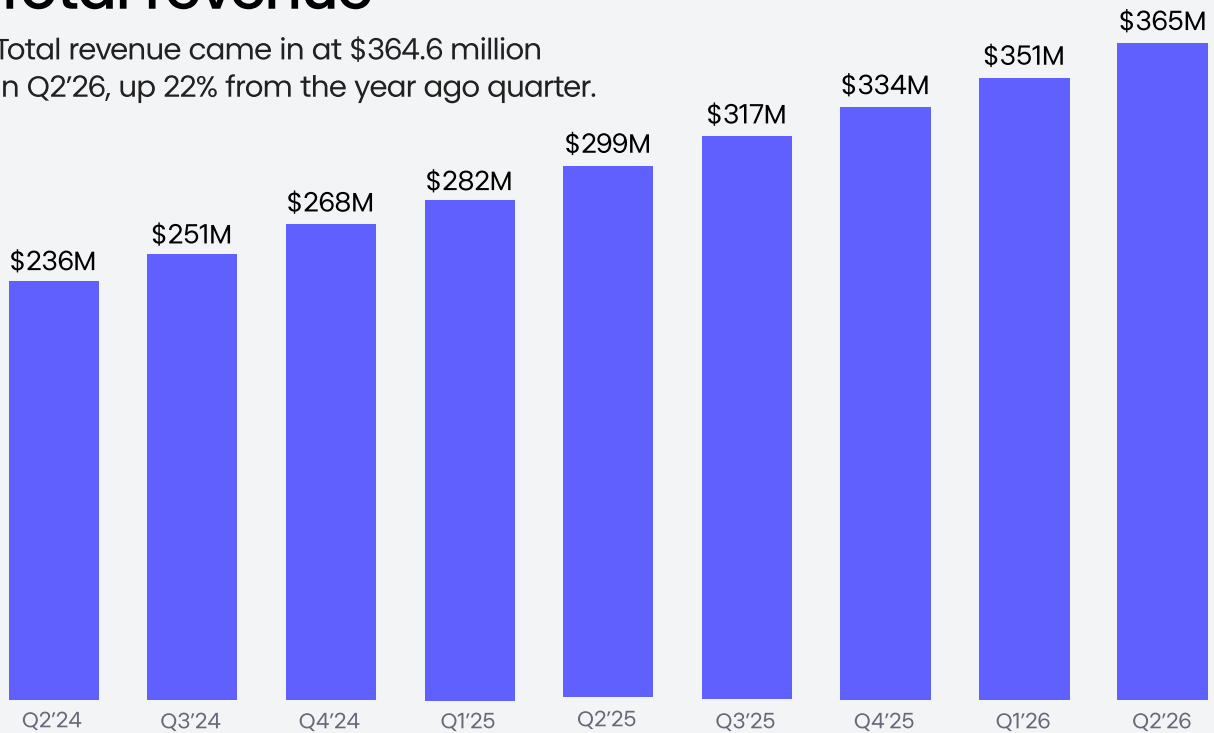
GAAP Results	Q2'26	Q2'25	Diff.	Diff. %
Revenue	364.6	299.0	65.6	22%
Gross profit	322.0	267.8	54.1	20%
Gross margin	88%	90%		
R&D	99.3	87.0	12.3	14%
As % of revenue	27%	29%		
S&M	162.4	152.6	9.8	6%
As % of revenue	45%	51%		
G&A	40.4	39.8	0.6	1%
As % of revenue	11%	13%		
Restructuring charges	21.4	-	21.4	-
Total operating expenses	323.5	279.4	44.1	16%
Operating income	(1.5)	(11.6)	10.0	87%
Operating margin	(0%)	(4%)		

Non-GAAP Results	Q2'26	Q2'25	Diff.	Diff. %
Gross profit	324.2	270.1	54.1	20%
Gross margin	89%	90%		
R&D	83.0	59.2	23.8	40%
As % of revenue	23%	20%		
S&M	149.4	139.2	10.2	7%
As % of revenue	41%	47%		
G&A	30.7	26.6	4.1	15%
As % of revenue	8%	9%		
Total operating expenses	263.1	225.0	38.1	17%
Operating income	61.1	45.1	16.0	36%
Operating margin	17%	15%		

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

Total revenue

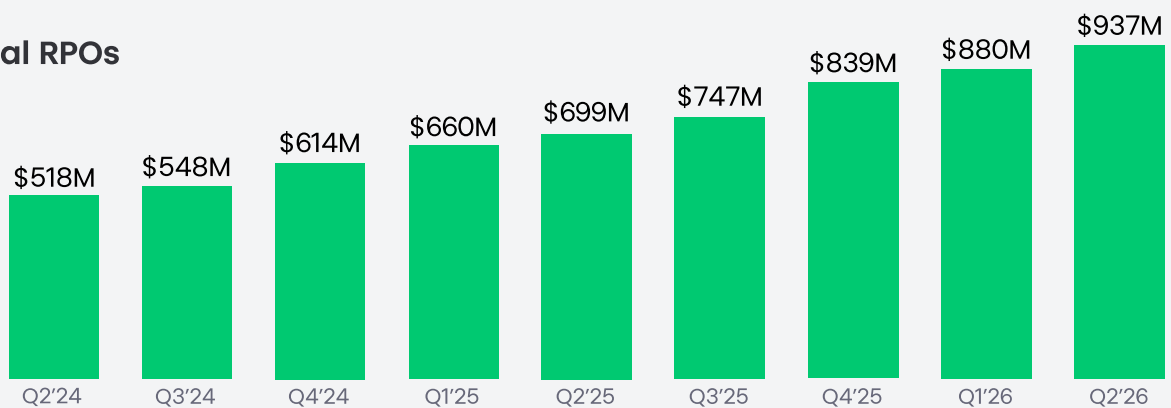
Total revenue came in at \$364.6 million in Q2'26, up 22% from the year ago quarter.



Remaining performance obligations (RPOs)

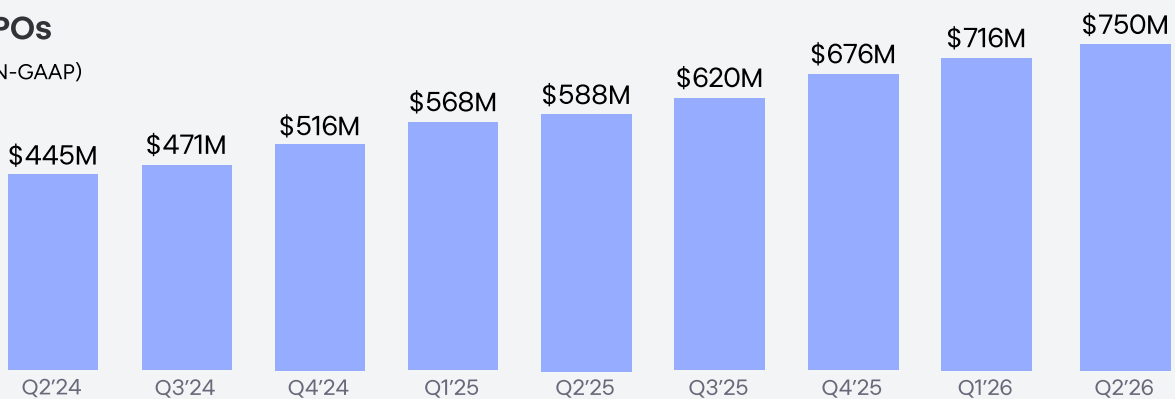
Total RPOs were \$937 million, up 34% year-over-year, and current remaining performance obligations (cRPOs) were \$750 million, up 27% year-over-year.

Total RPOs



cRPOs

(NON-GAAP)



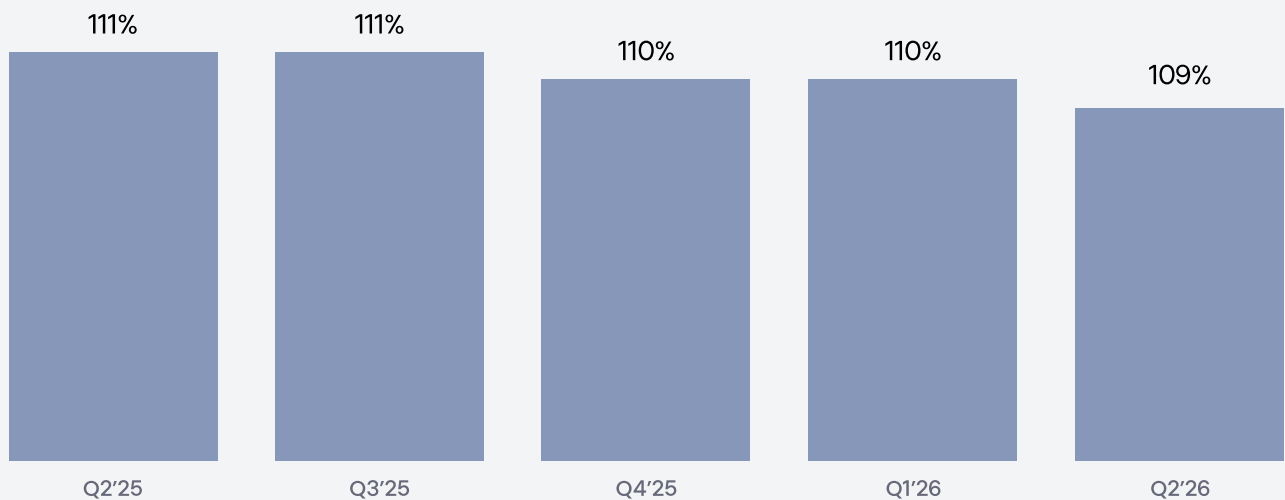
Note: Data as of the end of each quarter

Net dollar retention rate

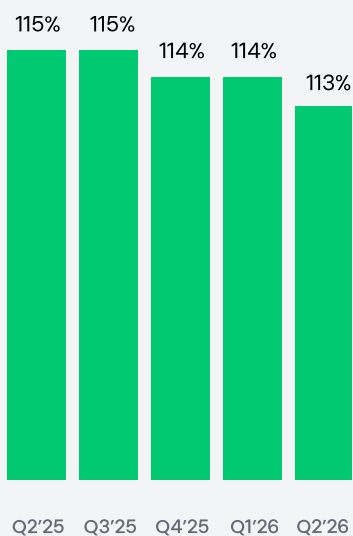
Our overall NDR was 109% in Q2'26. As a reminder, our NDR is a trailing four-quarter, weighted average calculation.

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

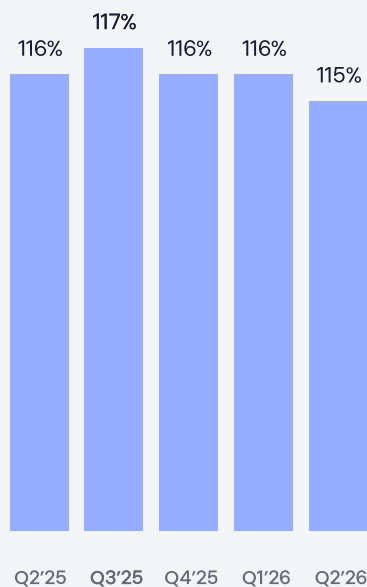
For all customers



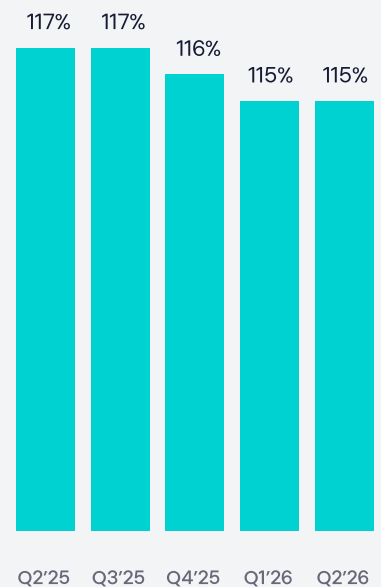
For customers with 10+ users



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 \$83.0 million in Q2'26, or 23% of revenue, compared to 20% in Q2'25.

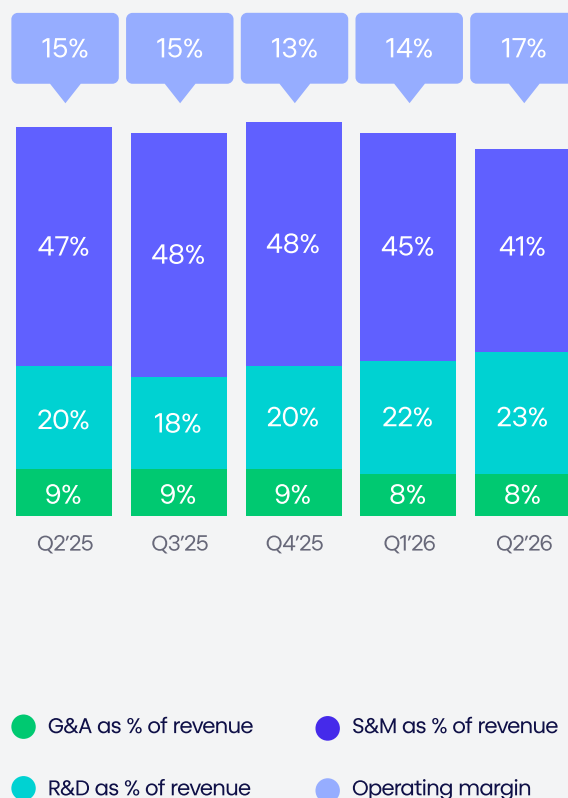
Sales and marketing (S&M) expense was \$149.4 million in Q2'26, or 41% of revenue, compared to 47% in Q2'25.

General and administrative (G&A) expense was \$30.7 million in Q2'26, or 8% of revenue, compared to 9% in Q2'25.

Operating income was \$61.1 million in Q2'26, up from \$45.1 million in Q2'25, and operating margin was 17%, up from 15% in Q2'25.

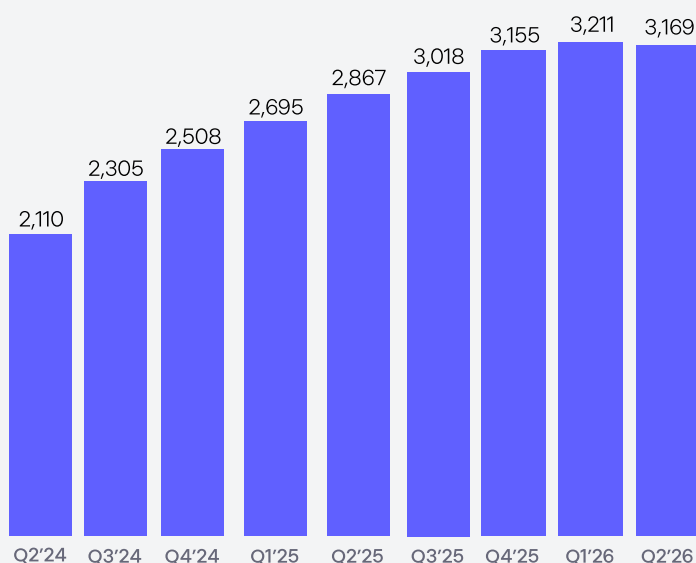
Net income was \$65.6 million in Q2'26, compared to \$58.3 million in Q2'25. Diluted net income per share was \$1.48 in Q2, based on 44.4 million fully diluted shares outstanding.

% of revenue



Headcount

Total employee headcount was 3,169, a decrease of 42 employees since Q1'26.



Balance sheet

Cash, cash equivalents and marketable securities totaled \$1.07 billion at the end of Q2'26, compared to \$1.21 billion at the end of Q1'26, reflecting \$182 million of share repurchases executed during the quarter.

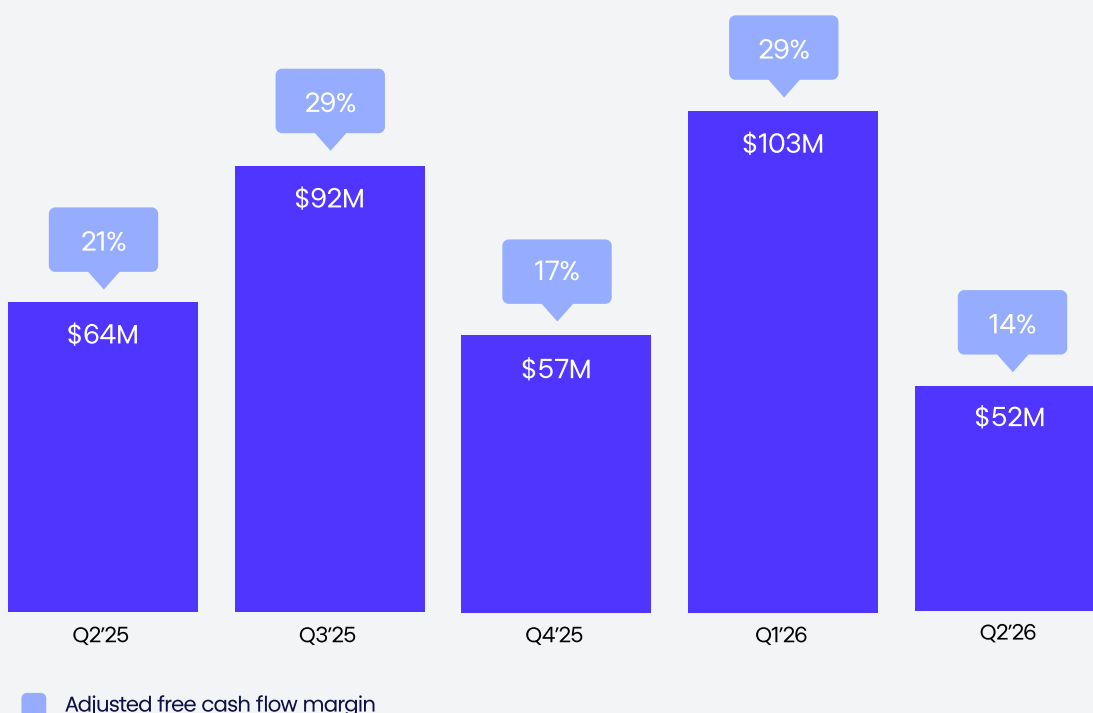
As of the end of Q2, the entire \$870 million authorized was utilized and no shares are available for future share repurchases under the program.



Adjusted free cash flow

(NON-GAAP)

Adjusted free cash flow for Q2'26 was \$52.3 million, and adjusted free cash flow margin, as defined as adjusted free cash flow as a percentage of revenue, was 14%.



Financial guidance

	Q3 FY 2026	FY 2026
Revenue	\$368 – \$370 million	\$1,466 – \$1,474 million
Y/Y growth %	16% – 17%	19% – 20%
Non-GAAP operating income	\$57 – \$59 million	\$230 – \$234 million
Margin %	~16%	~16%
Adjusted free cash flow		\$280 – \$290 million
Margin %		19% – 20%

For the third quarter of fiscal year 2026, we expect our revenue to be in the range of \$368 million to \$370 million, representing growth of 16% to 17% year-over-year. We expect non-GAAP operating income of \$57 million to \$59 million and a non-GAAP operating margin of approximately 16%, 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 \$230 million to \$234 million and a non-GAAP operating margin of approximately 16%, 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’s 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; that our restructuring plan may not achieve the expected benefits or that the costs may exceed our expectations; 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 to 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 organizations 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 risks related to intellectual property infringement claims; risks related to our use of open-source software; risks related to our founder share that provides certain veto rights; risks related to our status as a foreign private issuer incorporated and located in Israel, including risks related to 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 second quarter and fiscal year 2026 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. Around 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.

Appendix

Condensed consolidated statements of operations

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Revenue	\$ 364,621	\$ 299,014	\$ 715,886	\$ 581,264
Cost of revenue	42,661	31,173	80,785	59,978
Gross profit	321,960	267,841	635,101	521,286
Operating expenses:				
Research and development	99,307	87,039	191,327	156,424
Sales and marketing	162,402	152,590	327,797	294,310
General and administrative	40,359	39,763	76,331	72,307
Restructuring charges	21,436	—	21,436	—
Total operating expenses	323,504	279,392	616,891	523,041
Operating income (loss)	(1,544)	(11,551)	18,210	(1,755)
Financial income, net	6,960	14,102	17,336	31,749
Income before income taxes	5,416	2,551	35,546	29,994
Income tax expense	(1,956)	(978)	(4,052)	(996)
Net Income	\$ 3,460	\$ 1,573	\$ 31,494	\$ 28,998
Net income per share attributable to ordinary shareholders, basic	\$ 0.08	\$ 0.03	\$ 0.69	\$ 0.57
Net income per share attributable to ordinary shareholders, diluted	\$ 0.08	\$ 0.03	\$ 0.67	\$ 0.55
Weighted-average ordinary shares used in calculating net income per ordinary share, basic	43,697,057	51,385,862	45,898,551	51,196,507
Weighted-average ordinary shares used in calculating net income per ordinary share, diluted	44,441,875	53,271,524	46,752,399	53,149,561

Condensed consolidated balance sheets

(U.S. dollars in thousands)

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 853,402	\$ 1,503,149
Marketable securities	219,353	162,308
Accounts receivable, net	32,888	30,552
Prepaid expenses and other current assets	104,578	93,055
Total current assets	1,210,221	1,789,064
LONG-TERM ASSETS:		
Property and equipment, net	50,299	53,888
Operating lease right-of-use assets	202,865	149,149
Deferred tax asset, net	54,273	58,682
Goodwill	9,851	—
Intangible assets, net	3,228	—
Other long-term assets	89,182	55,817
Total long-term assets	409,698	317,536
Total assets	\$ 1,619,919	\$ 2,106,600
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 62,934	\$ 45,001
Accrued expenses and other current liabilities	247,845	234,377
Deferred revenue, current	451,577	409,677
Operating lease liabilities, current	27,512	25,819
Total current liabilities	789,868	714,874
LONG-TERM LIABILITIES		
Operating lease liabilities, non-current	209,976	142,948
Deferred revenues, non-current	2,100	1,942
Total long-term liabilities	212,076	144,890
Total liabilities	1,001,944	859,764
SHAREHOLDERS' EQUITY:		
Other comprehensive income	6,862	18,097
Share capital and additional paid-in capital	1,012,909	1,662,029
Accumulated deficit	(401,796)	(433,290)
Total shareholders' equity	617,975	1,246,836
Total liabilities and shareholders' equity	\$ 1,619,919	\$ 2,106,600

Condensed consolidated statements of cash flows

(U.S. dollars in thousands)

	Three months ended		Six months ended					
	June 30,		June 30,					
	2026	2025	2026	2025				
	(unaudited)		(unaudited)					
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	\$	3,460	\$	1,573	\$	31,494	\$	28,998
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation and amortization		3,967		3,375		7,815		6,625
Restructuring charges		21,436		—		21,436		—
Share-based compensation		41,218		56,645		70,501		87,603
Amortization of discount and accretion of interest on marketable securities		778		580		(1,693)		(95)
<u>Changes in operating assets and liabilities:</u>								
Accounts receivable, net		1,482		(9,760)		(2,336)		(10,392)
Prepaid expenses and other assets		(30,834)		(16,987)		(47,251)		(26,757)
Deferred taxes		1,598		—		3,848		—
Accounts payable		10,923		10,068		11,359		6,224
Accrued expenses and other liabilities, net		4,866		2,941		22,810		24,098
Deferred revenue		(3,540)		18,402		42,058		62,503
Net cash provided by operating activities		55,354		66,837		160,041		178,807
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of property and equipment		(3,790)		(5,884)		(6,237)		(9,571)
Purchase of marketable securities		(43,792)		—		(112,915)		(10,049)
Maturities of marketable securities		37,670		—		55,917		—
Acquisition of a business operation		(13,200)		—		(13,200)		—
Investment in affiliated company		—		—		(4,332)		—
Purchase of securities of privately held companies		(1,000)		—		(6,000)		—
Capitalized software development costs		(1,106)		(924)		(1,590)		(1,703)
Net cash used in investing activities		(25,218)		(6,808)		(88,357)		(21,323)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from exercise of share options and employee share purchase plan		8,329		12,365		15,369		26,501
Receipt (repayment) of tax advance relating to exercises of share options and RSUs, net		161		(9,484)		(1,829)		(5,072)
Repurchase of ordinary shares		(182,359)		—		(734,971)		—
Net cash provided by (used in) financing activities		(173,869)		2,881		(721,431)		21,429
INCREASE (DECREASE) IN CASH, AND CASH EQUIVALENTS		(143,733)		62,910		(649,747)		178,913
CASH and CASH EQUIVALENTS – Beginning of period		997,135		1,527,605		1,503,149		1,411,602
CASH and CASH EQUIVALENTS – End of period	\$	853,402	\$	1,590,515	\$	853,402	\$	1,590,515

Reconciliation of GAAP to Non-GAAP financial information

(U.S. dollars in thousands)

	Three months ended				
	June 30, 2026	March 31, 2026	December 31, 2025 (unaudited)	September 30, 2025	June 30, 2025
<u>Reconciliation of gross profit and gross margin</u>					
GAAP gross profit	\$ 321,960	\$ 313,141	\$ 296,545	\$ 281,067	\$ 267,841
Share-based compensation	2,262	1,049	2,191	2,964	2,272
Non-GAAP gross profit	\$ 324,222	\$ 314,190	\$ 298,736	\$ 284,031	\$ 270,113
GAAP gross margin	88%	89%	89%	89%	90%
Non-GAAP gross margin	89%	89%	89%	90%	90%
<u>Reconciliation of operating expenses</u>					
GAAP research and development	\$ 99,307	\$ 92,020	\$ 84,922	\$ 79,453	\$ 87,039
Share-based compensation	(16,304)	(13,607)	(17,222)	(21,681)	(27,806)
Non-GAAP research and development	\$ 83,003	\$ 78,413	\$ 67,700	\$ 57,772	\$ 59,233
GAAP sales and marketing	\$ 162,402	\$ 165,395	\$ 170,733	\$ 165,808	\$ 152,590
Share-based compensation	(12,958)	(7,214)	(10,875)	(14,004)	(13,367)
Non-GAAP sales and marketing	\$ 149,444	\$ 158,181	\$ 159,858	\$ 151,804	\$ 139,223
GAAP general and administrative	\$ 40,359	\$ 35,972	\$ 38,505	\$ 38,184	\$ 39,763
Share-based compensation	(9,694)	(7,413)	(9,258)	(11,213)	(13,200)
Non-GAAP general and administrative	\$ 30,665	\$ 28,559	\$ 29,247	\$ 26,971	\$ 26,563
<u>Reconciliation of operating income (loss)</u>					
GAAP operating income (loss)	\$ (1,544)	\$ 19,754	\$ 2,385	\$ (2,378)	\$ (11,551)
Restructuring charges ⁽¹⁾	21,436	—	—	—	—
Share-based compensation	41,218	29,283	39,546	49,862	56,645
Non-GAAP operating income	\$ 61,110	\$ 49,037	\$ 41,931	\$ 47,484	\$ 45,094
GAAP operating margin	(0%)	6%	1%	(1%)	(4%)
Non-GAAP operating margin	17%	14%	13%	15%	15%

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

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

	Three months ended				
	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
	(unaudited)				
<u>Reconciliation of net income</u>					
GAAP net income	\$ 3,460	\$ 28,034	\$ 76,692	\$ 13,052	\$ 1,573
Share-based compensation	41,218	29,283	39,546	49,862	56,645
Restructuring charges ⁽¹⁾	21,436				
Income tax benefit related to valuation allowance reversal ⁽²⁾	—	—	(61,150)	—	—
Tax expense (benefit) related to share-based compensation ⁽³⁾	(479)	(1,313)	(80)	(1,015)	78
Non-GAAP net income	\$ 65,635	\$ 56,004	\$ 55,008	\$ 61,899	\$ 58,296
<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	43,697,057	48,018,030	51,686,448	51,687,504	51,385,862
Effect of dilutive shares	744,818	839,250	1,241,798	1,576,981	1,885,662
Weighted-average ordinary shares used in calculating GAAP and Non-GAAP net income per ordinary share, diluted	44,441,875	48,857,280	52,928,246	53,264,485	53,271,524
GAAP net income per share, basic	\$ 0.08	\$ 0.58	\$ 1.48	\$ 0.25	\$ 0.03
GAAP net income per share, diluted	\$ 0.08	\$ 0.57	\$ 1.45	\$ 0.25	\$ 0.03
Non-GAAP net income per share, basic	\$ 1.50	\$ 1.17	\$ 1.06	\$ 1.20	\$ 1.13
Non-GAAP net income per share, diluted	\$ 1.48	\$ 1.15	\$ 1.04	\$ 1.16	\$ 1.09

(1) In connection with the Company's broader restructuring plan, the Company recognized restructuring charges of \$21.4 million in the second quarter of 2026, consisting of non-cash impairment charges related to operating lease right-of-use assets, leasehold improvements, and other fixed assets for office space in Israel that was originally secured to support planned workforce expansion.

(2) 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.

(3) 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				
	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
	(unaudited)				
Net cash provided by operating activities	\$ 55,354	\$ 104,687	\$ 59,693	\$ 95,144	\$ 66,837
Purchase of property and equipment	(3,790)	(2,447)	(6,807)	(3,984)	(5,884)
Capitalized software development costs	(1,106)	(484)	(736)	(941)	(924)
Purchase of property and equipment related to build-out of our corporate headquarters ⁽¹⁾	1,886	1,022	4,584	2,082	4,064
Adjusted free cash flow	\$ 52,344	\$ 102,778	\$ 56,734	\$ 92,301	\$ 64,093
Adjusted free cash flow margin	14%	29%	17%	29%	21%

(1) For the three months ended June 30, 2026 and March 31, 2026, mainly represents renovation costs at an office space in Israel that were capitalized prior to the Company's decision to vacate that space in Q2 2026. Although the related leasehold improvements were subsequently impaired as part of the restructuring charges excluded from non-GAAP operating income, the adjusted free cash flow add-back reflects cash previously paid for the renovation project — a distinct event from the non-cash impairment — and is included because it represents a one-time, non-recurring capital outlay not reflective of our ongoing capital expenditures.