



## JFrog Announces Second Quarter Fiscal 2023 Results

- *Total Revenues of \$84.2 million; up 24% Year-over-Year*
- *Cloud Revenues Up 44% Year-over-Year; driven by higher customer usage*
- *Launched JFrog Curation security tool to prevent malicious packages from entering software supply chains*
- *Commissioned Forrester study finds nearly 400% ROI with the JFrog Platform*

**Sunnyvale, Calif., August 2, 2023** -- [JFrog Ltd.](#) ("JFrog") (Nasdaq: FROG), the Liquid Software company and creators of the JFrog Software Supply Chain Platform, today announced financial results for its second quarter ended June 30, 2023.

"The growth in our second-quarter revenue - alongside robust operating performance - demonstrates solid execution aligned with our plans. The continuous adoption of our DevOps and Security solutions as crucial enterprise infrastructure has been a driving force behind these results," stated Shlomi Ben Haim, JFrog CEO and Co-founder. "With the recent launch of JFrog Curation, natively integrated with JFrog Artifactory, Xray and Advanced Security, we have significantly enhanced our DevSecOps capabilities and are enthusiastic about further expansion of JFrog's presence in the security market."

### Second Quarter 2023 Financial Highlights

- Revenue for the second quarter of 2023 equaled \$84.2 million, up 24% year-over-year.
- GAAP Gross Profit was \$65.7 million; GAAP Gross Margin was 78.1%.
- Non-GAAP Gross Profit was \$70.4 million; Non-GAAP Gross Margin was 83.6%.
- GAAP Operating Loss was (\$18.9) million; GAAP Operating Margin was (22.5%).
- Non-GAAP Operating Income was \$8.2 million; Non-GAAP Operating Margin was 9.7%.
- GAAP Net Loss Per Share was (\$0.15); Non-GAAP Earnings Per Share was \$0.11.
- Operating Cash Flow was \$16.7 million; Free Cash Flow of \$16.2 million.
- Cash, Cash Equivalents and Investments were \$469.8 million as of June 30, 2023.
- Remaining performance obligations were \$213.6 million as of June 30, 2023.

### Recent Business & Product Highlights

- Cloud revenue equaled \$27.6 million during the second quarter of 2023, an increase of 44% year-over-year. Cloud revenue represented 33% of total revenue, compared to 28% in the year ago period.
- Net Dollar Retention rate for the trailing four quarters was 120%.

- \$100K ARR customers increased to 813 customers, compared with 647 in the year ago period.
- \$1 million ARR customers increased to 24 customers, up from 17 customers in the year ago period.
- Customers adopting the end-to-end JFrog Platform Enterprise+ subscription represented 45% of total revenue versus 36% in the year-ago period.
- Announced General Availability of JFrog Curation to prevent unwanted or malicious packages from entering an organization, protecting the software supply chain.
- Delivered JFrog-commissioned study from Forrester Consulting, showcasing nearly 400% ROI on JFrog Platform investments over 36 months.

### **Third Quarter and Fiscal Year 2023 Outlook**

- Third Quarter 2023 Outlook:
  - Revenue between \$87.0 million and \$88.0 million
  - Non-GAAP operating income between \$6.0 million and \$7.0 million
  - Non-GAAP net income per diluted share between \$0.08 and \$0.09, assuming approximately 110 million weighted average diluted shares outstanding
- Fiscal Year 2023 Outlook:
  - Revenue between \$343.5 million to \$345.5 million
  - Non-GAAP operating income between \$24.0 million and \$25.0 million
  - Non-GAAP net income per diluted share between \$0.26 and \$0.28, assuming approximately 110 million weighted average diluted shares outstanding

*The section titled "Non-GAAP Financial Information" below describes our usage of non-GAAP financial measures. Reconciliations between historical GAAP and non-GAAP information are contained at the end of this press release following the accompanying financial data.*

### **Conference Call Details**

- Event: JFrog's Second Quarter Fiscal 2023 Financial Results Conference Call
- Date: Wednesday, August 2, 2023
- Time: 2:00 p.m. PT (5:00 p.m. ET)

A live webcast of the conference call will be accessible from the investor relations website at <https://investors.jfrog.com/events-and-presentations>.

### **About JFrog**

JFrog Ltd. (Nasdaq: FROG), is on a mission to power all the world's software updates, driven by a "Liquid Software" vision to allow the seamless, secure, fearless flow of binaries from developers to the edge. The JFrog Software Supply Chain Platform enables software creators to power their entire software supply chain throughout the full binary lifecycle, so they can build, secure, distribute,

and connect any source with any production environment. JFrog's hybrid, universal, multi-cloud platform is available as both self-hosted and SaaS services across major cloud service providers. Millions of users and thousands of customers worldwide, including a majority of the Fortune 100, depend on JFrog solutions to securely embrace digital transformation. Once you leap forward, you won't go back! Learn more at [jfrog.com](https://jfrog.com) and follow us on Twitter: [@JFrog](https://twitter.com/JFrog).

**Forward-Looking Statements:**

This press release and the earnings call referencing this press release contain "forward-looking" statements, as that term is defined under the U.S. federal securities laws, including but not limited to statements regarding JFrog's future financial performance, including our outlook for the third quarter and for the full year of 2023, expectations regarding the market and revenue potential for JFrog Artifactory, JFrog Xray, JFrog Distribution, JFrog Connect and JFrog Curation, including the efficacy and benefit of integrating any of the foregoing with other products and platform, our expectations regarding the mission-critical nature of the "JFrog Software Supply Chain Platform" to our customers' infrastructure, the growth potential of our cloud business, including hybrid and multi-cloud, our ability to provide effective tools and solutions to detect and remediate security vulnerabilities, the ability of our strategic sales team to grow the business across top-tier accounts, our ability to expand usage of our platform in the government and commercial sectors, our ability to successfully integrate acquisitions into our business operations, including the JFrog Platform, and realize anticipated benefits and synergies from such acquisitions, our ability to contribute data to global security standards bodies, and our ability to innovate and meet market demands and the software supply chain needs of our customers. These forward-looking statements are based on JFrog's current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause JFrog's actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

There are a significant number of factors that could cause actual results to differ materially from statements made in this press release and our earnings call, including but not limited to: risks associated with managing our rapid growth; our history of losses; our limited operating history; our ability to retain and upgrade existing customers our ability to attract new customers; our ability to effectively develop and expand our sales and marketing capabilities; our ability to integrate and realize anticipated synergies from acquisitions of complementary businesses; risk of a security breach incident or product vulnerability; risk of interruptions or performance problems associated with our products and platform capabilities; our ability to adapt and respond to rapidly changing technology or customer needs; our ability to compete in the markets in which we participate; our ability to successfully integrate technology from acquisitions, into our offerings; our ability to provide continuity to our respective customers and realize innovation following our acquisitions;; general market, political, economic, and business conditions; and the duration and impact of the COVID-19 pandemic. Our 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,

risks detailed in our filings with the Securities and Exchange Commission, including in our annual report on Form 10-K for the year ended December 31, 2022, our quarterly reports on Form 10-Q, and other filings and reports that we may file from time to time with the Securities and Exchange Commission. Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. We disclaim any obligation to update forward-looking statements.

**About Non-GAAP Financial Measures:**

JFrog discloses the following non-GAAP financial measures in this release and the earnings call referencing this press release: non-GAAP operating income (loss), non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (research and development, sales and marketing, general and administrative), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, non-GAAP net income (loss) per basic share, and free cash flow. JFrog uses each of these non-GAAP financial measures internally to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate JFrog's financial performance. JFrog believes they are useful to investors, as a supplement to GAAP measures, in evaluating its operational performance, as further discussed below. JFrog's non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring and unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on JFrog's reported financial results.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, reconciling items that may be incurred in the future such as share-based compensation, the effect of which may be significant.

JFrog defines non-GAAP gross profit, non-GAAP operating expenses (research and development, sales and marketing, general and administrative), non-GAAP gross margin, non-GAAP operating margin, non-GAAP operating income (loss) and non-GAAP net income (loss) as the respective GAAP balances, adjusted for, as applicable: (1) share-based compensation expense; (2) the amortization of acquired intangibles; (3) acquisition-related costs; (4) legal settlement costs and (5) income tax effects. JFrog defines free cash flow as Net cash provided by (used in) operating activities, minus capital expenditures. Investors are encouraged to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures.

Management believes these non-GAAP financial measures are useful to investors and others in assessing JFrog's operating performance due to the following factors:

*Share-based compensation.* JFrog utilizes share-based compensation to attract and retain employees. It is principally aimed at aligning their interests with those of its shareholders and at long-term retention, rather than to address operational performance for any particular period. As a result, share-based compensation expenses vary for reasons that are generally unrelated to financial and operational performance in any particular period.

*Amortization of acquired intangibles.* JFrog views amortization of acquired intangible assets as items arising from pre-acquisition activities determined at the time of an acquisition. While these intangible assets are evaluated for impairment regularly, amortization of the cost of acquired intangibles is an expense that is not typically affected by operations during any particular period.

*Acquisition-related costs.* Acquisition-related costs include expenses related to acquisitions of other companies. JFrog views acquisition-related costs as expenses that are not necessarily reflective of operational performance during a period.

*Legal settlement costs.* From time-to-time JFrog incurs charges related to litigation settlements. We exclude these charges and related professional service costs when associated with a significant settlement because they are not reflective of JFrog's ongoing business and operating results.

*Income tax effects.* JFrog's non-GAAP financial results are adjusted for income tax effects related to these non-GAAP adjustments and changes in our assessment regarding the realizability of our deferred tax assets, if any. Excluding income tax effects of non-GAAP adjustments provides a more accurate view of JFrog's operating results.

*Non-GAAP weighted average share count.* Diluted GAAP and non-GAAP weighted-average shares are the same, except in periods that there is a GAAP loss and a non-GAAP income. The non-GAAP weighted-average shares used to compute the non-GAAP net income per share - diluted are adjusted to reflect dilution equal to the dilutive impact had there been GAAP income.

Additionally, JFrog's management believes that the non-GAAP financial measure, free cash flow, is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures due to the fact that these expenditures are considered to be a necessary component of ongoing operations.

### **Operating Metrics**

JFrog's number of customers with annual recurring revenue ("ARR") of \$100,000 or more is based on the ARR of each customer, as of the last month of the quarter. JFrog's number of customers with ARR of \$1 million or more is based on the ARR of each customer, as of the last month of the quarter. JFrog defines ARR as the annualized revenue run-rate of subscription agreements from all customers as of the last month of the quarter. The ARR includes monthly subscription customers,

so long as JFrog generates revenue from these customers. JFrog annualizes its monthly subscriptions by taking the revenue it would contractually expect to receive from such customers in a given month and multiplying it by 12.

JFrog's net dollar retention rate compares its ARR from the same set of customers across comparable periods. JFrog calculates net dollar retention rate by first identifying customers (the "Base Customers"), which were customers in the last month of a particular quarter (the "Base Quarter"). JFrog then calculates the contracted ARR from these Base Customers in the last month of the same quarter of the subsequent year (the "Comparison Quarter"). This calculation captures upsells, contraction, and attrition since the Base Quarter. JFrog then divides total Comparison Quarter ARR by total Base Quarter ARR for Base Customers. JFrog's net dollar retention rate in a particular quarter is obtained by averaging the result from that particular quarter with the corresponding results from each of the prior three quarters.

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**JFROG LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data; unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue:				
Subscription—self-managed and SaaS	\$ 79,467	\$ 63,679	\$ 154,010	\$ 122,748
License—self-managed	4,703	4,128	9,980	8,755
Total subscription revenue	84,170	67,807	163,990	131,503
Cost of revenue:				
Subscription—self-managed and SaaS <sup>(1)(2)(3)</sup>	18,231	15,024	36,434	28,667
License—self-managed <sup>(3)</sup>	218	220	436	440
Total cost of revenue—subscription	18,449	15,244	36,870	29,107
Gross profit	65,721	52,563	127,120	102,396
Operating expenses:				
Research and development <sup>(1)(2)</sup>	33,544	28,945	68,430	56,046
Sales and marketing <sup>(1)(2)(3)</sup>	36,352	31,991	71,838	61,171
General and administrative <sup>(1)(2)(4)</sup>	14,732	14,037	28,972	26,728
Total operating expenses	84,628	74,973	169,240	143,945
Operating loss	(18,907)	(22,410)	(42,120)	(41,549)
Interest and other income, net	4,896	517	8,888	790
Loss before income taxes	(14,011)	(21,893)	(33,232)	(40,759)
Income tax expense	1,456	1,880	3,044	2,718
Net loss	\$ (15,467)	\$ (23,773)	\$ (36,276)	\$ (43,477)
Net loss per share, basic and diluted	\$ (0.15)	\$ (0.24)	\$ (0.36)	\$ (0.44)
Weighted-average shares used in computing net loss per share, basic and diluted	102,513	98,956	101,890	98,423

(1) Includes share-based compensation expense as follows:

Cost of revenue: subscription—self-managed and SaaS	\$ 2,019	\$ 1,613	\$ 4,215	\$ 2,919
Research and development	7,798	5,330	14,970	10,462
Sales and marketing	6,740	4,792	13,213	9,547
General and administrative	4,765	3,342	8,836	6,223
Total share-based compensation expense	\$ 21,322	\$ 15,077	\$ 41,234	\$ 29,151

(2) Includes acquisition-related costs as follows:

Cost of revenue: subscription—self-managed and SaaS	\$ 5	\$ 6	\$ 10	\$ 13
Research and development	2,745	2,149	5,680	4,524
Sales and marketing	—	112	70	236
General and administrative	64	68	140	234
Total acquisition-related costs	\$ 2,814	\$ 2,335	\$ 5,900	\$ 5,007

(3) Includes amortization of acquired intangibles as follows:

Cost of revenue: subscription—self-managed and SaaS	\$ 2,387	\$ 2,386	\$ 4,774	\$ 4,772
Cost of revenue: license—self-managed	218	220	436	440
Sales and marketing	358	236	716	472
Total amortization expense of acquired intangible assets	\$ 2,963	\$ 2,842	\$ 5,926	\$ 5,684

(4) Includes legal settlement costs as follows:

General and administrative	\$ —	\$ 122	\$ —	\$ 216
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**JFROG LTD.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands; unaudited)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 46,694	\$ 45,595
Short-term investments	423,100	397,605
Accounts receivable, net	62,498	62,117
Deferred contract acquisition costs	9,063	8,102
Prepaid expenses and other current assets	16,955	18,603
Total current assets	558,310	532,022
Property and equipment, net	7,028	8,021
Deferred contract acquisition costs, noncurrent	14,134	13,501
Operating lease right-of-use assets	27,361	24,602
Intangible assets, net	31,618	37,544
Goodwill	247,955	247,955
Other assets, noncurrent	8,715	7,576
Total assets	<u>\$ 895,121</u>	<u>\$ 871,221</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 13,097	\$ 14,867
Accrued expenses and other current liabilities	31,724	28,848
Operating lease liabilities	8,272	7,132
Deferred revenue	170,967	158,725
Total current liabilities	224,060	209,572
Deferred revenue, noncurrent	13,441	16,990
Operating lease liabilities, noncurrent	18,241	16,829
Other liabilities, noncurrent	3,487	3,057
Total liabilities	259,229	246,448
Shareholders' equity:		
Share capital	290	283
Additional paid-in capital	904,531	856,438
Accumulated other comprehensive loss	(3,477)	(2,772)
Accumulated deficit	(265,452)	(229,176)
Total shareholders' equity	635,892	624,773
Total liabilities and shareholders' equity	<u>\$ 895,121</u>	<u>\$ 871,221</u>



**JFROG LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands; unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>				
Net loss	\$ (15,467)	\$ (23,773)	\$ (36,276)	\$ (43,477)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	3,828	3,572	7,675	7,091
Share-based compensation expense	21,322	15,077	41,234	29,151
Non-cash operating lease expense	2,123	1,796	4,145	3,602
Net amortization of premium or discount on investments	(1,582)	760	(2,870)	2,388
Gain on foreign exchange	(224)	—	(591)	—
Changes in operating assets and liabilities:				
Accounts receivable	617	(3,615)	(221)	(2,521)
Prepaid expenses and other assets	1,153	5,025	(1,961)	4,136
Deferred contract acquisition costs	(801)	(1,549)	(1,594)	(3,606)
Accounts payable	(827)	1,267	(1,913)	2,227
Accrued expenses and other liabilities	2,620	3,933	3,030	5,457
Operating lease liabilities	(2,033)	(3,225)	(3,770)	(5,426)
Deferred revenue	5,981	4,684	8,693	9,961
Net cash provided by operating activities	<u>16,710</u>	<u>3,952</u>	<u>15,581</u>	<u>8,983</u>
<b>Cash flows from investing activities:</b>				
Purchases of short-term investments	(81,356)	(89,068)	(204,572)	(181,279)
Maturities and sales of short-term investments	68,845	81,232	183,171	155,869
Purchases of property and equipment	(507)	(988)	(773)	(2,131)
Payments related to business combinations	—	—	—	(179)
Net cash used in investing activities	<u>(13,018)</u>	<u>(8,824)</u>	<u>(22,174)</u>	<u>(27,720)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of share options	2,211	1,078	3,367	2,873
Proceeds from employee share purchase plan	—	—	3,499	3,253
Proceeds from employee equity transactions, net of payments to tax authorities	520	(602)	817	(495)
Net cash provided by financing activities	<u>2,731</u>	<u>476</u>	<u>7,683</u>	<u>5,631</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(75)</u>	<u>—</u>	<u>9</u>	<u>—</u>
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>6,348</b>	<b>(4,396)</b>	<b>1,099</b>	<b>(13,106)</b>
Cash, cash equivalents, and restricted cash—beginning of period	40,358	59,830	45,607	68,540
Cash, cash equivalents, and restricted cash—end of period	<u>\$ 46,706</u>	<u>\$ 55,434</u>	<u>\$ 46,706</u>	<u>\$ 55,434</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash within the Condensed Consolidated Balance Sheets to the amounts shown in the Condensed Consolidated Statements of Cash Flows above:</b>				
Cash and cash equivalents	\$ 46,694	\$ 55,194	\$ 46,694	\$ 55,194
Restricted cash included in prepaid expenses and other current assets	12	13	12	13
Restricted cash included in other assets, noncurrent	—	227	—	227
Total cash, cash equivalents, and restricted cash	<u>\$ 46,706</u>	<u>\$ 55,434</u>	<u>\$ 46,706</u>	<u>\$ 55,434</u>

**JFROG LTD.**  
**RECONCILIATION OF GAAP TO NON-GAAP RESULTS**  
(in thousands except per share data; unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Reconciliation of gross profit and gross margin</b>				
<b>GAAP gross profit</b>	\$ 65,721	\$ 52,563	\$ 127,120	\$ 102,396
Plus: Share-based compensation expense	2,019	1,613	4,215	2,919
Plus: Acquisition-related costs	5	6	10	13
Plus: Amortization of acquired intangibles	2,605	2,606	5,210	5,212
<b>Non-GAAP gross profit</b>	<u>\$ 70,350</u>	<u>\$ 56,788</u>	<u>\$ 136,555</u>	<u>\$ 110,540</u>
<b>GAAP gross margin</b>	78.1%	77.5%	77.5%	77.9%
<b>Non-GAAP gross margin</b>	83.6%	83.7%	83.3%	84.1%
<b>Reconciliation of operating expenses</b>				
<b>GAAP research and development</b>	\$ 33,544	\$ 28,945	\$ 68,430	\$ 56,046
Less: Share-based compensation expense	(7,798)	(5,330)	(14,970)	(10,462)
Less: Acquisition-related costs	(2,745)	(2,149)	(5,680)	(4,524)
<b>Non-GAAP research and development</b>	<u>\$ 23,001</u>	<u>\$ 21,466</u>	<u>\$ 47,780</u>	<u>\$ 41,060</u>
<b>GAAP sales and marketing</b>	\$ 36,352	\$ 31,991	\$ 71,838	\$ 61,171
Less: Share-based compensation expense	(6,740)	(4,792)	(13,213)	(9,547)
Less: Acquisition-related costs	—	(112)	(70)	(236)
Less: Amortization of acquired intangibles	(358)	(236)	(716)	(472)
<b>Non-GAAP sales and marketing</b>	<u>\$ 29,254</u>	<u>\$ 26,851</u>	<u>\$ 57,839</u>	<u>\$ 50,916</u>
<b>GAAP general and administrative</b>	\$ 14,732	\$ 14,037	\$ 28,972	\$ 26,728
Less: Share-based compensation expense	(4,765)	(3,342)	(8,836)	(6,223)
Less: Acquisition-related costs	(64)	(68)	(140)	(234)
Less: Legal settlement costs	—	(122)	—	(216)
<b>Non-GAAP general and administrative</b>	<u>\$ 9,903</u>	<u>\$ 10,505</u>	<u>\$ 19,996</u>	<u>\$ 20,055</u>
<b>Reconciliation of operating income (loss) and operating margin</b>				
<b>GAAP operating loss</b>	\$ (18,907)	\$ (22,410)	\$ (42,120)	\$ (41,549)
Plus: Share-based compensation expense	21,322	15,077	41,234	29,151
Plus: Acquisition-related costs	2,814	2,335	5,900	5,007
Plus: Amortization of acquired intangibles	2,963	2,842	5,926	5,684
Plus: Legal settlement costs	—	122	—	216
<b>Non-GAAP operating income (loss)</b>	<u>\$ 8,192</u>	<u>\$ (2,034)</u>	<u>\$ 10,940</u>	<u>\$ (1,491)</u>
<b>GAAP operating margin</b>	(22.5)%	(33.0)%	(25.7)%	(31.6)%
<b>Non-GAAP operating margin</b>	9.7%	(3.0)%	6.7%	(1.1)%
<b>Reconciliation of net income (loss)</b>				
<b>GAAP net loss</b>	\$ (15,467)	\$ (23,773)	\$ (36,276)	\$ (43,477)
Plus: Share-based compensation expense	21,322	15,077	41,234	29,151
Plus: Acquisition-related costs	2,814	2,335	5,900	5,007
Plus: Amortization of acquired intangibles	2,963	2,842	5,926	5,684
Plus: Legal settlement costs	—	122	—	216
Less: Income tax effects	460	1,201	1,238	1,381
<b>Non-GAAP net income (loss)</b>	<u>\$ 12,092</u>	<u>\$ (2,196)</u>	<u>\$ 18,022</u>	<u>\$ (2,038)</u>
Net income (loss) per share - basic	<u>\$ 0.12</u>	<u>\$ (0.02)</u>	<u>\$ 0.18</u>	<u>\$ (0.02)</u>
Net income (loss) per share - diluted	<u>\$ 0.11</u>	<u>\$ (0.02)</u>	<u>\$ 0.17</u>	<u>\$ (0.02)</u>
<b>Shares used in non-GAAP net income (loss) per share calculations:</b>				
GAAP weighted-average shares used to compute net loss per share - basic and diluted	102,513	98,956	101,890	98,423
Add: Dilutive ordinary share equivalents <sup>(1)</sup>	5,580	—	5,589	—
Non-GAAP weighted-average shares used to compute net income (loss) per share - diluted	108,093	98,956	107,479	98,423

(1) Potentially dilutive shares are excluded in calculating the non-GAAP diluted shares for the three and six months ended June 30, 2022 as the inclusion of such shares would have been anti-dilutive due to net loss in these periods.

**JFROG LTD.**  
**RECONCILIATION OF GAAP CASH FLOW FROM OPERATING ACTIVITIES TO FREE CASH**  
**FLOW**  
(in thousands; unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net cash provided by operating activities	\$ 16,710	\$ 3,952	\$ 15,581	\$ 8,983
Less: purchases of property and equipment	(507)	(988)	(773)	(2,131)
Free cash flow	<u>\$ 16,203</u>	<u>\$ 2,964</u>	<u>\$ 14,808</u>	<u>\$ 6,852</u>