

Dear Shareholder and partners;

Today, JFrog leaps forward again!

I am pleased and excited to update you regarding the development in the strategic growth of JFrog and the expansion of our Software Supply Chain Platform. Today, we have entered into a definitive agreement to acquire [Qwak AI](#), a leading software company specializing in MLOps and managing AI workflows.

Strategic Rationale

This acquisition aligns with our long-term strategy to enhance our technological and platform capabilities and expand our market presence. Qwak's innovative solutions and experienced team will provide us with a competitive edge in the rapidly-evolving market of MLOps. This move is expected to deliver significant value by:

1. **Enhancing our product portfolio:** Integrating Qwak's cutting-edge technology will complement and expand our current offerings for organizations who seek to deliver AI-based applications, allowing us to better meet the needs of our customers who are using MLOps and are seeking one unified platform.
2. **Expanding market reach:** The Qwak team and solution are part of a fast-growing market of Machine Learning, and this acquisition will enable us to accelerate our growth in this important market.
3. **Driving innovation:** The addition of Qwak's workforce will bolster our research and development capabilities, fostering innovation and accelerating the development of new products and services in the world of AI and MLOps.
4. **Better Together:** JFrog Artifactory is the world's leading universal registry, which will become the backbone of Qwak's platform. JFrog Xray scans ML models and secures the AI development flow. Together with Qwak, JFrog will be the world's first company to provide one platform for DevOps, DevSecOps and MLOps for development organizations.

Financial Impact

The acquisition is valued at \$230M and will be financed through cash and equity split.

An 8k form was shared and available for your review as well as a press release which includes a reiteration of our guidance for Q2 and FY2024 provided on May 9, 2024. For more details, and associated disclosures, please see the 8k filing and associated press release.

Integration Plan

The acquisition follows a successful integration between JFrog and Qwak solutions [announced earlier this year](#), based on JFrog's 'model as a package' approach. The holistic solution aims to eliminate the need for separate tools, separate compliance efforts and will offer full traceability in a single solution.

We are developing a comprehensive integration plan to ensure a smooth-as-possible transition and to maximize the benefits of this merger in the future. A dedicated integration team, consisting of leaders from both companies, and PWC's PMI experts will oversee the process. Our primary focus will be on maintaining business continuity, retaining key talent, and achieving the anticipated synergies as quickly as possible.

Commitment to you

We remain committed to delivering long-term value to our shareholders. The Qwak acquisition and platform expansion represent our addressable market penetration strategy, and I believe it positions JFrog for continued success in a growing market. We will keep you updated on our progress and look forward to sharing more details about the exciting opportunities ahead.

Thank you for your continued support and confidence in us, ***may the FROG be with you!***

Sincerely,
Shlomi Ben Haim
CEO, JFrog