UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

JFrog Ltd.
(Exact name of registrant as specified in its charter)

Israel
(State or other jurisdiction of incorporation or organization)

7372
(Primary Standard Industrial Classification Code Number)

JFrog Ltd.
270 E. Caribbean Drive
Sunnyvale, California 94089
(408) 329-1540
(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

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Chief Executive Officer
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If an emerging growth company, indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

<table>
<thead>
<tr>
<th>Title of each Class of Securities to be Registered</th>
<th>Proposed Maximum Aggregate Offering Price(1)(2)</th>
<th>Amount of Registration Fee</th>
</tr>
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<tbody>
<tr>
<td>Ordinary Shares, par value NIS 0.01 per share</td>
<td>$100,000,000</td>
<td>$12,280</td>
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(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

(2) Includes an additional ordinary shares that the underwriters have the option to purchase solely to cover over-allotments, if any.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant file a further amendment which specifically states that this registration statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement will become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.
This is the initial public offering of the ordinary shares of JFrog Ltd. All of the ordinary shares are being sold by JFrog.

Prior to this offering, there has been no public market for our ordinary shares. It is currently estimated that the initial public offering price will be between $         and $         per share. We have applied to list our ordinary shares on The Nasdaq Global Select Market under the symbol "FROG."

We are an “emerging growth company” as that term is used in the Jumpstart our Business Startups Act of 2012 and, as such, have elected to comply with reduced public company reporting requirements.

Investing in our ordinary shares involves risk. See the section titled “Risk Factors” beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

(1) See the section titled “Underwriters” for additional information regarding underwriting compensation.

We have granted the underwriters the option to purchase up to an additional ordinary shares solely to cover over-allotments, if any.

The underwriters expect to deliver the shares to our investors on or about .

MORGAN STANLEY J.P. MORGAN BoF A SECURITIES
KEYBANC CAPITAL MARKETS PIPER SANDLER STIFEL WILLIAM BLAIR OPPENHEIMER & CO. NEEDHAM & COMPANY

, 2020

, 2020
Imagine there's no version.
FROM 2008 TO INFINITY
END-TO-END, HYBRID, UNIVERSAL DEVOPS PLATFORM
CONTINUOUS SOFTWARE RELEASE MANAGEMENT FOR DIGITAL TRANSFORMATION

MISSION CONTROL
Monitoring, Configuring, Admin Dashboard

INSIGHT
Analyzing Intelligence Metrics

VCS
Source Code Repository

ARTIFACTORY
Storing and Managing Packages Globally

XRAY
Scanning and Securing Packages

DISTRIBUTION
Distributing to any Deployment Environment

PIPELINES
Continuous Integration and Deployment Automation

The Liquid Software Company
<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>5,800+ Customers</td>
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<tr>
<td>75%+ of Fortune 100</td>
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<tr>
<td>286 Customers with $100k+ ARR</td>
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<tr>
<td>85% Revenue from Multi-Product Subscriptions</td>
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<tr>
<td>50% Year-Over-Year Revenue Growth</td>
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<tr>
<td>139% Net Dollar Retention Rate</td>
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<tr>
<td>&lt;$1M Net Loss</td>
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<tr>
<td>5 YEARS Free Cash Flow Positive</td>
<td></td>
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<tr>
<td>Serving Millions of Developers</td>
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<tr>
<td>ACROSS 90+ COUNTRIES</td>
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</table>

All data as of June 30, 2020, unless otherwise indicated. (a) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information on annual recurring revenue (ARR), net dollar retention rate, and free cash flow. (b) For the six months ended June 30, 2020. (c) Based on internal estimates.
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- JFROG DIFFERENTIATORS
  - End-to-End, Unified Platform
  - Single Source of Truth
  - Acceleration Through Automation
  - Hybrid & Multi-Cloud
  - Scalable Across the Organization
  - Trusted and Secure

Benefits to Organizations
- Community-Favored Package Management
- Integrated Across the Development Ecosystem
- Universal & Extensible

Benefits to Software Developers and IT Operators
Through and including ___________ , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we nor any of the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we nor any of the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time of delivery of this prospectus or of any sale of our securities.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit our initial public offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the ordinary shares and the distribution of this prospectus outside the United States.

The shares offered by this prospectus have not been approved or disapproved by the Israel Securities Authority (the “ISA”), nor have such shares been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus that has been approved by the ISA. The ISA has not issued permits, approvals or licenses in connection with this offering or publishing this prospectus, nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the shares being offered.

This document does not constitute a prospectus under the Israeli Securities Law and has not been filed with or approved by the ISA. In the State of Israel, this document may be distributed only to, and may be directed only

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at, and any offer of the ordinary shares may be directed only at (i) to the extent applicable, a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum to the Israeli Securities Law (the “Addendum”) consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange Ltd., underwriters, venture capital funds, entities with equity in excess of New Israeli Shekel (“NIS”) 50 million, and “qualified individuals,” each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.
PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our ordinary shares. You should read this entire prospectus carefully, including the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, the terms “JFrog,” “the company,” “we,” “us,” and “our” in this prospectus refer to JFrog Ltd. and its consolidated subsidiaries, including JFrog, Inc.

JFrog Ltd.

JFrog’s vision is to power a world of continuously updated, version-less software—we call this Liquid Software.

We provide an end-to-end, hybrid, universal DevOps Platform to achieve Continuous Software Release Management, or CSRM. Our leading CSRM platform enables organizations to continuously deliver software updates across any system. Our platform is the critical bridge between software development and deployment of that software, paving the way for the modern DevOps paradigm. We enable organizations to build and release software faster and more securely while empowering developers to be more efficient. As of June 30, 2020, approximately 5,800 organizations, including all of the top 10 technology organizations, 8 of the top 10 financial services organizations, 9 of the top 10 retail organizations, 8 of the top 10 healthcare organizations, and 7 of the top 9 telecommunications organizations in the Fortune 500 have adopted JFrog, embarking on their journey towards Liquid Software.

Digital transformation has become an imperative for all organizations, and as such, organizations of all types and sizes are increasingly dependent upon software to better engage with their customers, partners, and employees. As a result, the continuous and reliable release of new software has become mission critical. An organization’s failure to keep software current or react to problems with timely software updates can not only cost lost revenue and reputation, but also threaten human safety and lives. The increased pace and volume of new software and updates have made releasing software in monolithic, discrete versions (e.g., v1.0, v2.0, v3.0) too slow to adequately address dynamic customer demands. We believe the end state of digital transformation is a non-stop, always-on, secure, continuous delivery of value to users, enabled by a world of version-less software.

DevOps enables the software innovation that is driving digital transformation. The need for organizations to better serve their customers, partners, and employees through software is driving the demand for constant innovation of the software build and release workflow. As the pace and variety of software creation have increased, the domains of software “developers” and IT “operators” have converged. Since our inception, we have embraced the culture and methodologies of modern software development and delivered a platform that connects developers and operators, thus providing the foundation for DevOps. DevOps has since become the approach modern digital organizations take to software development and operations, shortening, automating, and improving the software build and release workflow.

While many software development technologies today address aspects of a particular segment of DevOps, CSRM, enabled by JFrog, provides the common ground for software developers and IT operators, making it integral to the DevOps workflow. Software as it is written by a developer, in source code, cannot be deployed in a runtime environment. In order for software to run in production, source code is transformed into executable binary files that can be understood by and run on a server or device. Organizations need tools that can turn source code into binary files, store and manage these binaries, and then create software packages, or combinations of
one or more binary files, that can be released and deployed to runtime environments. Our platform is designed to manage and deploy all types of software packages within an organization, making it the system of record for an organization’s software, and is often called the “database of DevOps.”

Our business has experienced rapid growth and is capital efficient, as demonstrated by our maintaining of positive operating cash flow and free cash flow for each of the last five years. Since inception, we have raised $162.1 million of primary capital and we had $170.6 million of cash, cash equivalents, and short-term investments as of June 30, 2020. We generated revenue of $46.1 million and $69.3 million for the six months ended June 30, 2019 and 2020, respectively, representing a growth rate of 50%. We generated revenue of $63.5 million and $104.7 million for the years ended December 31, 2018 and 2019, respectively, representing a growth rate of 65%. Our net loss was $2.1 million and $0.4 million for the six months ended June 30, 2019 and 2020, respectively. Our net loss was $26.0 million and $5.4 million for the years ended December 31, 2018 and 2019, respectively. We generated operating cash flow of $0.4 million and $5.9 million for the six months ended June 30, 2019 and 2020, respectively. We generated operating cash flow of $8.6 million and $10.0 million for the years ended December 31, 2018 and 2019, respectively. Our free cash flow was $(0.7) million and $4.4 million for the six months ended June 30, 2019 and 2020, respectively. Our free cash flow was $6.5 million and $8.2 million for the years ended December 31, 2018 and 2019, respectively.

Software and the Business Environment

The volume and importance of software is exploding. Organizations in all industries and of all sizes have turned to software to facilitate interactions with their customers, manage day-to-day operations, gain actionable business insights, secure their digital environments, and drive digital transformation. As a result, software’s role has changed from a functional tool to a cornerstone of our daily lives, and from a simple means of driving insight and efficiency to a significant source of competitive advantage.

The continuous and reliable release of new software is therefore mission critical, where delay or failure can be disruptive to our daily lives and costly to business. If drivers and riders are not running the same version of a ride-hailing company’s software and fail to connect, even for the briefest of moments, those riders can easily turn to a competitor. If an out-of-date piece of a financial institution’s software stack allows a security breach, the organization can suffer enormous reputational harm and be liable for damages. If an airplane’s software is not current, passengers’ lives may be put in danger.

In order to address growing customer expectations, organizations have dramatically reduced the time between releasing new features and functions and resolving security vulnerabilities, from years to months or even days. Updating a feature of a software application, rather than releasing a new version of the entire application, ensures that current software is brought to market faster, allowing organizations to be more responsive to their customers’ needs, and makes software updates less disruptive to the user experience. To keep software current in today’s environment, software updates need to be released incrementally, and with increased frequency.

The proliferation of open source software, availability of newer and more efficient software development technologies, and the increasing interconnectedness of software enable organizations to produce software at an increasing rate. Meanwhile, the adoption of new architectures, platforms, and technologies, such as microservices, containers, and hybrid and multi-cloud environments, creates significant complications in managing the software release cycle. Organizations’ existing approaches to their software release cycles address each step of the cycle separately, creating silos and bottlenecks around critical steps, such as building, testing, securing, and delivering software. The combination of these new technologies and legacy approaches has placed significant strain on the traditional software build and release workflow.
# The DevOps Workflow

DevOps enables the software innovation that is driving digital transformation. As the domains of software developers and IT operators have converged, DevOps has emerged as a discipline that integrates software development and operations, shortening, automating, and improving the software build and release workflow. DevOps is a combination of new technologies, methodologies, and culture that powers a continuous, fast, and secure software release cycle.

The DevOps workflow spans the lifecycle of software, from the planning, coding, building, and testing of software by developers, to the releasing, deploying, operating, and monitoring of that software by operators. DevOps increasingly includes the process of managing security earlier in the software release cycle, known as DevSecOps, which helps to remove silos and bottlenecks. While many software development technologies today address aspects of a particular segment of DevOps, CSRM, enabled by JFrog, provides the common ground for software developers and IT operators, making it integral to the DevOps workflow.

## CSRM and the Importance of Packages

Organizations' need for a continuous, fast, and secure software release cycle has particularly elevated the importance of the core DevOps workflow: building, testing, releasing, and deploying software. This bridge, spanning from the development side to the operations side, is mission critical, yet exceedingly difficult to build and manage at the scale and speed that organizations require. We refer to this key portion of the DevOps workflow as CSRM.

Software as it is written by a developer, in source code, cannot be deployed in a runtime environment. In order for software to run in production, source code is transformed into executable binary files that can be understood by and run on a server or device. Organizations need tools that can turn source code into binary files, store and manage these binaries, and then create software packages, or combinations of one or more binary files, that can be released and deployed to runtime environments. Our platform is designed to manage and deploy all types of software packages within an organization, making it the system of record for an organization’s software.

In today’s business environment the volume and variety of packages that need to be managed and stored by organizations are rapidly increasing. Packages are increasingly created by both humans and machines as software build and release workflows are automated, and can also be imported from external sources, such as open source libraries and repositories. The increasingly large volumes and complexity of packages within organizations’ software development ecosystems require a new, systematic, and automated approach to the management of packages. Code repositories, which store and manage source code, are helpful and important developer tools, but cannot efficiently take software that was written by developers and deploy it in runtime environments because they are not purpose-built to manage and cache binary files. Tracking and managing software at the package level enables organizations to make incremental updates to software, eliminating the need for software versions. Package management allows software release management to be continuous, and capable of handling the volume, variety, and velocity of software required today.

## Our Platform

We built the world’s first universal package repository, JFrog Artifactory, to fundamentally transform the way that the software release cycle is managed. Our package-based approach to releasing software enabled the category of CSRM, allowing software releases to be continuous and software to always be current.

We enable organizations to store all package types in a common repository where they can be edited, tracked, and managed. Our unified platform connects all of the software release processes involved in building
and releasing software, enabling CSRM. We empower our customers to shorten their software release cycles and enable the continuous flow of current, up-to-date software from any source to any destination. Our platform is designed to be agnostic to the programming languages, source code repositories, and development technologies that our customers use, and the type of production environments to which they deploy.

Our fully integrated suite of products allows our customers to compile software from source code repositories, manage the dependencies among components within software packages, move packages to a universal repository, ingest packages from third parties, including open source libraries, scan for vulnerabilities through various stages, distribute to endpoints, and deploy in production, all through a single user access point.

Benefits to Our Customers

- **End-to-end, unified platform.** We provide a central, unified platform for our customers’ software release needs with our universal package management solution, JFrog Artifactory, at its core and a portfolio of adjacent products including build integration, workflow automation, security, and deployment.

- **A “blessed” repository for the organization.** By securely storing, monitoring, and distributing packages created inside and outside an organization, we provide a single, trusted local repository that any user within an organization can rely on. JFrog Artifactory automatically caches updated packages from both external and internal repositories, ensuring that an organization always has the latest, validated packages available.

- **Acceleration through automation.** Our platform accelerates the software release cycle by enabling the automation of workflows across teams and providing tight coordination between development and operations groups, removing silos within organizations’ software release processes.

- **Hybrid and multi-cloud deployment.** Our platform supports public cloud, on-premise, private cloud, and hybrid deployments, helping organizations avoid vendor lock-in and allowing software developers and IT operators across an organization to use our products in any environment. Our unique model offers the same product in the cloud and on-premise.

- **Scalable across the organization.** Our platform supports a wide variety of enterprise-scale storage capabilities and also accommodates spikes in usage without compromised performance. JFrog Artifactory supports High Availability cluster configuration and can therefore seamlessly serve nearly any number of concurrent users, build servers, and interactions.

- **Trusted and secure.** We enable organizations to analyze packages for vulnerabilities, license compliance, and quality issues in near real-time. Our platform embeds security into the DevOps workflow, allowing organizations to have speed and control in the software release cycle.

Benefits to Software Developers and IT Operators

- **Easy and automated package management.** Through our JFrog Artifactory package management solution, software developers and IT operators are able to automatically fetch software packages from public and private repositories, ensure that packages are consistent across their organizations’ instances of JFrog Artifactory, scan for vulnerabilities with JFrog Xray, and manage dependencies among packages.

- **Integrated across the development ecosystem.** Our out-of-the-box integrations with third-party technologies offer software developers and IT operators the freedom to choose their tool stacks, allowing them to minimize disruptions, increase productivity and innovation, and avoid vendor lock-in. Our solution includes user-friendly application programming interfaces (“APIs”) that organizations can use to integrate our products and third-party technologies in a reliable and high-performance manner.
Universal and extensible. Our platform natively supports the major package technologies, including package libraries, continuous integration tools, container registries, and testing and deployment tools, and has been designed to quickly and seamlessly add support for new package technologies as they arise. As an organization’s development environment changes, our products automatically adjust, with little to no downtime or the need for complex migrations.

Business Model

We have a bottom-up, community-focused approach to driving increased usage of our products, in which we focus on demonstrating the value that our products can provide to software developers and IT operators before their respective organizations become customers. We strive to make software developers and IT operators more efficient, effective, and productive, and create champions of JFrog in the process. Our efficient go-to-market strategy, multi-tiered structure for both self-managed subscriptions and software-as-a-service (“SaaS”) subscriptions, which are managed by JFrog in the public cloud, and technology partnership ecosystem have allowed us to grow rapidly, while maintaining positive operating cash flow and free cash flow for each of the last five years.

Efficient go-to-market strategy.

Make software developers and IT operators successful. Our consistent product innovation, thought leadership in CSRM, and knowledge sharing with software developer and IT operator communities engender trust that fuels increased usage of our products. We enable our users to stand out for the value they deliver to their organizations, making others within their organizations want to adopt our products to emulate their success.

Enable user freedom of choice. We are agnostic to the types of technologies a software developer or IT operator may choose to use, which is a philosophy that we believe provides us with a competitive advantage. Our platform is designed to quickly and seamlessly add support for new package technologies as they arise.

Align pricing with value provided. Our free trials, freemium offerings, and open source software options provide low-friction entry points for software developers and IT operators. Customers often upgrade to paid and higher-tiered subscriptions as they increase their usage of our products.

Provide best-in-class support. Our customer support personnel provide extensive engineering-level support directly to software developers and IT operators, ensuring those individuals who use our products most are set up to succeed. Our customer support team is differentiated by the number of team members who have engineering backgrounds, which allows our customers to have consistent access to individuals with intimate technical knowledge of our products and of the different technologies and protocols with which they integrate. Our technical support offerings primarily include issue diagnosis and root cause identification, as well as bug isolation and software fix delivery.

Multiple tiers of subscriptions. Our subscription structure is aligned with the way we have built our product platform, with JFrog Artifactory at the core of each subscription and a portfolio of adjacent products and services that differ by subscription tier. Our pricing model aligns the value we deliver with our customers’ needs as they scale.

Technology partnership ecosystem. Our extensive integrations with technologies across the software development ecosystem power significant extensibility of our platform and offer our customers the ability to use external software development technologies of their choice on our platform, driving increased customer affinity and product stickiness.
Market Opportunity

As software continues to play a mission critical role and be a source of competitive advantage for organizations, the need to efficiently release software will become more imperative to every organization. According to IDC, the opportunity for all DevOps tools is expected to reach $18 billion by 2024.

However, we believe that our products represent not only a functional tool to be used by IT, DevOps, and security professionals, but also a fundamental shift in the software development landscape. As DevOps practices are increasingly adopted around the world and across industries, we believe that our products can address the CSRM needs of organizations globally, while requiring minimal to no product localization. We estimate our current market opportunity for CSRM to be approximately $22 billion. We calculate this figure by estimating the total number of organizations globally, which we determine by referencing independent industry data from the S&P Global Market Intelligence database. We then segment organizations globally into three cohorts we focus on based on the number of employees: organizations that have between 500 and 1,000 employees globally, between 1,000 and 2,500 employees globally, and over 2,500 employees globally. We then apply an average annual contract value to each respective cohort using internally generated data of actual customer spend based on subscription tier. To the extent companies across industries globally do not adopt our solutions, we may not be able to fully penetrate these market opportunities.

Growth Strategies

We intend to pursue the following growth strategies:

- **Extend our technology leadership.** We will continue to invest in building new capabilities and extending our platform to bring the power of CSRM to a broader range of use cases, including increased security solutions for DevSecOps and enabling DevOps solutions devices on the edge. Additionally, we believe acquiring new technologies to complement our organic innovation efforts will help us rapidly adapt to the evolving needs of the market and drive increased value for our customers.

- **Expand within our existing customer base.** We have demonstrated a differentiated ability to retain customers, expand existing customer usage, and cross-sell a broader set of products and features within an organization. Our net dollar retention rate of 139% as of June 30, 2020 highlights the increasing value of our products to our customer base. To date, we have not deployed a significant outbound sales force, relying primarily on our self-service and inbound sales model. Moving forward, we are building a small, high-touch strategic sales team to identify new use cases and drive expansion and standardization on JFrog within our largest customers. For the six months ended June 30, 2020, our 10 largest customers represented approximately 8% of our total revenue and no single customer accounted for more than 2% of our total revenue.

- **Acquire new customers.** Our free trial subscription options, freemium product offerings, and open source version of JFrog Artifactory increase software developer and IT operator familiarity with our products, and allow for low-friction product adoption. Additionally, we have steadily grown our international presence since inception and intend to continue to expand internationally as DevOps practices are increasingly adopted around the world.

- **Expand and develop our technology partnership ecosystem.** We have designed our platform to work with the major package technologies and be deployed in any environment, allowing our technology partners to better serve their customers. We also intend to cultivate and leverage channel partners to grow our market presence and drive greater sales efficiency.
Our Culture and Values

The JFrog culture—as defined in the JFrog CODEX, our collection of values—is communally written by employees, not management or our founders. Our CODEX is an agreement and commitment about how we treat one another, the community, the marketplace, and the world. We continuously validate our values, maintaining the CODEX as a living document. Because the CODEX is a pact we have with one another, it is a compass on how we choose employees and partners, how our engineers solve customers’ pain points, how we vet technology alliances, and even how we prioritize and justify important business decisions.

Our culture is a contract. It continues to propel our unified vision forward.

Recent Developments

The COVID-19 pandemic has resulted in travel restrictions, prohibitions of non-essential activities, disruption and shutdown of certain businesses, and greater uncertainty in global financial markets. As a result of the COVID-19 pandemic, we have experienced slowed growth. We expect to experience slowed growth and/or decline in new customer orders for our platform and lower demand from our existing customers for upgrades within our platform, primarily due to changes in customer spend patterns and IT budgets.

The extent and continued impact of the COVID-19 pandemic on our operational and financial condition will depend on certain developments, including: the duration and spread of the outbreak; government responses to the pandemic; its impact on the health and welfare of our employees and their families; its impact on our customers and our sales cycles; its impact on customer, industry, or technology-based community events; delays in onboarding new employees; and effects on our partners, some of which are uncertain, difficult to predict, and not within our control. General economic conditions and disruptions in global markets due to the COVID-19 pandemic and other global events may also affect our future performance.

While the second quarter of 2020 saw slight headwinds due to COVID-19, we have also seen signals that indicate the acceleration of secular trends in support of digital transformation, DevOps, and the transition to cloud. We also generated a record number of new business leads during the second quarter of 2020, and our 2020 virtual swampUP conference attracted a record number of attendees. We believe these factors show that long-term demand for our offerings remains strong.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. These risks include the following:

- Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems, processes, and controls, our business, financial condition, results of operations, and prospects will be adversely affected.

- Our recent rapid growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

- We have a history of losses and may not be able to achieve profitability on a consistent basis. If we cannot achieve profitability, our business, financial condition, and results of operations may suffer.

- The markets for our products are new, unproven, and evolving and may develop more slowly or differently than we expect. Our future success depends on the growth and expansion of these markets and our ability to adapt and respond effectively to evolving markets.
Our results of operations are likely to fluctuate from quarter to quarter, which could adversely affect the trading price of our ordinary shares.

If we are not able to keep pace with technological and competitive developments or fail to integrate our products with a variety of technologies that are developed by others, our products may become less marketable, less competitive, or obsolete, and our results of operations may be adversely affected.

The market for our products is nascent and highly fragmented, and we may not be able to compete successfully against current and future competitors, some of whom have greater financial, technical, and other resources than we do. If we do not compete successfully our business, financial condition, and results of operations could be harmed.

JFrog Artifactory is at the core of our business and any decline in demand for JFrog Artifactory occasioned by malfunction, inferior performance, increased competition or otherwise, will impact our business, results of operations, and financial condition.

Channels for Disclosure of Information

Investors, the media and others should note that, following the completion of this offering, we intend to announce material information to the public through filings with the Securities and Exchange Commission (the “SEC”), the investor relations page on our website, press releases, public conference calls, and webcasts.

The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

Corporate Information

We were incorporated under the laws of the State of Israel on April 28, 2008. We are registered with the Registrar of Companies under the number 514130491. Our main place of business in the United States is located at 270 E. Caribbean Drive, Sunnyvale, California 94089. Our telephone number at this address is (408) 329-1540. Our registered office is located at 3 HaMahshev Street, Netanya, 4250465, Israel. Our telephone number at this address is + 972 (9)-894-1444. Our agent for service of process in the United States is JFrog, Inc.

Our website address is www.jfrog.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus and inclusions of our website address in this prospectus are inactive textual references only. You should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase our ordinary shares.

“JFrog,” our logo, and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of JFrog Ltd. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, (the “JOBS Act”). An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise applicable generally to public companies. These reduced reporting requirements include:

- the requirement to present only two years of audited financial statements and only two years of related management’s discussion and analysis in this prospectus;
We may take advantage of these provisions until we are no longer an emerging growth company. We would cease to be an “emerging growth company” upon the earliest to occur of (i) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least $700 million of equity securities held by non-affiliates; (iii) the date on which we have, in any three-year period, issued more than $1.0 billion in non-convertible debt securities; and (iv) the last day of the fiscal year ending the fifth anniversary of this offering. We may choose to take advantage of some but not all of these reduced reporting burdens. We have taken advantage of certain reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. As a result, our consolidated financial statements may not be comparable to the financial statements of companies that comply with new or revised accounting pronouncements as of public company effective dates.

See the section titled “Risk Factors—Risks Related to Our Business—We are an ‘emerging growth company’ and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.”
### THE OFFERING

<table>
<thead>
<tr>
<th>Ordinary shares offered by us</th>
<th>shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriters’ over-allotment option</td>
<td>shares</td>
</tr>
<tr>
<td>Ordinary shares to be outstanding after this offering</td>
<td>shares, or shares if the underwriters exercise their over-allotment option in full.</td>
</tr>
</tbody>
</table>

We estimate that the net proceeds to us from the sale of ordinary shares in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their over-allotment option in full), based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our ordinary shares and thereby enable access to the public equity markets for us and our shareholders, and to increase our visibility in the marketplace. We currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. Additionally, we may use a portion of the net proceeds we receive from this offering to acquire or invest in businesses, products, services, or technologies. However, we do not have agreements or commitments for any material acquisitions or investments at this time. See the section titled “Use of Proceeds” for additional information.

### Concentration of ownership

Upon the completion of this offering our executive officers, directors, and shareholders holding more than 5% of our outstanding shares, and their affiliates, will beneficially hold, in the aggregate, % of our outstanding shares.

### Proposed Nasdaq trading symbol

"FROG"

The number of ordinary shares that will be outstanding after this offering is based on 80,536,775 fully paid shares outstanding (after giving effect to the automatic conversion of all outstanding convertible preferred shares into an aggregate of 52,063,647 ordinary shares immediately prior to the completion of this offering) as of June 30, 2020, and excludes the following:

- 13,743,426 ordinary shares issuable upon the exercise of options to purchase ordinary shares under our 2011 Israeli Share Option Plan (the “2011 Plan”) that were outstanding as of June 30, 2020, with a weighted-average exercise price of $3.97 per share;
199,295 ordinary shares issuable upon satisfaction of service-based vesting conditions;

667,595 ordinary shares issuable upon satisfaction of service and performance-based vesting conditions pursuant to a stand-alone restricted share unit award issued to Shlomi Ben Haim which will become effective subject to approval by the shareholders (the “CEO RSU Award”); and

13,338,336 ordinary shares reserved for future issuance under our equity compensation plans, consisting of:

- 2,138,336 ordinary shares to be reserved for future issuance under our 2011 Plan;
- 9,100,000 ordinary shares reserved for future issuance under our 2020 Israeli Share Option Plan (the “2020 Plan”), which will become effective prior to the completion of this offering; and
- 2,100,000 ordinary shares reserved for future issuances under our 2020 Employee Share Purchase Plan (the “ESPP”), which will become effective prior to the completion of this offering.

Our 2020 Plan will provide for annual automatic increases in the number of ordinary shares reserved thereunder, and our 2020 Plan will also provide for increases to the number of ordinary shares that may be granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”

Our ESPP will provide for annual automatic increases in the number of ordinary shares reserved thereunder, as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”

Except as otherwise indicated, all information in this prospectus assumes:

- the effectiveness of our amended and restated Articles of Association upon the completion of this offering;
- the automatic conversion of all outstanding convertible preferred shares into an aggregate of 52,063,647 ordinary shares effective immediately prior to the completion of this offering;
- no ordinary shares issued subsequent to June 30, 2020;
- no exercise of outstanding options subsequent to June 30, 2020; and
- no exercise by the underwriters of their over-allotment option.
SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated statements of operations data for the years ended December 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the six months ended June 30, 2019 and 2020 and the summary consolidated balance sheet data as of June 30, 2020 are derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. The last day of our fiscal year is December 31.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$56,054</td>
<td>$94,606</td>
<td>$41,680</td>
<td>$63,458</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>7,478</td>
<td>10,110</td>
<td>4,435</td>
<td>5,794</td>
</tr>
<tr>
<td><strong>Total subscription revenue</strong></td>
<td>63,532</td>
<td>104,716</td>
<td>46,115</td>
<td>69,252</td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>(10,393)</td>
<td>(19,201)</td>
<td>(8,211)</td>
<td>(12,665)</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>(318)</td>
<td>834</td>
<td>362</td>
<td>428</td>
</tr>
<tr>
<td><strong>Total cost of revenue—subscription</strong></td>
<td>10,711</td>
<td>20,035</td>
<td>8,573</td>
<td>13,093</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>52,821</td>
<td>84,681</td>
<td>37,542</td>
<td>56,159</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>25,861</td>
<td>29,730</td>
<td>13,099</td>
<td>19,071</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>34,972</td>
<td>44,088</td>
<td>19,742</td>
<td>27,905</td>
</tr>
<tr>
<td>General and administrative</td>
<td>18,843</td>
<td>17,800</td>
<td>7,883</td>
<td>9,944</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>79,676</td>
<td>91,618</td>
<td>40,724</td>
<td>56,920</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(26,855)</td>
<td>(6,937)</td>
<td>(3,182)</td>
<td>(761)</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>(25,545)</td>
<td>(3,766)</td>
<td>(1,360)</td>
<td>377</td>
</tr>
<tr>
<td><strong>Interest and other income, net</strong></td>
<td>1,310</td>
<td>3,171</td>
<td>1,822</td>
<td>1,138</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td>479</td>
<td>1,628</td>
<td>709</td>
<td>803</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (26,015)</td>
<td>(5,394)</td>
<td>(2,069)</td>
<td>(426)</td>
</tr>
<tr>
<td><strong>Net loss per share attributable to ordinary shareholders, basic and diluted</strong></td>
<td>(1.00)</td>
<td>(0.20)</td>
<td>(0.08)</td>
<td>(0.02)</td>
</tr>
<tr>
<td><strong>Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted</strong></td>
<td>26,102,551</td>
<td>27,130,209</td>
<td>26,582,715</td>
<td>28,247,005</td>
</tr>
<tr>
<td><strong>Pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</strong></td>
<td>$ (0.07)</td>
<td>$ (0.01)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Weighted-average shares used in computing pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</strong></td>
<td>79,193,856</td>
<td>80,310,652</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(1) Includes share-based compensation expense as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (in thousands)</td>
<td>2019</td>
<td>2019</td>
<td>2020 (in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue: subscription—self-managed and SaaS</td>
<td>$ 358</td>
<td>$ 536</td>
<td>$ 197</td>
<td>$ 339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>9,876</td>
<td>3,642</td>
<td>1,027</td>
<td>1,696</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>6,650</td>
<td>3,089</td>
<td>812</td>
<td>1,770</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,283</td>
<td>2,103</td>
<td>610</td>
<td>934</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total share-based compensation expense</td>
<td>$ 20,167</td>
<td>$ 9,370</td>
<td>$ 2,646</td>
<td>$ 4,739</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share-based compensation for the years ended December 31, 2018 and 2019 included compensation expense of $17.7 million and $3.3 million, respectively, related to secondary sales of ordinary shares by certain of our employees.

(2) Includes amortization expense of acquired intangible assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (in thousands)</td>
<td>2019</td>
<td>2019</td>
<td>2020 (in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue: license—self-managed</td>
<td>$ 318</td>
<td>$ 834</td>
<td>$ 362</td>
<td>$ 428</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>107</td>
<td>695</td>
<td>331</td>
<td>364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amortization expense of acquired intangible assets</td>
<td>$ 425</td>
<td>$ 1,529</td>
<td>$ 693</td>
<td>$ 792</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(3) Includes acquisition-related costs as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (in thousands)</td>
<td>2019</td>
<td>2019</td>
<td>2020 (in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$ 96</td>
<td>$ 1,223</td>
<td>$ 533</td>
<td>$ 699</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>207</td>
<td>420</td>
<td>180</td>
<td>228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>468</td>
<td>342</td>
<td>342</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total acquisition-related costs</td>
<td>$ 771</td>
<td>$ 1,985</td>
<td>$ 1,055</td>
<td>$ 927</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(4) See Notes 2 and 14 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share and pro forma net loss per share attributable to ordinary shareholders and the weighted-average number of shares used in the computation of the per share amounts.

### Consolidated Balance Sheet Data:

<table>
<thead>
<tr>
<th></th>
<th>Actual (in thousands)</th>
<th>Pro Forma(1)</th>
<th>Pro Forma As Adjusted(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 26,461</td>
<td>$ 26,461</td>
<td>$</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>144,182</td>
<td></td>
<td>144,182</td>
</tr>
<tr>
<td>Working capital</td>
<td>117,074</td>
<td></td>
<td>117,074</td>
</tr>
<tr>
<td>Total assets</td>
<td>247,900</td>
<td></td>
<td>247,900</td>
</tr>
<tr>
<td>Deferred revenue, current and noncurrent</td>
<td>82,934</td>
<td></td>
<td>82,934</td>
</tr>
<tr>
<td>Convertible preferred shares</td>
<td>175,844</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(65,810)</td>
<td></td>
<td>(65,810)</td>
</tr>
<tr>
<td>Total shareholders’ (deficit) equity</td>
<td>(27,461)</td>
<td></td>
<td>148,383</td>
</tr>
</tbody>
</table>
Table of Contents

(1) Pro forma gives effect to (a) the automatic conversion of all outstanding shares of our convertible preferred shares as of June 30, 2020 into 52,063,647 ordinary shares immediately prior to the completion of this offering, and (b) the filing of our amended and restated articles of association immediately prior to the completion of this offering.

(2) Pro forma as adjusted gives further effect to (a) the pro forma items described immediately above and (b) our issuance and sale of ordinary shares in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets, and total shareholders’ (deficit) equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets, and total shareholders’ (deficit) equity by approximately $ million, assuming the assumed initial public offering price of $ per share of ordinary shares remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with U.S. generally accepted accounting principles (“GAAP”), we believe that free cash flow, a non-GAAP financial measure, is useful in evaluating the performance of our business.

Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less purchases of property and equipment. We believe that free cash flow is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property and equipment, can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. Free cash flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. The following table summarizes our net cash provided by operating activities and free cash flow for the periods presented.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$ 8,562</td>
<td>$ 10,004</td>
<td>$ 415</td>
<td>$ 5,864</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$ 6,487</td>
<td>$ 8,201</td>
<td>$ (672)</td>
<td>$ 4,358</td>
</tr>
</tbody>
</table>

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a reconciliation of free cash flow to the most directly comparable financial measures calculated in accordance with GAAP.
RISK FACTORS

A description of the risks and uncertainties associated with our business and ownership of our ordinary shares is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled “Management’s Discussion and Analysis of Financial Condition and Result of Operations” and our consolidated financial statements and the related notes thereto, before making a decision to invest in our ordinary shares. Our business, results of operations, financial condition, or prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. In that event, the market price of our ordinary shares could decline and you could lose all or part of your investment.

Risks Related to Our Business

Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems, processes and controls, our business, financial condition, results of operations, and prospects will be adversely affected.

We have experienced rapid growth and increased demand for our products. Our total number of customers has grown to approximately 5,800 organizations as of June 30, 2020 from approximately 5,600 organizations as of December 31, 2019. Our employee headcount has also increased significantly, and we expect to continue to grow our headcount over the next year. The growth and expansion of our business places a continuous significant strain on our management, operational, and financial resources. In addition, as customers adopt our products for an increasing number of use cases, we have had to support more complex commercial relationships. We must continue to improve and expand our information technology and financial infrastructure, our security and compliance requirements, our operating and administrative systems, and our relationships with various partners and other third parties, and our ability to manage headcount and processes in an efficient manner to manage our growth effectively.

We may not be able to sustain the pace of improvements to our products successfully or implement systems, processes, and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. Our failure to improve our systems, processes, and controls, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to forecast our revenue, expenses, and earnings accurately, or to prevent losses.

As we expand our business and operate as a public company, we may find it difficult to maintain our corporate culture while managing our employee growth. Any failure to manage our anticipated growth and related organizational changes in a manner that preserves our culture could negatively impact future growth and achievement of our business objectives. Additionally, our productivity and the quality of our products may be adversely affected if we do not integrate and train our new employees quickly and effectively. Failure to manage any future growth effectively could result in increased costs, negatively affect our customers’ satisfaction with our products and harm our results of operations.

Our recent rapid growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our total revenues for the six months ended June 30, 2019 and 2020 were $46.1 million and $69.3 million, respectively, representing a growth rate of 50%. Our total revenues for the years ended December 31, 2018 and 2019 were $63.5 million and $104.7 million, respectively, representing an annual growth rate of 65%. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future
performance. Even if our revenue continues to increase, we expect our revenue growth rate to decline in future periods. Many factors may contribute to declines in our growth rate, including greater market penetration, increased competition, slowing demand for our platform, a failure by us to continue capitalizing on growth opportunities, the maturation of our business, and global economic downturn, among others. If our growth rate declines, investors’ perceptions of our business and the market price of our ordinary shares could be adversely affected.

In addition, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, our business would be harmed. Moreover, if the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or we are unable to maintain consistent revenue or revenue growth, our share price could be volatile, and it may be difficult to achieve and maintain profitability.

We have a history of losses and may not be able to achieve profitability on a consistent basis. If we cannot achieve profitability, our business, financial condition, and results of operations may suffer.

Although we have achieved positive operating cash flow and free cash flow for each of the past five years, we have incurred losses in all years since our incorporation. We incurred a net loss of $2.1 million, and $0.4 million in the six months ended June 30, 2019 and 2020, respectively, and $26.0 million and $5.4 million in the years ended December 31, 2018 and 2019, respectively. As a result, we had an accumulated deficit of $65.8 million as of June 30, 2020. We anticipate that our operating expenses will increase substantially in the foreseeable future as we continue to enhance our products, broaden our customer base, expand our sales and marketing activities, including building a small, high-touch strategic sales team and customer success team, expanding our operations, hiring additional employees, and continuing to develop our technology. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. Revenue growth may slow or revenue may decline for a number of possible reasons, including slowing demand for our products or increasing competition. Any failure to increase our revenue as we grow our business could prevent us from achieving profitability or maintaining positive operating cash flow and free cash flow at all or on a consistent basis, which would cause our business, financial condition, and results of operations to suffer.

The markets for our products are new, unproven, and evolving and may develop more slowly or differently than we expect. Our future success depends on the growth and expansion of these markets and our ability to adapt and respond effectively to evolving markets.

The markets for our products are relatively new, rapidly evolving, and unproven. Accordingly, it is difficult to predict customer adoption and renewals and demand for our platform and our products, the entry of competitive products, the success of existing competitive products, or the future growth rate, expansion, longevity, and the size of the DevOps and software release management software markets. The expansion of and our ability to penetrate, these new and evolving markets depends on a number of factors, including: the cost, performance, and perceived value associated with DevOps technologies, as well as the ability of DevOps workflows to improve critical steps in the lifecycle of software, including managing software security. If we or other software and SaaS providers experience security incidents, loss of customer data, or disruptions in delivery or service, the market for these applications as a whole, including our platform and products may be negatively affected. If DevOps and software release management software do not continue to achieve market acceptance, or there is a reduction in demand caused by decreased customer acceptance, technological challenges, weakening economic conditions, privacy, data protection and data security concerns, governmental regulation, competing technologies and products, or decreases in information technology spending or otherwise, the market for our platform and products might not continue to develop or might develop more slowly than we expect, which could adversely affect our business, financial condition, and results of operations.
Our results of operations are likely to fluctuate from quarter to quarter, which could adversely affect the trading price of our ordinary shares.

Our results of operations, including our revenue, cost of revenue, gross margin, operating expenses, cash flow, and deferred revenue, have fluctuated from quarter to quarter in the past and may continue to vary significantly in the future so that period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, may be difficult to predict, and may or may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include:

- our ability to attract and retain new customers;
- the loss of existing customers;
- renewals and timing of renewals;
- customer usage of our products;
- customer satisfaction with our products and platform capabilities and customer support;
- our ability to expand sales within our existing customers;
- mergers and acquisitions that might affect our customer base including the consolidation of affiliates’ multiple paid business accounts into a single paid business account;
- mix of our revenue;
- our ability to gain new partners and retain existing partners;
- our ability to convert users of free trials, freemium offerings, and open source version of JFrog Artifactory into subscribing customers;
- increases or decreases in the number of elements of our subscriptions or pricing changes upon any renewals of customer agreements;
- fluctuations in share-based compensation expense;
- decisions by potential customers to purchase alternative solutions;
- decisions by potential customers to develop in-house DevOps technologies as alternatives to our products;
- the amount and timing of operating expenses related to the maintenance and expansion of our business and operations, including investments in research and development, sales and marketing, and general and administrative resources;
- network outages;
- actual or perceived breaches of, or failures relating to, privacy, data protection, or data security;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies;
- general economic, industry, and market conditions;
- the impact of the coronavirus pandemic or other global health crises on our business and general economic conditions;
- the impact of political uncertainty or unrest;
- changes in our pricing policies or those of our competitors;
- fluctuations in the growth rate of the overall market that our products address;
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• the budgeting cycles and purchasing practices of customers;
• the business strengths or weakness of our customers;
• our ability to collect timely on invoices or receivables;
• the cost and potential outcomes of future litigation or other disputes;
• future accounting pronouncements or changes in our accounting policies;
• our overall effective tax rate, including impacts caused by any reorganization in our corporate tax structure and any new legislation or regulatory developments;
• our ability to successfully expand our business in the U.S. and internationally;
• fluctuations in the mix of our revenue between self-managed subscriptions and SaaS subscriptions;
• fluctuations in foreign currency exchange rates; and
• the timing and success of new products introduced by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or partners.

The impact of one or more of the foregoing or other factors may cause our results of operations to vary significantly. Such fluctuations could cause us to fail to meet the expectations of investors or securities analysts, which could cause the trading price of our ordinary shares to fall substantially, and we could face costly lawsuits, including securities class action suits.

If we are not able to keep pace with technological and competitive developments or fail to integrate our products with a variety of technologies that are developed by others, our products may become less marketable, less competitive, or obsolete, and our results of operations may be adversely affected.

In order to provide value for our customers, we must offer products that allow our customers to compile software from source code repositories, manage the dependencies among components within software packages, move packages to a universal repository, ingest packages from third parties, including open source libraries, scan for vulnerabilities through various stages, distribute to endpoints, and deploy in production, all through a single user access point. The success of our new product introductions depends on a number of factors including, but not limited to, timely and successful product development, market acceptance, our ability to manage the risks associated with new product releases, the effective management of development and other spending in connection with anticipated demand for new products, and the availability of newly developed products. We have in the past experienced bugs, errors, or other defects or deficiencies in new products and product updates and delays in releasing new products, deployment options, and product enhancements and may have similar experiences in the future. As a result, some of our customers may either defer purchasing our products until the next upgrade is released or switch to a competitor if we are not able to keep up with technological developments.

To keep pace with technological and competitive developments we have in the past invested, and may continue to invest, in the acquisition of complementary businesses, technologies, services, products, and other assets that expand the products that we can offer our customers. We may make these investments without being certain that they will result in products or enhancements that will be accepted by existing or prospective customers or that will achieve market acceptance. If we are unable to successfully enhance our existing products to meet evolving customer requirements, increase adoption and use cases of our products, develop new products, quickly resolve security vulnerabilities, or if our efforts to increase the use cases of our products are more expensive than we expect, then our business, results of operations and financial condition would be adversely affected.

In addition, our success depends on our ability to integrate our products with a variety of third-party technologies. Our technology partnership ecosystem powers significant extensibility of our products and offers
our customers the ability to use external tools of their choice with our products and to deploy our products in their preferred environments and successfully support new package technologies as they arise. Further, our SaaS products must be compatible with the major cloud service providers in order to support local hosting of our JFrog-managed products in geographies chosen by our customers. We also benefit from access to public and private vulnerability databases.

Changes in our relationship with any provider, the instability or vulnerability of any third-party technology, or the inability of our products to successfully integrate with third-party technology may adversely affect our business and results of operations. Any losses or shifts in the market position of these providers in general, in relation to one another or to new competitors or new technologies, could lead to losses in our relationships or customers, or to our need to identify and develop integrations with new third-party technologies. Such changes could consume substantial resources and may not be effective. Further, any expansion into new geographies may require us to integrate our products with new third-party technology and invest in developing new relationships with providers. If we are unable to respond to changes in a cost-effective manner, our products may become less marketable, less competitive, or obsolete and our results of operations may be negatively impacted.

A limited-functionality version of JFrog Artifactory is licensed under an open source license, which could negatively affect our ability to monetize our products and protect our intellectual property rights.

We make a limited-functionality version of JFrog Artifactory that only supports Java-based packages, and also lacks other features required for organization-wide adoption by DevOps teams, available under an open source license, the Affero General Public License version 3.0 (“AGPL”). The AGPL grants licensees broad freedom to view, use, copy, modify, and redistribute the source code of this limited version of JFrog Artifactory. Anyone can download a free copy of this limited version of JFrog Artifactory from the Internet, and we neither know who all of our AGPL licensees are, nor have visibility into how JFrog Artifactory is being used by licensees, so our ability to detect violations of the open source license is extremely limited.

The AGPL has a “copyleft” requirement that further distribution of AGPL-licensed software and modifications or adaptations to that software be made available pursuant to the AGPL as well. This leads some commercial enterprises to consider AGPL-licensed software to be unsuitable for commercial use. However, the AGPL would not prevent a commercial licensee from taking this open source version of JFrog Artifactory under AGPL and using it for internal purposes for free. AGPL also would not prevent a commercial licensee from taking this open source version of JFrog Artifactory under AGPL and using it to compete in our markets by providing it for free.

This competition can develop without the degree of overhead and lead time required by traditional proprietary software companies, due to the permissions allowed under AGPL. It is also possible for competitors to develop their own software based on our open source version of JFrog Artifactory. Although this software would also need to be made available for free under the AGPL, it could reduce the demand for our products and put pricing pressure on our subscriptions. We cannot guarantee that we will be able to compete successfully against current and future competitors, some of which may have greater resources than we have, or that competitive pressure or the availability of new open source software will not result in price reductions, reduced operating margins, and loss of market share, any one of which could harm our business, financial condition, results of operations, and cash flows.

The market for our products is nascent and highly fragmented, and we may not be able to compete successfully against current and future competitors, some of whom have greater financial, technical, and other resources than we do. If we do not compete successfully our business, financial condition, and results of operations could be harmed.

Our platform consists of multiple products and we compete in each product category as well as the entire platform level. The market for our products is highly fragmented, quickly evolving, and subject to rapid changes.
in technology. We believe that our ability to compete successfully depends upon many factors both within and beyond our control, including the following:

- ability to provide an end-to-end, unified platform solution for the CSRM workflow;
- breadth of technologies we support;
- breadth of technology integrations;
- total cost of ownership;
- extensibility across organizations, including software developers, IT operators, and IT managers;
- ability to enable collaboration between software developers and IT operators;
- ability to deploy our products in any combination of cloud, multi-cloud or on-premise environments;
- performance, security, scalability, and reliability;
- quality of customer experience and satisfaction;
- quality of customer support;
- ease of implementation and use; and
- brand recognition and reputation.

Our products are available for both self-managed and SaaS deployments. While we believe we compete successfully on the above factors, particularly with regards to the comprehensive nature of our solutions, we do experience competition in each of these categories with different vendors:

- With respect to self-managed deployments, diversified software companies, such as IBM, Inc. (Red Hat), Pivotal Software, Inc., and VMware, Inc., and developer-focused software companies, such as GitLab Inc. and Sonatype, Inc., have offerings that compete with certain of our products.
- With respect to SaaS deployments, cloud providers, such as Alphabet Inc. (GCP), Amazon.com, Inc. (AWS), and Microsoft Corporation (Azure DevOps including GitHub), have offerings that compete with certain of our products.

Additionally, we compete with home-grown, start-up, and open source technologies across the categories described above. Many of our competitors have greater financial, technical, and other resources, greater brand recognition, larger sales forces and marketing budgets, broader distribution networks, more diverse product and services offerings, and larger and more mature intellectual property portfolios. They may be able to leverage these resources to gain business in a manner that discourages customers from purchasing our offerings. Furthermore, we expect that our industry will continue to attract new companies, including smaller emerging companies, which could introduce new offerings. We may also expand into new markets and encounter additional competitors in such markets.

**JFrog Artifactory is at the core of our business and any decline in demand for JFrog Artifactory occasioned by malfunction, inferior performance, increased competition or otherwise, will impact our business, results of operations and financial condition.**

Our subscription structure is aligned with the way we have built our platform, and JFrog Artifactory is at the core of our business and all subscriptions. Accordingly, market acceptance of JFrog Artifactory is critical to our success. If demand for JFrog Artifactory declines, the demand for our other products will also decline. Demand for JFrog Artifactory is affected by a number of factors, many of which are beyond our control, such as continued market acceptance of JFrog Artifactory and products by customers for existing and new use cases, the timing of development and release of new features, functionality, and lower cost alternatives introduced by our competitors, technological changes and developments within the markets we serve, and growth or contraction in
our addressable markets. If we are unable to continue to meet customer demand, if our products fail to compete with the products of our competitors, if we fail to achieve more widespread market acceptance of JFrog Artifactory, or if our products fail to meet statutory, regulatory, contractual, or other applicable requirements, then our business, results of operations, and financial condition would be harmed.

If we are unable to increase sales of our subscriptions to new customers, sell additional subscriptions to our existing customers, or expand the value of our existing customers’ subscriptions, our future revenue and results of operations will be harmed.

Our future success depends on our ability to sell our subscriptions to new customers and to expand within our existing customers by selling paid subscriptions to our existing users and expanding the value and number of existing customers’ subscriptions within the organization. Our ability to sell new subscriptions depends on a number of factors, including the prices of our products, the functionality of our products, the prices of products offered by our competitors, and the budgets of our customers. We serve customer needs with multiple tiers of subscriptions that differ based on product depth and functionality. We also offer a limited free trial of our platform and limited freemium versions of some of our products. The free trial gives users access to the full functionality of our platform for a limited period, whereas the freemium container registry offering (“JCR”) give users permanent access to limited-functionality. To the extent that users of our free trial and freemium versions do not become, or lead others not to become, paying customers, we will not realize the intended benefits of these strategies, our expenses may increase as a result of associated hosting costs, and our ability to grow our business may be harmed.

We also offer an open source version of JFrog Artifactory. Our open source version is intended to increase visibility and familiarity of our platform among the developer communities. We invest in developers and developer communities through multiple channels, including the introduction of new open source projects, as well as through our annual developer conference, swampUP, and other community-centered events. There is no guarantee that such events will translate into new customers, or that freemium and open source users will convert to paying subscribers.

In addition, a significant aspect of our sales and marketing focus is to expand deployments within existing customers. The rate at which our customers purchase additional subscriptions and expand the value of existing subscriptions depends on a number of factors, including customers’ level of satisfaction with our products, the nature and size of the deployments, the desire to address additional use cases, and the perceived need for additional features, as well as general economic conditions. If our customers do not recognize the potential of our products, our business would be materially and adversely affected.

Seasonality may cause fluctuations in our sales and results of operations.

Historically, we have experienced seasonality in customer bookings, as we typically enter into a higher percentage of subscription agreements with new customers and renewals with existing customers in the fourth quarter of the year. We believe that this results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers. We expect that this seasonality will continue to affect our bookings, deferred revenue, and our results of operations in the future and might become more pronounced as we continue to target larger enterprise customers.

In addition, we have historically experienced seasonality in usage patterns by users of our SaaS subscriptions. We typically experience reduced usage by our customers during holiday periods, particularly at the end of the fourth quarter. As revenue from our SaaS subscriptions is recognized based upon usage, the changes in usage patterns may negatively affect revenues from our SaaS subscriptions and our results of operations.
If our existing customers do not renew their subscriptions, it could have an adverse effect on our business and results of operations.

We expect to derive a significant portion of our revenue from renewals of existing subscriptions. Our customers have no contractual obligation to renew their subscriptions after the completion of their subscription term. Our self-managed subscriptions are offered on an annual and multi-year basis, and SaaS subscriptions are offered on an annual basis, with the exception of certain SaaS subscriptions, which are also offered on a monthly basis. For our JFrog-managed products, we also offer subscriptions for committed usage amounts. Our customers’ renewals may decline or fluctuate as a result of a number of factors, including their satisfaction with our products and our customer support, the frequency and severity of product outages, our product uptime or latency, the pricing of our, or competing, products, additional new features and capabilities that we offer, new integrations, and updates to our products as a result of updates by technology partners. If our customers renew their subscriptions, they may renew for shorter subscription terms or on other terms that are less economically beneficial to us. Furthermore, our self-managed products are sold with perpetual licenses and we depend on the deployment of material updates to such products to drive renewals. If we do not provide material updates to these products, customers may not renew their existing subscriptions and may continue to use our products under the original license instead. We may not accurately predict future renewal trends. If our customers do not renew their subscriptions, or renew on less favorable terms, our revenue may grow more slowly than expected or decline.

We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations.

We recognize a significant portion of our subscription revenue over the term of the relevant subscription period. As a result, much of the subscription revenue we report each fiscal quarter is the recognition of deferred revenue from subscription contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscriptions in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter and will negatively affect our revenue in future fiscal quarters. Accordingly, the effect of significant downturns in new or renewed sales of our subscriptions is not reflected in full in our results of operations until future periods.

A real or perceived defect, security vulnerability, error, or performance failure in our software could cause us to lose revenue, damage our reputation, and expose us to liability.

Our products are inherently complex and, despite extensive testing and quality control, have in the past and may in the future contain defects or errors, especially when first introduced, or not perform as contemplated. These defects, security vulnerabilities, errors, or performance failures could cause damage to our reputation, loss of customers or revenue, order cancellations, service terminations, or lack of market acceptance of our software. As the use of our products, including products that were recently acquired or developed, expands to more sensitive, secure, or mission critical uses by our customers, we may be subject to increased scrutiny, potential reputational risk, or potential liability should our software fail to perform as contemplated in such deployments. We have in the past and may in the future need to issue corrective releases of our software to fix these defects, errors or performance failures, which could require us to allocate significant research and development and customer support resources to address these problems.

Any limitation of liability provisions that may be contained in our customer, user, third-party vendor, service provider, and partner agreements may not be enforceable or adequate or effective as a result of existing or future applicable law or unfavorable judicial decisions, and they may not function to limit our liability arising from regulatory enforcement. The sale and support of our products entail the risk of liability claims, which could be substantial in light of the use of our products in enterprise-wide environments. In addition, our insurance against this liability may not be adequate to cover a potential claim and potentially may be subject to exclusions, or that the insurer will deny coverage as to any future claim or exclude from our coverage such claims in policy.
renewals. The denial of our claims by our insurer or the successful assertion of claims by others against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, results of operations and reputation.

If we, or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers’ data, our data, or our platform, our solution may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced, and we may incur significant liabilities.

Our platform and products involve the storage and transmission of data, including certain confidential, sensitive, and personal information. Any security breach, including those resulting from a cybersecurity attack, phishing attack, or any unauthorized access, unauthorized usage, virus or similar breach or disruption could result in the loss or destruction of or unauthorized access to, or use, alteration, disclosure, or acquisition of, information, damage to our reputation, litigation, regulatory investigations, or other liabilities. These attacks may come from individual hackers, criminal groups, and state-sponsored organizations. If our security measures are breached as a result of third-party action, employee error, a defect or bug in our products, malfeasance or otherwise and, as a result, someone obtains unauthorized access to our confidential, sensitive, or personal information or the confidential, sensitive, or personal information of our customers, or other persons, or any of these types of information is lost, destroyed, or altered, disclosed, or acquired without authorization, our reputation may be damaged, our business may suffer, and we could incur significant liability. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain and receive prompt payments from existing customers. Further, we could be required to expend significant capital and other resources to address any data security incident or breach, which may not be covered or fully covered by our insurance.

In addition, we do not directly control content that our customers store in our products. If our customers use our products for the transmission or storage of confidential, sensitive, or personal information and our security measures are or are believed to have been breached as a result of third-party action, employee error, malfeasance or otherwise, our reputation could be damaged, our business may suffer, and we could incur significant liability.

We engage third-party vendors and service providers to store and otherwise process some of our and our customers’ data, including confidential, sensitive, and personal information. Our vendors and service providers may also be the targets of cyberattacks, malicious software, phishing schemes, and fraud. Our ability to monitor our vendors and service providers’ data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of our and our customers’ data, including confidential, sensitive, and personal information.

Techniques used to sabotage or obtain unauthorized access to systems or networks are constantly evolving and, in some instances, are not identified until or after they are launched against a target. We and our service providers may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative and mitigating measures.

Incorrect implementation or use of, or our customers’ failure to update, our software could result in customer dissatisfaction and negatively affect our business, operations, financial results, and growth prospects.

Our products are often operated in large scale, complex IT environments. Our customers and some partners require training and experience in the proper use of and the benefits that can be derived from our products to maximize their potential. If users of our products do not implement, use, or update our products correctly or as intended, then inadequate performance and/or security vulnerabilities may result. Because our customers rely on our software to manage a wide range of operations, the incorrect implementation, use of, or our customers’
failure to update, our software or our failure to train customers on how to use our software productively may result in customer dissatisfaction, and negative publicity and may adversely affect our reputation and brand. Our failure to effectively provide training and implementation services to our customers could result in lost opportunities for follow-on sales to these customers and decrease subscriptions by new customers, which would adversely affect our business and growth prospects.

**Interruptions or performance problems associated with our technology and infrastructure, and our reliance on technologies from third parties, may adversely affect our business operations and financial results.**

We outsource substantially all of the infrastructure relating to our cloud products to third-party cloud providers chosen by our customers. Customers of our SaaS offerings need to be able to access our platform at any time, without interruption or degradation of performance, and we provide them with service-level commitments with respect to uptime. Third-party cloud providers run their own platforms that we access, and we are, therefore, vulnerable to their service interruptions and any changes in their product offerings. Any limitation on the capacity of our third-party hosting services could impede our ability to onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition, and results of operations. In addition, any incident affecting our third-party hosting services’ infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, terrorist or other attacks, protests or riots, and other similar events beyond our control could negatively affect our cloud-based and multi-cloud hybrid products. It is also possible that our customers and regulators would seek to hold us accountable for any breach of security affecting a third-party cloud provider’s infrastructure and we may incur significant liability in investigating such an incident and responding to any claims, investigations, or proceedings made or initiated by those customers, regulators, and other third parties. We may not be able to recover a material portion of such liabilities from any of our third-party cloud providers. It may also become increasingly difficult to maintain and improve our performance, especially during peak usage times, as our software becomes more complex and the usage of our software increases. Moreover, our insurance may not be adequate to cover such liability and may be subject to exclusions. Any of the above circumstances or events may harm our business, results of operations, and financial condition.

In addition, our website and internal technology infrastructure may experience performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions, capacity constraints, technical failures, natural disasters, or fraud or security attacks. Our use and distribution of open source software may increase this risk. If our website is unavailable or our users are unable to download our products or order subscriptions or services within a reasonable amount of time or at all, our business could be harmed. We expect to continue to make significant investments to maintain and improve website performance and to enable rapid releases of new features and applications for our products. To the extent that we do not effectively upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology, our business and results of operations may be harmed.

In the event that our service agreements with our third-party hosting services are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud solution for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition, and results of operations.

We also rely on cloud technologies from third parties in order to operate critical functions of our business, including financial management services, relationship management services, and lead generation management services. If these services become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing sales of our products and supporting our customers...
could be impaired, and our ability to generate and manage sales leads could be weakened until equivalent services, if available, are identified, obtained, and implemented, any of which could harm our business and results of operations.

**We typically provide service-level commitments under our subscription agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service or face subscription termination with refunds of prepaid amounts, which would lower our revenue and harm our business, financial condition, and results of operations.**

Our subscription agreements typically contain service-level commitments. If we are unable to meet the stated service-level commitments, including failure to meet the uptime and response time requirements under our customer subscription agreements, we may be contractually obligated to provide these customers with service credits which could significantly affect our revenue in the periods in which the failure occurs and the credits are applied. We could also face subscription terminations and a reduction in renewals, which could significantly affect both our current and future revenue. We offer multiple tiers of subscriptions to our products and as such our service-level commitments will increase if more customers choose subscriptions of JFrog Pro X, JFrog Enterprise, and JFrog Enterprise Plus. Any service-level failures could also damage our reputation, which could also adversely affect our business, financial condition and results of operations.

**We depend on our executive officers and other key employees, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could harm our business.**

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel, or delays in hiring required personnel, particularly in engineering and sales, may seriously harm our business, financial condition, and results of operations. Although we have entered into employment offer letters with our key personnel, their employment is for no specific duration and constitutes at-will employment. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our products.

Our future performance also depends on the continued services and continuing contributions of our senior management to execute on our business plan and to identify and pursue new opportunities and product innovations. The loss of services of senior management could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, and results of operations.

Additionally, the industry in which we operate is generally characterized by significant competition for skilled personnel as well as high employee attrition. There is currently a high demand for experienced DevOps professionals and we may not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these employees is intense, specifically for engineers for research and development and support positions who are experienced in DevOps, and such competition often results in increasing wages, especially in Israel, where most of our research and development positions are located, and in the San Francisco Bay Area, where we have a significant presence. Therefore, we may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Our recent hires and planned hires may not become as productive as we expect, and we may be unable to hire, integrate or retain sufficient numbers of qualified individuals. Many of the companies with which we compete for experienced personnel have greater
resources than we have and due to our profile and market position, such competitors actively seek to hire skilled personnel away from us, even if such employee has entered into a non-compete agreement. Israeli labor courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the protection of a company’s trade secrets or other intellectual property. We may not be able to make such a demonstration.

In addition, in making employment decisions, particularly in the internet and high-technology industries, job candidates often consider the value of the equity they are to receive in connection with their employment. Employees may be more likely to leave us if the shares they own or the shares underlyng their equity incentive awards have significantly appreciated or significantly reduced in value. Many of our employees may receive significant proceeds from sales of our equity in the public markets after this offering, which may reduce their motivation to continue to work for us and could lead to employee attrition. If we fail to attract new personnel, or fail to retain and motivate our current personnel, our business and growth prospects could be harmed.

If we are not able to maintain and enhance our brand, especially among developers and IT operators, our business and results of operations may be adversely affected.

We believe that developing and maintaining widespread awareness of our brand, especially with developers and IT operators, is critical to achieving widespread acceptance of our software and attracting new users and customers. Brand promotion activities may not generate user or customer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, we may fail to attract or retain users and customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our products.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and entrepreneurial spirit we have worked to foster, which could harm our business.

We believe that our culture has been and will continue to be a key contributor to our success. We expect to continue to hire aggressively as we expand. If we do not continue to maintain our corporate culture as we grow, we may be unable to foster the innovation, creativity, and entrepreneurial spirit we believe we need to support our growth. If our existing employees receive proceeds from our sale of ordinary shares as previously described in these risk factors, it could lead to disparities of wealth among our employees that could adversely affect relations among employees and our culture in general. Our substantial anticipated headcount growth and our continued transition from a private company to a public company may result in a change to our corporate culture, which could harm our business.

Our ability to achieve customer renewals and increase sales of our products is highly dependent on the quality of our customer support, and our failure to offer high quality support would have an adverse effect on our business, reputation, and results of operations.

Our customers depend on our customer support to resolve issues and realize the full benefits relating to our products. If we do not succeed in helping our customers quickly resolve post-deployment issues or provide effective ongoing support and education on our products, our ability to sell additional subscriptions to, or renew subscriptions with, existing customers or expand the value of existing customers’ subscriptions would be adversely affected and our reputation with potential customers could be damaged. Many larger enterprise customers have more complex IT environments and require higher levels of support than smaller customers. If we fail to meet the requirements of these enterprise customers, it may be more difficult to grow sales with them.

Additionally, it can take several months to recruit, hire, and train qualified engineering-level customer support employees. We may not be able to hire such resources fast enough to keep up with demand, particularly
if the sales of our products exceed our internal forecasts. To the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide adequate and timely support to our customers, and our customers’ satisfaction with our products, will be adversely affected. Our failure to provide and maintain high-quality support services would have an adverse effect on our business, reputation, and results of operations.

We currently primarily rely on an inbound sales model that may not continue to be as successful as we anticipate, and the absence of a large, direct, traditional sales function may impede the growth of our business.

We currently primarily rely on an inbound sales model that may not continue to be as successful as we anticipate, and the absence of a large, direct, traditional sales function may impede our future growth. We have begun building a small, high-touch strategic sales team to identify new use cases and drive expansion and standardization on JFrog within our largest customers. There is no guarantee however that this high-touch strategic sales team will be successful. Moreover, we are not able to predict whether the deployment of our high-touch strategic sales team may adversely affect our inbound sales model. If our efforts to sell subscriptions to new customers and to expand deployments with existing customers are not successful, our total revenue and revenue growth rate may decline and our business will suffer.

Further, as we continue to scale our business, a more traditional sales infrastructure could assist in reaching larger enterprise customers and growing our revenue. Identifying, recruiting, and training such a qualified sales force would require significant time, expense and attention and would significantly impact our business model. We believe that there is significant competition for sales personnel, including sales representatives, sales managers, and sales engineers, with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity.

In addition, expanding our sales infrastructure would considerably change our cost structure and results of operations, and we may have to reduce other expenses, such as our research and development expenses, in order to accommodate a corresponding increase in marketing and sales expenses, and maintain positive operating cash flow and free cash flow. Moreover, recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, particularly if we continue to grow rapidly, a large percentage of our sales force will have relatively little experience working with us, our subscriptions and our business model. If our lack of a large, direct enterprise sales force limits us from reaching larger enterprise customers and growing our revenue and we are unable to hire, develop, and retain talented sales personnel in the future, our revenue growth and results of operations may be harmed.

The sales prices of our products may decrease, which may reduce our revenue and gross profit and adversely affect our financial results.

The sales prices for our products may decline for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new products, or promotional programs. Competition continues to increase in the market segments in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse offerings may reduce the price of offerings that compete with ours or may bundle them with other offerings and provide for free. Additionally, currency fluctuations in certain countries and regions may negatively impact actual prices that customers and partners are willing to pay in those countries and regions. Any decrease in the sales prices for our products, without a corresponding decrease in costs or increase in volume, would adversely affect our revenue and gross profit. Revenue and gross profit would also be adversely affected by a shift in mix of our subscriptions from self-managed to our SaaS offerings, which have a lower gross margin. We cannot
assure you that we will be able to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability.

We expect our revenue mix to vary over time, which could harm our gross margin and results of operations.

We expect our revenue mix to vary over time due to a number of factors, including the mix of our subscriptions for self-managed and our SaaS offerings. Due to the differing revenue recognition policies applicable to our self-managed and SaaS subscriptions, shifts in our business mix from quarter to quarter could produce substantial variation in revenue recognized. Further, our gross margins and results of operations could be harmed by changes in revenue mix and costs, together with numerous other factors, including entry into new markets or growth in lower margin markets; entry into markets with different pricing and cost structures; pricing discounts; and increased price competition. Any one of these factors or the cumulative effects of certain of these factors may result in significant fluctuations in our gross margin and results of operations. This variability and unpredictability could result in our failure to meet internal expectations or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our ordinary shares could decline.

The length of our sales cycle can be unpredictable, particularly with respect to sales to large customers, and our sales efforts may require considerable time and expense.

Our results of operations may fluctuate, in part, because of the length and variability of the sales cycle of our subscriptions and the difficulty in making short-term adjustments to our operating expenses. Our results of operations depend in part on sales to new large customers and increasing sales to existing customers. The length of our sales cycle, from initial contact from a prospective customer to contractually committing to our paid subscriptions can vary substantially from customer to customer based on deal complexity as well as whether a sale is made directly by us. It is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. As a result, large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. Because a substantial proportion of our expenses are relatively fixed in the short term, our results of operations will suffer if revenue falls below our expectations in a particular quarter, which could cause the price of our ordinary shares to decline.

Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations.

Our success depends to a significant degree on our ability to protect our proprietary technology, methodologies, know-how, and brand. We rely on a combination of trademarks, copyrights, patents, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, we make certain products, including a limited-functionality version of JFrog Artifactory, available under open source licenses, contribute other source code to open source projects under open source licenses, and release internal software projects under open source licenses, and anticipate doing so in the future. Because the source code for the open source version of JFrog Artifactory and any other software we contribute to open source projects or distribute under open source licenses is publicly available, our ability to monetize and protect our intellectual property rights with respect to such source code may be limited or, in some cases, lost entirely. Our competitors could access such source code and use it to create software and service offerings that compete with ours.

Further, the steps we take to protect our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and our business may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged by others or invalidated through.
administrative process or litigation. As of June 30, 2020, we had 11 U.S. patent applications including six pending U.S. provisional patents. There can be no assurance that our patent applications will result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain further patent protection for our technology. In addition, any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain.

Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create offerings that compete with ours. Effective patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our products are available. We may be unable to prevent third parties from acquiring domain names or trademarks that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. The laws of some countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we continue to expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information will likely increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We enter into confidential, non-compete, proprietary, and inventions assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. No assurance can be given that these agreements will be effective in controlling access to and distribution of our proprietary information, especially in certain states and countries, including Israel, that are less willing to enforce such agreements. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management’s attention and resources, could delay further sales or the implementation of our products, impair the functionality of our products, delay introductions of new products, result in our substituting inferior or more costly technologies into our products, or injure our reputation.

We could incur substantial costs as a result of any claim of infringement, misappropriation or violation of another party’s intellectual property rights.

In recent years, there has been significant litigation involving patents and other intellectual property rights in the software industry. We do not currently have a large patent portfolio, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. We could incur substantial costs in prosecuting or defending any intellectual property litigation. If we sue to enforce our rights or are sued by a third party that claims that our products infringe, misappropriate or violate their rights, the litigation could be expensive and could divert our management resources.

Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

• cease selling or using products that incorporate or cover the intellectual property rights that we allegedly infringe, misappropriate or violate;
• make substantial payments for legal fees, settlement payments or other costs or damages;
• obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
• redesign the allegedly infringing products to avoid infringement, misappropriation or violation, which could be costly, time-consuming or impossible.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us or any obligation to indemnify our customers for such claims, such payments or actions could harm our business.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and would adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patents Law, 5727-1967 (the “Patents Law”), inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as “service inventions,” which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patents Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (the “Committee”), a body constituted under the Patents Law, shall determine whether the employee is entitled to remuneration for his or her inventions. Case law clarifies that the right to receive consideration for “service inventions” can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case-by-case basis, the general contractual framework between the parties, applying interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined one specific formula for calculating this remuneration, but rather uses the criteria specified in the Patents Law. Although we generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, misappropriation, violation, and other losses.

Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, misappropriation or violation, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, results of operations, and financial condition. Pursuant to certain agreements we do not have a cap on our liability and any payments under such agreements would harm our business, results of operations, and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

Our paid products incorporate open source software, and we expect to continue to incorporate open source software in our paid products in the future. Few of the licenses applicable to open source software have been
interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our paid products. Moreover, we cannot assure you that we have not used additional open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer additional portions of our solutions for no cost, that we make available additional source code for modifications or derivative works we create based upon, incorporating or using the open source software, and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products. In addition, there have been claims challenging the ownership rights in open source software against companies that incorporate open source software into their products, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products, and to re-engineer our products or discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis. We and our customers may also be subject to suits by parties claiming infringement, misappropriation or violation due to the reliance by our solutions on certain open source software, and such litigation could be costly for us to defend or subject us to an injunction. Some open source projects provided on an “as-is” basis have known vulnerabilities and architectural instabilities which, if not properly addressed, could negatively affect the performance of our product. Any of the foregoing could require us to devote additional research and development resources to re-engineer our solutions, could result in customer dissatisfaction, and may adversely affect our business, results of operations, and financial condition.

We rely on traditional web search engines to direct traffic to our website. If our website fails to rank prominently in unpaid search results, traffic to our website could decline and our business would be adversely affected.

Our success depends in part on our ability to attract users through unpaid Internet search results on traditional web search engines such as Google. The number of users we attract to our website from search engines is due in large part to how and where our website ranks in unpaid search results. These rankings can be affected by a number of factors, many of which are not in our direct control, and they may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to our website may not be prominent enough to drive traffic to our website, and we may not know how or otherwise be in a position to influence the results. Any reduction in the number of users directed to our website could reduce our revenue or require us to increase our customer acquisition expenditures.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate. Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, including the risks described herein. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived
value associated with our platform and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

We are subject to stringent and changing laws, regulations, standards, and contractual obligations related to privacy, data protection, and data security. Our actual or perceived failure to comply with such obligations could harm our business.

We receive, collect, store, process, transfer, and use personal information and other data relating to users of our products, our employees and contractors, and other persons. We have legal and contractual obligations regarding the protection of confidentiality and appropriate use of certain data, including personal information. We are subject to numerous federal, state, local, and international laws, directives, and regulations regarding privacy, data protection, and data security and the collection, storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other data, the scope of which are changing, subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other legal and regulatory requirements. We are also subject to certain contractual obligations to third parties related to privacy, data protection and data security. We strive to comply with our applicable policies and applicable laws, regulations, contractual obligations, and other legal obligations relating to privacy, data protection, and data security to the extent possible. However, the regulatory framework for privacy, data protection and data security worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that we do not anticipate or that is inconsistent from one jurisdiction to another and may conflict with other legal obligations or our practices. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of data, or their interpretation, or any changes regarding the manner in which the consent of users or other data subjects for the collection, use, retention or disclosure of such data must be obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process user data or develop new services and features.

If we were found in violation of any applicable laws or regulations relating to privacy, data protection, or security, our business may be materially and adversely affected and we would likely have to change our business practices and potentially the services and features available through our platform. In addition, these laws and regulations could impose significant costs on us and could constrain our ability to use and process data in manners that may be commercially desirable. In addition, if a breach of data security were to occur or to be alleged to have occurred, if any violation of laws and regulations relating to privacy, data protection or data security were to be alleged, or if we had any actual or alleged defect in our safeguards or practices relating to privacy, data protection, or data security, our solutions may be perceived as less desirable and our business, prospects, financial condition, and results of operations could be materially and adversely affected.

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, the data protection landscape in the European Union (“EU”) is currently evolving, resulting in possible significant operational costs for internal compliance and risks to our business. The EU adopted the General Data Protection Regulation (“GDPR”), which became effective in May 2018, and contains numerous requirements and changes from previously existing EU laws, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. Among other requirements, the GDPR regulates the transfer of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. Failure to comply with the GDPR could result in penalties for noncompliance (including possible fines of up to the greater of €20 million and 4% of our global annual turnover for the preceding financial year for the most serious violations, as well as
In addition to the GDPR, the European Commission has another draft regulation in the approval process that focuses on a person’s right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications (“ePrivacy Regulation”), would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation is still being negotiated.

Various United States privacy laws are potentially relevant to our business, including the Federal Trade Commission Act, Controlling the Assault of Non-Solicited Pornography and Marketing Act, and the Telephone Consumer Protection Act. Any actual or perceived failure to comply with these laws could result in a costly investigation or litigation resulting in potentially significant liability, loss of trust by our users, and a material and adverse impact on our reputation and business.

Additionally, in June 2018, California passed the California Consumer Privacy Act (“CCPA”), which provides new data privacy rights for California consumers and new operational requirements for covered companies. Specifically, the CCPA provides that covered companies must provide new disclosures to California consumers and afford such consumers new data privacy rights that include the right to request a copy from a covered company of the personal information collected about them, the right to request deletion of such personal information, and the right to request to opt-out of certain sales of such personal information. The CCPA became operative on January 1, 2020. The California Attorney General can enforce the CCPA, including seeking an injunction and civil penalties for violations. The CCPA also provide a private right of action for certain data breaches that is expected to increase data breach litigation. The CCPA may require us to modify our data practices and policies and to incur substantial costs and expenses in an effort to comply. A new privacy law, the California Privacy Rights Act (“CPRA”), recently was certified by the California Secretary of State to appear on the ballot for the November 3, 2020 election. If this initiative is approved by California voters, the CPRA would significantly modify the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. More generally, some observers have noted the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business. Further in March 2017, the United Kingdom (“U.K.”) formally notified the European Council of its intention to leave the EU pursuant to Article 50 of the Treaty on European Union (“Brexit”). The U.K. ceased to be an EU Member State on January 31, 2020, but enacted a Data Protection Act substantially implementing the GDPR, effective in May 2018, which was further amended to align more substantially with the GDPR following Brexit. It is unclear how U.K. data protection laws or regulations will develop in the medium to longer term and how data transfers to and from the U.K. will be regulated. Some countries also are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services.

In addition, failure to comply with the Israeli Privacy Protection Law 5741-1981, and its regulations as well as the guidelines of the Israeli Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions) and in certain cases criminal liability. Current pending legislation may result in a change of the current enforcement measures and sanctions.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to users or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or data security, may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our users to lose trust in us, and otherwise materially and adversely affect our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, other obligations, and policies that are applicable to the businesses of our users may limit the adoption and use of, and reduce the overall demand for, our platform. Additionally, if third parties we work with
violate applicable laws, regulations or contractual obligations, such violations may put our users’ data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our users to lose trust in us, and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

Unfavorable conditions in our industry or the global economy or reductions in information technology spending could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers. Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial, and credit market fluctuations, political turmoil, natural catastrophes, the coronavirus pandemic, warfare, protests and riots, and terrorist attacks on the United States, Europe, the Asia Pacific region, or elsewhere, could cause a decrease in business investments by our customers and potential customers, including spending on information technology, and negatively affect the growth of our business. To the extent our products are perceived by customers and potential customers as discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our products. Moreover, competitors may respond to market conditions by lowering prices. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate do not improve, or worsen from present levels, our business, results of operations, and financial condition could be adversely affected.

The recent global coronavirus outbreak could harm our business and results of operations.

In December 2019, a novel coronavirus disease (“COVID-19”) was reported in China, in January 2020, the World Health Organization (“WHO”) declared it a Public Health Emergency of International Concern, and in March 2020 the WHO declared it a pandemic. This contagious disease outbreak has continued to spread across the globe and is impacting worldwide economic activity and financial markets. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, as well as government mandates, we took precautionary measures intended to minimize the risk of the virus to our employees, our customers, our partners and the communities in which we operate, which could negatively impact our business. In March 2020, we temporarily closed all of our offices, and enabled our entire work force to work remotely. We also suspended all travel worldwide for our employees for non-essential business. In the second quarter of 2020 we reopened offices in Israel to partial capacity and these changes remain in effect in the third quarter of 2020, and could extend to future quarters. While we have a distributed workforce and our employees are accustomed to working remotely or working with other remote employees, our workforce was not trained to be fully remote. Our employees travel frequently to establish and maintain relationships with one another, as well as our customers, partners, and investors. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, temporarily suspending travel and doing business in person may negatively affect our customer success efforts, sales and marketing efforts, challenge our ability to enter into customer contracts in a timely manner, slow down our recruiting efforts, or create operational or other challenges, any of which could harm our business and results of operations. For example, as a result of COVID-19 we have experienced and expect to continue to experience an increase in the average length of sales cycles to onboard new customers, delays in new projects, and requests by some customers for extension of payment obligations, all of which adversely affect and could materially adversely impact our business, results of operations, and overall financial condition in future periods.
In addition, COVID-19 has disrupted and may continue to disrupt the operations of our customers and technology partners for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, all of which could negatively impact our business and results of operations. More generally, the COVID-19 outbreak has adversely affected economies and financial markets globally, leading to an economic downturn, which could decrease technology spending and adversely affect demand for our products and harm our business and results of operations. It is possible that continued widespread remote work arrangements may have a negative impact on our operations, the execution of our business plans, the productivity and availability of key personnel and other employees necessary to conduct our business, and on third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices necessitated by the outbreak and related governmental actions. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees’ ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in privacy, data protection, data security, and fraud risks, and our understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments. In response to COVID-19 we launched our FrogCare program that provides free software development and DevOps tools to accelerate delivery for research organizations in the fight against COVID-19.

It is not possible at this time to estimate the long-term impact that COVID-19 could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted.

Our international operations and expansion expose us to risk.

Our primary research and development operations are located in Israel. As of June 30, 2020, we had customers located in over 90 countries, and our strategy is to continue to expand internationally. In addition, as a result of our strategy of leveraging a distributed workforce, as of June 30, 2020, we had employees located in six countries. Our current international operations involve, and future initiatives will involve, a variety of risks, including:

- unexpected changes in practices, tariffs, export quotas, custom duties, trade disputes, tax laws and treaties, particularly due to economic tensions and trade negotiations or other trade restrictions;
- different labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- exposure to many stringent and potentially inconsistent laws and regulations relating to privacy, data protection, and information security, particularly in the European Union;
- changes in a specific country’s or region’s political or economic conditions;
- risks resulting from the recent outbreak of the novel coronavirus, including uncertainty regarding how the U.S. or foreign governments will act with respect to the pandemic;
- risks resulting from changes in currency exchange rates;
- challenges inherent to efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- risks relating to the implementation of exchange controls, including restrictions promulgated by the OFAC, and other similar trade protection regulations and measures in the United States or in other jurisdictions;
- reduced ability to timely collect amounts owed to us by our customers in countries where our recourse may be more limited;
slower than anticipated availability and adoption of cloud and hybrid infrastructures by international businesses;

• limitations on our ability to reinvest earnings from operations derived from one country to fund the capital needs of our operations in other countries;

• potential changes in laws, regulations, and costs affecting our U.K operations and personnel due to Brexit;

• limited or unfavorable intellectual property protection; and

• exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and similar applicable laws and regulations in other jurisdictions.

If we are unable to address these difficulties and challenges or other problems encountered in connection with our international operations and expansion, we might incur unanticipated liabilities or we might otherwise suffer harm to our business generally.

If we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed.

Our future results depend, in part, on our ability to sustain and expand our penetration of the international markets in which we currently operate and to expand into additional international markets. Our ability to expand internationally will depend upon our ability to deliver functionality and foreign language translations that reflect the needs of the international clients that we target. Our ability to expand internationally involves various risks, including the need to invest significant resources in such expansion, and the possibility that returns on such investments will not be achieved in the near future or at all in these less familiar competitive environments. We may also choose to conduct our international business through other partnerships. If we are unable to identify partners or negotiate favorable terms, our international growth may be limited. In addition, we have incurred and may continue to incur significant expenses in advance of generating material revenue as we attempt to establish our presence in particular international markets.

Our relatively limited operating history makes it difficult to evaluate our current business and prospects and may increase the risks associated with your investment.

We were founded in 2008. Our relatively limited operating history makes it difficult to evaluate our current business and our future prospects, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries. If we do not address these risks successfully, our business and results of operations will be adversely affected, and the market price of our ordinary shares could decline.

Further, we have limited historical financial data and we operate in a rapidly evolving market. As such, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

Our business could be negatively impacted by changes in the United States political environment.

The 2016 presidential election and the 2018 congressional and state elections in the United States have resulted in significant uncertainty with respect to, and have and could further result in changes in, legislation, regulation, and government policy at the federal, state, and local levels, and the results of the 2020 presidential and congressional elections may result in significant uncertainty and changes. Any such changes could significantly impact our business as well as the markets in which we compete. Specific legislative and regulatory proposals discussed during election campaigns and more recently that might materially impact us include, but are
not limited to, changes to trade agreements, immigration policy, import and export regulations, tariffs and customs duties, income tax regulations and the federal tax code, public company reporting requirements, and antitrust enforcement. Further, an extended federal government shutdown resulting from failing to pass budget appropriations, adopt continuing funding resolutions, or raise the debt ceiling, and other budgetary decisions limiting or delaying deferral government spending, may negatively impact U.S. or global economic conditions, including corporate and consumer spending, and liquidity of capital markets. To the extent changes in the political environment have a negative impact on us or on our markets, our business, results of operation and financial condition could be materially and adversely affected in the future.

Legal, political, and economic uncertainty surrounding the exit of the United Kingdom from the EU may be a source of instability to international markets, create significant currency fluctuations, adversely affect our operations in the United Kingdom and pose additional risks to our business, financial condition, and results of operations.

In connection with Brexit, the United Kingdom ceased to be an EU Member State on January 31, 2020, but will maintain access to the EU single market and to the global trade deals negotiated by the EU on behalf of its members, and remains subject to EU law, for a transition period ending on December 31, 2020. The suspension or further delay of Brexit beyond January 31, 2020 requires the unanimous agreement of all remaining EU member states. The ongoing uncertainty with the United Kingdom’s government and Parliament on the status of Brexit has negatively impacted the United Kingdom’s economy, and will likely continue to have a negative impact until the United Kingdom and EU reach a definitive resolution on the outstanding trade and legal matters. Any additional impact of Brexit will depend on the terms of such resolution. Even if the United Kingdom maintains access to the EU single market and trade deals following the transition period, Brexit could result in further economic downturn globally. If the United Kingdom ultimately loses access to the EU single market and trade deals, significant market and economic disruption would likely occur, our customer experience, service quality, and international operations would likely be negatively impacted, and the demand for our services could be depressed.

Additionally, we may face new regulations regarding trade, aviation, tax, security, and employees, among others, in the United Kingdom. Compliance with such regulations could be costly, negatively impacting our business, results of operations, and financial condition. Brexit could also adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the euro and the British pound.

We are subject to various governmental export control, trade sanctions, and import laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate these controls.

In some cases, our software is subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, and our activities may be subject to trade and economic sanctions, including those administered by the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) (collectively, “Trade Controls”). As such, a license may be required to export or re-export our products, or provide related services, to certain countries and end-users, and for certain end-uses. Further, our products incorporating encryption functionality may be subject to special controls applying to encryption items and/or certain reporting requirements.

We have procedures in place designed to ensure our compliance with Trade Controls. We are currently working to enhance these procedures, with which failure to comply could subject us to both civil and criminal penalties, including substantial fines, possible incarceration of responsible individuals for willful violations, possible loss of our export or import privileges, and reputational harm. Further, the process for obtaining necessary licenses may be time-consuming or unsuccessful, potentially causing delays in sales or losses of sales opportunities. Trade Controls are complex and dynamic regimes, and monitoring and ensuring compliance can be
challenging, particularly given that our products are widely distributed throughout the world and are available for download without registration. Although we have no knowledge that our activities have resulted in violations of Trade Controls, any failure by us or our partners to comply with applicable laws and regulations would have negative consequences for us, including reputational harm, government investigations, and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our end-customers’ ability to implement our products in those countries. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products into international markets, prevent our end-customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments, or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing export, import or sanctions laws or regulations, or change in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential end-customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets could adversely affect our business, financial condition, and results of operations.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could expose us to greater than anticipated tax liabilities.

The tax laws applicable to our business, including the laws of Israel, the United States, and other jurisdictions, are subject to interpretation and certain jurisdictions may aggressively interpret their laws in an effort to raise additional tax revenue. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements or our revenue recognition policies, which could increase our worldwide effective tax rate and harm our financial position and results of operations. It is possible that tax authorities may disagree with certain positions we have taken and any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. Further, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

In addition, we typically invoice customers for the full contract amount at the time of entering into a contract, but recognize revenue over the term of the subscription period. Applicable tax authorities may challenge our tax reporting position and may accelerate our tax obligation based on cash received, which may materially affect our financial results.

Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which would harm our results of operations.

Based on our current corporate structure, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents. The authorities in these jurisdictions could review our tax returns or require us to file tax returns in jurisdictions in which we are not currently filing, and could impose additional tax, interest, and penalties. These authorities could also claim that various withholding requirements apply to us or our subsidiaries, assert that benefits of tax treaties are not available to us or our subsidiaries, or challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing. The relevant taxing authorities may determine that
the manner in which we operate our business does not achieve the intended tax consequences. If such a disagreement was to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties. Such authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries. Any increase in the amount of taxes we pay or that are imposed on us could increase our worldwide effective tax rate and harm our business and results of operations.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

We are eligible for certain tax benefits provided to a “Preferred Technology Enterprise” under the Israeli Law for the Encouragement of Capital Investments, 1959, referred to as the Investment Law. In order to remain eligible for the tax benefits for a “Preferred Technology Enterprise” we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. If these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income from the Preferred Technology Enterprise would be subject to regular Israeli corporate tax rates. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs. See the section titled “Taxation and Government Programs—Israeli Tax Considerations and Government Programs—Law for the Encouragement of Capital Investments, 5719-1959.”

We could be required to collect additional sales, use, value added, digital services or other similar taxes or be subject to other liabilities that may increase the costs our clients would have to pay for our products and adversely affect our results of operations.

We collect sales, value added and other similar taxes in a number of jurisdictions. One or more U.S. states or countries may seek to impose incremental or new sales, use, value added, digital services, or other tax collection obligations on us. Further, an increasing number of U.S. states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States ruled in South Dakota v. Wayfair, Inc. et al, or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the state of the customer. In response to Wayfair, or otherwise, U.S. states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. A successful assertion by one or more U.S. states requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial liabilities, including taxes on past sales, as well as interest and penalties. Furthermore, certain jurisdictions, such as the United Kingdom and France, have recently introduced a digital services tax, which is generally a tax on gross revenue generated from users or customers located in in those jurisdictions, and other jurisdictions have enacted or are considering enacting similar laws. A successful assertion by a U.S. state or local government, or other country or jurisdiction that we should have been or should be collecting additional sales, use, value added, digital services or other similar taxes could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential customers from subscribing to our platform due to the incremental cost of any such sales or other related taxes, or otherwise harm our business.

Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations.

As of December 31, 2019, we had net operating loss carryforwards of $16.0 million in Israel, U.S. federal net operating loss carryforwards of $4.9 million and U.S. state net operating loss carryforwards of $12.4 million, which may be utilized against future income taxes. Limitations imposed by the applicable jurisdictions on our ability to utilize net operating loss carryforwards, including with respect to the net operating loss carryforwards of companies that we have acquired or may acquire in the future, could cause income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such net operating loss carryforwards to
expire unused, in each case reducing or eliminating the benefit of such net operating loss carryforwards. Furthermore, we may not be able to generate sufficient taxable income to utilize our net operating loss carryforwards before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our net operating loss carryforwards.

We have acquired, and may acquire, other businesses which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our results of operations.

As part of our business strategy, we may acquire or make investments in complementary companies, products or technologies. We have in the past acquired, and expect in the future to acquire, businesses that we believe will complement or augment our existing business. For example, in February 2019 we acquired 100% of the shares of Shippable Inc., a privately held cloud-based continuous integration and delivery platform. The identification of suitable acquisition candidates is difficult, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete future acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy, we may be subject to claims or liabilities assumed from an acquired company, product, or technology, and any acquisitions we complete could be viewed negatively by our customers, investors, and securities analysts. In addition, if we are unsuccessful at integrating future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management’s attention, and we may not be able to manage the integration process successfully.

We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our ordinary shares. The sale of equity or issuance of equity-linked debt to finance any future acquisitions could result in dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. The occurrence of any of these risks could harm our business, results of operations, and financial condition.

Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and harm our business.

Historically, we have funded our operations and capital expenditures primarily through equity issuances and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents and operating cash flow will be sufficient to meet our cash needs for the next twelve months, we may require additional financing. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance, and condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity or equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our ordinary shares, and our shareholders may experience dilution.

If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:
  • develop or enhance our products;
  • continue to expand our research and development and sales and marketing organizations;
  • acquire complementary technologies, products or businesses;
  • expand operations in the United States or internationally;
  • hire, train, and retain employees; or
  • respond to competitive pressures or unanticipated working capital requirements.
Our failure to have sufficient capital to do any of these things could harm our business, financial condition, and results of operations.

**Failure to comply with anti-bribery, anti-corruption, anti-money laundering laws, and similar laws, could subject us to penalties and other adverse consequences.**

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act 2010, the Proceeds of Crime Act 2002, Chapter 9 (sub-chapter 5) of the Israeli Penal Law, 1977, the Israeli Prohibition on Money Laundering Law–2000 and possibly other anti-bribery and anti-money laundering laws in countries outside of the United States in which we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector.

We sometimes leverage third parties to sell our products and conduct our business abroad. We and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We cannot assure you that all of our employees and agents will not take actions in violation of applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

Any allegations or violation of the FCPA or other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U.S. government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees. In addition, the U.S. government may seek to hold us liable for successor liability for FCPA violations committed by companies in which we invest or that we acquire. As a general matter, investigations, enforcement actions and sanctions could harm our reputation, business, results of operations, and financial condition.

**A minor portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.**

Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government certification requirements for products like ours may change, thereby restricting our ability to sell into the U.S. federal government, U.S. state government, or non-U.S. government sectors until we have attained the revised certification. Government demand and payment for our products may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products. Additionally, any actual or perceived privacy, data protection, or data security incident, or even any perceived defect with regard to our practices or measures in these areas, may negatively impact public sector demand for our products.

Additionally, we rely on certain partners to provide technical support services to certain of our government entity customers to resolve any issues relating to our products. If our partners do not effectively assist our government entity customers in deploying our products, succeed in helping our government entity customers quickly resolve post-deployment issues, or provide effective ongoing support, our ability to sell additional products to new and existing government entity customers would be adversely affected and our reputation could be damaged.
Government entities may have statutory, contractual, or other legal rights to terminate contracts with us for convenience or due to a default, and any such termination may adversely affect our future results of operations. Governments routinely investigate and audit government contractors’ administrative processes, and any unfavorable audit could result in the government refusing to continue buying our subscriptions, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely affect our results of operations in a material way.

**Catastrophic events, or man-made problems such as terrorism, may disrupt our business.**

A significant natural disaster, such as an earthquake, fire, flood, or significant power outage could have an adverse impact on our business, results of operations, and financial condition. We have a number of our employees and executive officers located in the San Francisco Bay Area, a region known for seismic activity and increasingly, wildfires. In the event our or our partners abilities are hindered by any of the events discussed above, sales could be delayed, resulting in missed financial targets for a particular quarter. In addition, acts of terrorism, pandemics, such as the outbreak of the novel coronavirus or another public health crisis, protests, riots and other geo-political unrest could cause disruptions in our business or the business of our partners, customers, or the economy as a whole. Any disruption in the business of our partners or customers that affects sales in a given fiscal quarter could have a significant adverse impact on our quarterly results for that and future quarters. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

**We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.**

Our functional currency is the U.S. dollar and our revenue and expenses are primarily denominated in U.S. dollars. However, a significant portion of our headcount related expenses, consisting principally of salaries and related personnel expenses as well as leases and certain other operating expenses, are denominated in NIS. This foreign currency exposure gives rise to market risk associated with exchange rate movements of the U.S. dollar against the NIS. Furthermore, we anticipate that a material portion of our expenses will continue to be denominated in NIS. We currently utilize foreign currency contracts, with financial institutions to protect against foreign exchange risks, mainly the exposure to changes in the exchange rate of the NIS against the U.S. dollar that are associated with future cash flows denominated in NIS.

In addition, increased international sales in the future may result in greater foreign currency denominated sales, increasing our foreign currency risk. Moreover, operating expenses incurred outside the United States and denominated in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations could be adversely affected. To date, we have entered into hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to continue to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

**If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the trading price of our ordinary shares.**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that
are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares. Significant items subject to such estimates and assumptions include, but are not limited to, the allocation of a transaction price among various performance obligations, the estimated customer life on deferred contract acquisition costs, the allowance for doubtful accounts, the fair value of financial assets and liabilities, including accounting and fair value of derivatives, the fair value of acquired intangible assets and goodwill, the useful lives of acquired intangible assets and property and equipment, share-based compensation including the determination of the fair value of our ordinary shares, and the valuation of deferred tax assets and uncertain tax positions.

We are exposed to credit risk and fluctuations in the market values of our investment portfolio.

Given the global nature of our business we have diversified U.S. and non-U.S. investments. Credit ratings and pricing of our investments can be negatively affected by liquidity, credit deterioration, financial results, economic risk, political risk, sovereign risk, or other factors. As a result, the value and liquidity of our investments may fluctuate substantially. Therefore, although we have not realized any significant losses on our investments, future fluctuations in their value could result in a significant realized loss.

Risks Related to Our Ordinary Shares

The market price for our ordinary shares may be volatile or may decline regardless of our operating performance.

The market price of our ordinary shares may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, many of which are beyond our control, including:

- actual or anticipated changes or fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new offerings or new or terminated significant contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- future sales or expected future sales of our ordinary shares;
- investor perceptions of us and the industries in which we operate;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
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• developments or disputes concerning our intellectual property rights or our solutions, or third-party proprietary rights;
• announced or completed acquisitions of businesses or technologies by us or our competitors;
• actual or perceived breaches of, or failures relating to, privacy, data protection or data security;
• new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
• any major changes in our management or our board of directors;
• general economic conditions and slow or negative growth of our markets; and
• other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

The concentration of our share ownership with insiders will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring shareholder approval.

Our executive officers, directors, current 5% or greater shareholders and affiliated entities together beneficially owned approximately 85.8% of our ordinary shares outstanding as of June 30, 2020. As a result, these shareholders, acting together, will have control over most matters that require approval by our shareholders, including matters such as adoption of the financial statements, declarations of dividends, the appointment and dismissal of directors, capital increases, amendment to our articles of associations, and approval of significant corporate transactions. Corporate action might be taken even if other shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of us that other shareholders may view as beneficial.

In addition, three of our non-executive directors are affiliated with holders of greater than 5% of our ordinary shares.

No public market for our ordinary shares currently exists, and an active public trading market may not develop or be sustained following this offering.

No public market for our ordinary shares currently exists. An active public trading market for our ordinary shares may not develop following the completion of this offering or, if developed, it may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active trading market may also reduce the fair value of your shares. An inactive market may also impair our ability to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

We will have broad discretion in the use of net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds to us from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of net proceeds from this offering, our ultimate use may vary substantially from our currently intended use. Investors will need to rely upon the judgment of our management with respect to the use of proceeds. Pending their use, we may invest our proceeds in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may adversely affect the price of our ordinary share.
You will experience immediate and substantial dilution in the net tangible book value of the ordinary shares you purchase in this offering.

The initial public offering price of our ordinary shares is substantially higher than the pro forma net tangible book value per ordinary share immediately after this offering. If you purchase ordinary shares in this offering, you will suffer immediate dilution of $ per share, or $ per share if the underwriters exercise their over-allotment option in full, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to the sale of our ordinary shares in this offering and the initial public offering price of $ per share.

This dilution is due to the substantially lower price paid by our investors who purchased ordinary shares prior to this offering as compared to the price offered to the public in this offering, and any previous exercise of options granted to our service providers. In addition, as of June 30, 2020, options to purchase 13,743,426 ordinary shares with a weighted-average exercise price of $3.97 per share were outstanding as well as 199,295 issuable ordinary shares upon satisfaction of service-based vesting conditions. The exercise of any of these options or issuance of these contingent ordinary shares would result in additional dilution. See the section titled “Dilution” for additional information.

Future sales of substantial amounts of our ordinary shares in the public markets, or the perception that they might occur, could reduce the price that our ordinary shares might otherwise attain.

Future sales of a substantial number of ordinary shares in the public market, particularly sales by our directors, executive officers, and significant shareholders, or the perception that these sales could occur, could adversely affect the market price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate.

All of our directors and officers and the holders of substantially all of our capital shares and securities convertible into our capital shares are subject to lock-up agreements that restrict their ability to transfer shares of our capital shares for 180 days from the date of this prospectus, subject to certain exceptions; provided that such restricted period will end with respect to 25% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our ordinary shares is at least 33% greater than the initial public offering price of our ordinary shares for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a regular quarterly trading black-out period under our insider trading policy, the lock-up period will expire on the sixth trading day immediately preceding the commencement of such trading black-out period. In addition, with respect to shares not released as a result of such early release, if the 180th day after the date of this prospectus occurs within five trading days of a regular quarterly trading black-out period under our insider trading policy, the lock-up period will expire on the sixth trading day immediately preceding the commencement of such trading black-out period. Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC may, in their sole discretion, permit our shareholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the ordinary shares subject to these lock-up agreements will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

In addition, holders of an aggregate of approximately 80,536,775 ordinary shares, based on shares outstanding as of June 30, 2020, are entitled to rights with respect to registration of these shares under the Securities Act pursuant to our amended and restated investors’ rights agreement. If these holders of our ordinary shares, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our ordinary shares. We have also registered the offer and sale of all ordinary shares that we may issue under our equity compensation plan.
The issuance of additional shares in connection with financings, acquisitions, investments, our share incentive plans or otherwise will dilute all other shareholders.

Our amended and restated articles of association authorize us to issue up to _______ million ordinary shares and up to _______ million preference shares with such rights and preferences as included in our articles of association. Subject to compliance with applicable rules and regulations, we may issue ordinary shares or securities convertible into ordinary shares from time to time in connection with a financing, acquisition, investment, our share incentive plans or otherwise. Any such issuance could result in substantial dilution to our existing shareholders unless pre-emptive rights exist and cause the market price of our ordinary shares to decline.

Provisions of Israeli law and our amended and restated articles of association to be effective upon the closing of this offering may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Certain provisions of Israeli law and our articles of association could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or for our shareholders to elect different individuals to our board of directors, even if doing so would be beneficial to our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. For example, Israeli corporate law regulates mergers and requires that a tender offer be effected when certain thresholds of percentage ownership of voting power in a company are exceeded (subject to certain conditions). Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. See the section titled “Description of Share Capital and Articles of Association—Acquisitions Under Israeli Law.”

Furthermore, under the Encouragement of Research, Development and Technological Innovation in the Industry Law, 5744-1984, and the regulations, guidelines, rules, procedures, and benefit tracks thereunder, collectively, the Innovation Law, to which we are subject due to our receipt of grants from the Israeli National Authority for Technological Innovation, or the Israeli Innovation Authority (the “IIA”), a recipient of IIA grants such as our company must report to the IIA regarding any change in the holding of means of control of our company which transforms any non-Israeli citizen or resident into an “interested party,” as defined in the Israeli Securities Law, and such non-Israeli citizen or resident shall execute an undertaking in favor of IIA, in a form prescribed by IIA.

If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, our share price and trading volume could decline.

The trading market for our ordinary shares is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts, or the content and opinions included in their reports. As a new public company, we may be slow to attract research coverage and the analysts who publish information about our ordinary shares will have had relatively little experience with our company, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain industry or financial analyst coverage, if any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our company, our share price would likely decline. In addition, the share prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or public investors, analysts could downgrade our ordinary shares or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, our visibility in the financial markets could decrease, which in turn could cause our share price or trading volume to decline.
Our management team has limited experience managing a public company, and the requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified board members.

As a public company listed in the United States, we will incur significant additional legal, accounting, and other expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and Nasdaq, may increase legal and financial compliance costs, and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies.

Most members of our management team have no experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. We intend to invest resources to comply with evolving laws, regulations, and standards, and these new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business. If, notwithstanding our efforts, we fail to comply with new laws, regulations, and standards, regulatory authorities may initiate legal proceedings against us and our business, results of operations, and financial condition may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from various requirements that are applicable to public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions until we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of: (i) the first fiscal year following the fifth anniversary of our initial public offering; (ii) the first fiscal year after our annual gross revenue is $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) as of the end of any fiscal year after the first anniversary of our initial public offering in which the market value of our ordinary shares held by non-affiliates exceeded $700.0 million as of the end of the second quarter of that fiscal year. We cannot predict if investors will find our ordinary shares less attractive because we may rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Sarbanes-Oxley Act, and the rules and regulations of the applicable
listing standards of Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs, and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our ordinary shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act ("Section 404") and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We have recently commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our ordinary shares.
U.S. Holders of our ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

A non-U.S. corporation will generally be considered a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income (the “PFIC income test”) or (2) at least 50% of its average quarterly assets during such year is attributable to assets that produce or are held for the production of passive income (the “PFIC asset test”). For purposes of the PFIC asset test, the value of our assets will generally be determined by reference to the fair market value of our assets, including goodwill and other unbooked intangibles. Based on our past and current projections of our income and assets, we do not expect to be a PFIC for the current taxable year or for the foreseeable future. Nevertheless, a separate factual determination as to whether we are or have become a PFIC must be made each year (after the close of such year). Since our projections may differ from our actual business results and our market capitalization and value of our assets may fluctuate, we cannot assure you that we will not be or become a PFIC in the current taxable year or any future taxable year. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Taxation and Government Programs—U.S. Federal Income Taxation”) holds our ordinary shares, the U.S. Holder may be subject to adverse tax consequences. Each U.S. Holder is strongly urged to consult its tax advisor regarding the application of these rules and the availability of any potential elections. See the section titled “Taxation and Government Programs—U.S. Federal Income Taxation.”

If a U.S. person is treated as owning at least 10% of our shares, such person may be subject to adverse U.S. federal income tax consequences.

If a U.S. person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group (if any). Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether or not we are treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income,” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. Failure to comply with such reporting requirements could result in adverse tax effects for United States shareholders and potentially significant monetary penalties. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a U.S. shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries is treated as a controlled foreign corporation or furnish to any United States shareholders information that may be necessary to comply with the aforementioned obligations. A United States shareholder should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares.

We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares.

We have never declared or paid any cash dividends on our shares. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our ordinary shares in the foreseeable future. Consequently, investors who purchase ordinary shares in this offering may be unable to realize a gain on their investment except by selling such shares after price appreciation, which may never occur.

Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future, operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors
may deem relevant. The Israeli Companies Law, 5759-1999 (the “Companies Law”) imposes restrictions on our ability to declare and pay dividends. See the section titled “Description of Share Capital and Articles of Association—Dividend and Liquidation rights” for additional information. Payment of dividends may also be subject to Israeli withholding taxes. See the section titled “Taxation and Government Programs” for additional information.

Risks Related to Our Incorporation and Location in Israel

Conditions in Israel could materially and adversely affect our business.

Many of our employees, including certain management members operate from our offices that are located in Netanya and Tel Aviv, Israel. In addition, a number of our officers and directors are residents of Israel. Accordingly, political, economic, and military conditions in Israel and the surrounding region may directly affect our business and operations. In recent years, Israel has been engaged in sporadic armed conflicts with Hamas, an Islamist terrorist group that controls the Gaza Strip, with Hezbollah, an Islamist terrorist group that controls large portions of southern Lebanon, and with Iranian-backed military forces in Syria. In addition, Iran has threatened to attack Israel and may be developing nuclear weapons. Some of these hostilities were accompanied by missiles being fired from the Gaza Strip against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our results of operations, financial condition or the expansion of our business. A campaign of boycotts, divestment, and sanctions has been undertaken against Israel, which could also adversely affect our business. Actual or perceived political instability in Israel or any negative changes in the political environment, may individually or in the aggregate adversely affect the Israeli economy and, in turn, the Group’s business, financial condition, results of operations, and prospects.

In addition, many Israeli citizens are obligated to perform several weeks of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition, and results of operations.

It may be difficult to enforce a U.S. judgment against us, our officers and directors named in this prospectus in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors.

Not all of our directors or officers are residents of the United States. Most of our assets and those of our non-U.S. directors and officers are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers may be difficult to obtain within the United States. We have been informed by our
legal counsel in Israel, that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or our non-U.S. officers or directors reasoning that Israeli is not the most appropriate forum to hear such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact by expert witnesses which can be a time-consuming and costly process. Certain matters of procedure may also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, among other reasons, including but not limited to, fraud or absence of due process, or the existence of a judgment which is at variance with another judgment that was given in the same matter if a suit in the same matter between the same parties was pending before a court or tribunal in Israel, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel. For more information, see the section titled “Enforceability of Civil Liabilities.”

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our amended and restated articles of association and the Companies Law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at the general meeting of shareholders, on amendments to a company’s articles of association, increases in a company’s authorized share capital, mergers, and certain transactions requiring shareholders’ approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the company, or has other powers toward the company has a duty of fairness toward the company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

We have received Israeli government grants for certain of our research and development activities. The terms of these grants may require us to satisfy specified conditions in order to develop and transfer technologies supported by such grants outside of Israel. In addition, in some circumstances, we may be required to pay penalties in addition to repaying the grants.

Our research and development efforts were financed, in part, through grants from the IIA. From our inception through 2015, we conducted projects with the IIA’s support and received grants totaling $1.2 million from the IIA and repaid to the IIA $1.3 million (the entire amount of the grants and accrued interest).

The United Kingdom’s Financial Conduct Authority, which regulates the London Interbank Offered Rate (“LIBOR”), announced in July 2017 that it will no longer persuade or require banks to submit rates for LIBOR after 2021. The grants received from the IIA bear an annual interest rate based on the 12-month LIBOR. Accordingly, there is considerable uncertainty regarding the publication of LIBOR beyond 2021. While it is not currently possible to determine precisely whether, or to what extent, the withdrawal and replacement of LIBOR would affect us, the implementation of alternative benchmark rates to LIBOR may increase our financial liabilities to the IIA.
The Innovation Law requires, inter alia, that the products developed as part of the programs under which the grants were given be manufactured in Israel and restricts the ability to transfer know-how funded by IIA outside of Israel. Transfer of IIA-funded know-how outside of Israel requires prior approval and is subject to payment of a redemption fee to the IIA calculated according to a formula provided under the Innovation Law. A transfer for the purpose of the Innovation Law is generally interpreted very broadly and includes, inter alia, any actual sale of the IIA-funded know-how, any license to develop the IIA-funded know-how or the products resulting from such IIA-funded know-how or any other transaction, which, in essence, constitutes a transfer of IIA-funded know-how. We cannot be certain that any approval of the IIA will be obtained on terms that are acceptable to us, or at all. We may not receive the required approvals should we wish to transfer IIA-funded know-how and/or development outside of Israel in the future.

Transfer of IIA know-how created, in whole or in part, in connection with an IIA-funded project, to a third party outside Israel requires prior approval and is subject to payment to the IIA of a redemption fee calculated according to a formula provided under the Innovation Law. Subject to prior approval of the IIA, we may transfer the IIA-funded know-how to another Israeli company. If the IIA-funded know-how is transferred to another Israeli entity, the transfer would still require IIA approval but will not be subject to the payment of the redemption fee. In such case, the acquiring company would have to assume all of the applicable restrictions and obligations towards the IIA (including the restrictions on the transfer of know-how and manufacturing capacity, to the extent applicable, outside of Israel) as a condition to IIA approval.
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this prospectus include statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit, operating expenses (including changes in, research and development, sales and marketing, and general and administrative expenses), operating cash flow and free cash flow, and our ability to achieve, and maintain, future profitability;
- market acceptance of our products;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to maintain and expand our customer base, including by attracting new customers;
- our ability to successfully expand in our existing markets and into new markets;
- our ability to maintain the security and availability of our software;
- our ability to maintain or increase our net dollar retention rate;
- our ability to develop new products, or enhancements to our existing products, and bring them to market in a timely manner;
- our business model and our ability to effectively manage our growth and associated investments;
- beliefs and objectives for future operations, including regarding our market opportunity;
- our relationships with third parties, including our technology partners and cloud providers;
- our ability to maintain, protect, and enhance our intellectual property rights;
- our ability to successfully defend litigation brought against us;
- the attraction and retention of qualified employees and key personnel;
- sufficiency of cash to meet cash needs for at least the next 12 months;
- our ability to comply with laws and regulations that currently apply or become applicable to our business in Israel, the United States and internationally;
- our expectations about the impact of natural disasters, public health epidemics, such as the coronavirus, protests or riots on our business, results of operations and financial condition;
- our use of the net proceeds from this offering; and
- the future trading prices of our ordinary shares.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could
have an impact on the forward-looking statements contained in this prospectus. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.
INDUSTRY, MARKET AND OTHER DATA

This prospectus includes industry and market data, estimates and forecasts that we obtained from industry publications and research, surveys, studies conducted by third parties as well as other information based on our internal sources. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we are responsible for all of the disclosure contained in this prospectus and we believe the information from the industry publications and other third-party sources included in this prospectus is reliable, we have not independently verified the accuracy or completeness of the data contained in such sources. The content of, or accessibility through, the below sources and websites, except to the extent specifically set forth in this prospectus, does not constitute a portion of this prospectus and is not incorporated herein and any websites are an inactive textual reference only. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Certain information in the text of this prospectus is contained in independent industry publications. The sources of these independent industry publications are provided below:

• Evans Data Corporation, Inc., Worldwide Professional Developer Population of 24 Million Projected to Grow Amid Shifting Geographical Concentrations (May 2019)
• International Data Corporation, Inc., FutureScape: Worldwide Developer and DevOps 2020 Predictions (December 2019)
• S&P Global Market Intelligence Database (February 2020)
USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our ordinary shares in this offering will be approximately $\$, based upon the assumed initial public offering price of $\$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters’ overallotment option is exercised in full, we estimate that the net proceeds to us would be approximately $\$, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $\$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds that we receive from this offering by approximately $\$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares offered by us would increase or decrease the net proceeds that we receive from this offering by approximately $\$ million, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our ordinary shares and thereby enable access to the public equity markets for us and our shareholders, and to increase our visibility in the marketplace.

We currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital. Additionally, we may use a portion of the net proceeds we receive from this offering to acquire or invest in businesses, products, services or technologies. However, we do not have agreements or commitments for any material acquisitions or investments at this time. We cannot specify with certainty the particular uses of the net proceeds that we will receive from this offering. Accordingly, we will have broad discretion in using these proceeds. Pending the use of proceeds from this offering as described above, we may invest the net proceeds that we receive in this offering in short-term, investment grade, interest-bearing instruments.
DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, including Israeli laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant. See the section titled “Description of Share Capital and Articles of Association—Key Provisions of Our Articles of Association and Israeli Law Affecting our Ordinary Shares—Dividend and Liquidation Rights” for further details on the limitations on our ability to declare and pay dividends.

On July 31, 2018, our board of directors and shareholders approved the amendment and restatement of our articles of association to effect a five-for-one share split of our ordinary shares and convertible preferred shares in the form of bonus shares. See the section titled “Summary of Significant Accounting Policies—Issuance of Bonus Shares” in Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for more information on our five-for-one share split.

Payment of dividends may be subject to Israeli withholding taxes. See the section titled “Taxation and Government Programs—Tax Benefits under the 2011 Amendment” for additional information.
The following table sets forth cash, cash equivalents, and short-term investments, as well as our capitalization, as of June 30, 2020 as follows:

- on an actual basis;
- on a pro forma basis, giving effect to the (1) the adoption of our amended and restated articles of association and (2) the conversion of all of our outstanding convertible preferred shares into ordinary shares, each of which will occur automatically immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, to give effect to the adjustments described above and the issuance and sale of shares by us in this offering and our receipt of the estimated net proceeds from such issuance and sale based on an assumed initial public offering price $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with our consolidated financial statements and related notes, and the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are included elsewhere in this prospectus.

<table>
<thead>
<tr>
<th>As of June 30, 2020</th>
<th>Actual</th>
<th>Pro Forma</th>
<th>Pro Forma As Adjusted(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands, except share and per share data)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, cash equivalents, and short-term investments</td>
<td>$170,643</td>
<td>$170,643</td>
<td>$148,383</td>
</tr>
<tr>
<td>Convertible preferred shares, NIS 0.01 par value per share, 52,063,647 shares authorized, 52,063,647 issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted</td>
<td>175,844</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Shareholders’ (deficit) equity</td>
<td>81</td>
<td>223</td>
<td>148,383</td>
</tr>
<tr>
<td>Preferred shares, NIS 0.01 par value per share; no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary shares, NIS 0.01 par value per share; 101,314,353 shares authorized, 28,473,128 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted</td>
<td>37,479</td>
<td>213,181</td>
<td>223</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>(65,810)</td>
<td>(65,810)</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(27,461)</td>
<td>148,383</td>
<td>148,383</td>
</tr>
<tr>
<td>Total shareholders’ (deficit) equity</td>
<td>$148,383</td>
<td>$148,383</td>
<td>—</td>
</tr>
<tr>
<td>Total capitalization</td>
<td>$148,383</td>
<td>$148,383</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, respectively, each of pro forma cash and cash equivalents, additional paid-in capital, total shareholders’ equity, and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. Similarly, each increase or decrease of one million shares offered by us would increase or decrease each of our pro forma cash and cash equivalents, additional paid-in capital, total shareholders’ equity, and total capitalization by approximately $ million, assuming the assumed initial offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions payable by us and assuming no exercise of the underwriters’ over-allotment option.

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If the underwriters’ over-allotment option is exercised in full, pro forma as adjusted cash, cash equivalents and ordinary shares outstanding as of June 30, 2020 would be $ , $ , and $ , respectively.

The pro forma and pro forma as adjusted columns in the table above are based on 80,536,775 ordinary shares outstanding (after giving effect to the automatic conversion of all outstanding convertible preferred shares into an aggregate of 52,063,647 ordinary shares immediately prior to the completion of this offering) as of June 30, 2020, and exclude the following:

- 13,743,426 ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding as of June 30, 2020, with a weighted-average exercise price of $3.97 per share;
- 199,295 ordinary shares issuable upon satisfaction of service-based vesting conditions;
- 667,595 ordinary shares issuable upon satisfaction of service and performance-based vesting conditions pursuant to the CEO RSU Award, which will become effective subject to approval by the shareholders; and
- 13,338,336 ordinary shares reserved for future issuance under our equity compensation plans, consisting of:
  - 2,138,336 ordinary shares to be reserved for future issuance under our 2011 Plan;
  - 9,100,000 ordinary shares reserved for future issuance under our 2020 Plan, which will become effective prior to the completion of this offering; and
  - 2,100,000 ordinary shares reserved for future issuances under our ESPP, which will become effective prior to the completion of this offering.

Our 2020 Plan will provide for annual automatic increases in the number of ordinary shares reserved thereunder, and our 2020 Plan will also provide for increases to the number of ordinary shares that may be granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”

Our ESPP will provide for annual automatic increases in the number of ordinary shares reserved thereunder as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”
DILUTION

If you invest in our ordinary shares in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per ordinary share and the pro forma net tangible book value per share immediately after this offering.

As of June 30, 2020, our pro forma net tangible book value was $126.2 million, or $1.57 per share. Pro forma net tangible book value per ordinary share represents our total tangible assets minus total liabilities, divided by the total number of ordinary shares outstanding as of June 30, 2020, after giving effect to the automatic conversion of all of our outstanding convertible preferred shares into ordinary shares.

Without taking into account any other changes in pro forma net tangible book value after June 30, 2020, other than giving effect to our sale of ordinary shares in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2020 would have been $, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to our existing shareholders and an immediate dilution in pro forma net tangible book value of $ per share to investors purchasing shares in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per ordinary share basis:

| Assumed initial public offering price per share | $ |
| Pro forma net tangible book value per share as of June 30, 2020 | $1.57 |
| Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering | $ |
| Pro forma as adjusted net tangible book value per share immediately after this offering | $ |
| Dilution in pro forma net tangible book value per share to new investors in this offering | $ |

The dilution information discussed above is illustrative only and will change based on the actual initial offering price and other terms of this offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma net tangible book value per share to new investors by $, and would increase or decrease, as applicable, dilution per share to new investors purchasing shares in this offering by $, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, our pro forma net tangible book value by approximately $ per share and increase or decrease, as applicable, the dilution to new investors by $ per share, in each case assuming the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and estimated offering expenses payable by us.

If the underwriters’ over-allotment option is exercised in full, the pro forma net tangible book value per share, as adjusted to give effect to this offering, would be $ per share, and the dilution in pro forma net tangible book value per share to new investors purchasing shares in this offering would be $ per share.

The following table presents, as of June 30, 2020 (after giving effect to the automatic conversion of all outstanding convertible preferred shares into an aggregate of 52,063,647 ordinary shares immediately prior to the completion of this offering), the differences between the existing shareholders and the new investors purchasing
ordinary shares in this offering with respect to the number of shares purchased from us, the total consideration paid or to be paid to us, which includes
net proceeds received from the issuance of our ordinary shares and the average price per share paid or to be paid to us at the assumed initial public
offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before
deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

<table>
<thead>
<tr>
<th>Shares purchased from us</th>
<th>Total consideration</th>
<th>Average price per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Percent</td>
<td>Amount</td>
</tr>
</tbody>
</table>

Existing shareholders
New investors
Totals

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of
this offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint
of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, total consideration paid by
new investors and the total consideration paid by all shareholders by approximately $ , assuming that the number of ordinary shares sold by us, as
set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated
offering expenses payable by us. Similarly, each increase or decrease of 1.0 million in the number of ordinary shares offered by us would increase or
decrease the total consideration paid by new investors and total consideration paid by all shareholders by $ , assuming the assumed initial public
offering price remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters’ over-allotment option. If the underwriters’
over-allotment option were exercised in full, our existing shareholders would own % and our new investors would own % of the total number of
ordinary shares outstanding upon completion of this offering.

The number of ordinary shares that will be outstanding after this offering is based on 80,536,775 ordinary shares outstanding (after giving effect to
the automatic conversion of all outstanding convertible preferred shares into an aggregate of 52,063,647 ordinary shares immediately prior to the
completion of this offering) as of June 30, 2020, and excludes the following:

- 13,743,426 ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding as of June 30, 2020, with a weighted-average exercise price of $3.97 per share;
- 199,295 ordinary shares issuable upon satisfaction of service-based vesting conditions;
- 667,595 ordinary shares issuable upon satisfaction of service and performance-based vesting conditions pursuant to the CEO RSU Award,
  which will become effective subject to approval by the shareholders; and
- 13,338,336 ordinary shares reserved for future issuance under our equity compensation plans, consisting of:
  - 2,138,336 ordinary shares to be reserved for future issuance under our 2011 Plan;
  - 9,100,000 ordinary shares reserved for future issuance under our 2020 Plan, which will become effective prior to the completion of
    this offering; and
  - 2,100,000 ordinary shares reserved for future issuances under our ESPP, which will become effective prior to the completion of this
    offering.

Our 2020 Plan will provide for annual automatic increases in the number of ordinary shares reserved thereunder, and our 2020 Plan will also
provide for increases to the number of ordinary shares that may be
granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”

Our ESPP will provide for annual automatic increases in the number of ordinary shares reserved thereunder as more fully described in the section titled “Executive Compensation—Employee Benefits and Equity Plans.”
## SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statements of operations data for the years ended December 31, 2018 and 2019 and the consolidated balance sheet data as of December 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2019 and 2020 and the selected consolidated balance sheet data as of June 30, 2020 are derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus.

The last day of our fiscal year is December 31.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td>$56,054</td>
<td>$94,606</td>
<td>$41,680</td>
<td>$63,458</td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>7,478</td>
<td>10,110</td>
<td>4,435</td>
<td>5,794</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>63,532</td>
<td>104,716</td>
<td>46,115</td>
<td>69,252</td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>10,393</td>
<td>19,201</td>
<td>8,211</td>
<td>12,665</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>318</td>
<td>834</td>
<td>362</td>
<td>428</td>
</tr>
<tr>
<td>Total cost of revenue—subscription</td>
<td>10,711</td>
<td>20,035</td>
<td>8,573</td>
<td>13,093</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>52,821</td>
<td>84,681</td>
<td>37,542</td>
<td>56,159</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>25,861</td>
<td>29,730</td>
<td>13,099</td>
<td>19,071</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>34,972</td>
<td>44,088</td>
<td>19,742</td>
<td>27,905</td>
</tr>
<tr>
<td>General and administrative</td>
<td>18,843</td>
<td>17,800</td>
<td>7,883</td>
<td>9,944</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>79,676</td>
<td>91,618</td>
<td>40,724</td>
<td>56,920</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>$(26,855)</td>
<td>$(6,937)</td>
<td>$(3,182)</td>
<td>$(761)</td>
</tr>
<tr>
<td>Interest and other income, net</td>
<td>1,310</td>
<td>3,171</td>
<td>1,822</td>
<td>1,138</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(25,545)</td>
<td>(3,766)</td>
<td>(1,360)</td>
<td>(377)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>470</td>
<td>1,628</td>
<td>709</td>
<td>803</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$(26,015)</td>
<td>$(5,394)</td>
<td>$(2,069)</td>
<td>$(426)</td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>(1.00)</td>
<td>(0.20)</td>
<td>(0.08)</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Pro forma net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>26,102,551</td>
<td>27,130,209</td>
<td>26,582,715</td>
<td>28,247,005</td>
</tr>
<tr>
<td>Weighted-average shares used in computing pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</td>
<td>(0.07)</td>
<td>(0.06)</td>
<td>(0.04)</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Weighted-average shares used in computing pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</td>
<td>79,193,856</td>
<td>80,310,652</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Includes share-based compensation expense as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31</td>
<td></td>
<td>June 30</td>
<td></td>
</tr>
<tr>
<td>Cost of revenue: subscription—self-managed and SaaS</td>
<td>$358</td>
<td>$536</td>
<td>$197</td>
<td>$339</td>
</tr>
<tr>
<td>Research and development</td>
<td>9,876</td>
<td>3,642</td>
<td>1,027</td>
<td>1,696</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>6,650</td>
<td>3,089</td>
<td>812</td>
<td>1,770</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,283</td>
<td>2,103</td>
<td>610</td>
<td>934</td>
</tr>
<tr>
<td>Total share-based compensation expense</td>
<td>$20,167</td>
<td>$9,370</td>
<td>$2,646</td>
<td>$4,739</td>
</tr>
</tbody>
</table>

Share-based compensation for the years ended December 31, 2018 and 2019 included compensation expense of $17.7 million and $3.3 million, respectively, related to secondary sales of ordinary shares by certain of our employees.

Includes amortization expense of acquired intangible assets as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31</td>
<td></td>
<td>June 30</td>
<td></td>
</tr>
<tr>
<td>Cost of revenue: license—self-managed</td>
<td>$318</td>
<td>$834</td>
<td>$362</td>
<td>$428</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>107</td>
<td>695</td>
<td>331</td>
<td>364</td>
</tr>
<tr>
<td>Total amortization expense of acquired intangible assets</td>
<td>$425</td>
<td>$1,529</td>
<td>$693</td>
<td>$792</td>
</tr>
</tbody>
</table>

Includes acquisition-related costs as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31</td>
<td></td>
<td>June 30</td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$96</td>
<td>$1,223</td>
<td>$533</td>
<td>$699</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>207</td>
<td>420</td>
<td>180</td>
<td>228</td>
</tr>
<tr>
<td>General and administrative</td>
<td>468</td>
<td>342</td>
<td>342</td>
<td>—</td>
</tr>
<tr>
<td>Total acquisition-related costs</td>
<td>$771</td>
<td>$1,985</td>
<td>$1,055</td>
<td>$927</td>
</tr>
</tbody>
</table>

See Notes 2 and 14 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share and pro forma net loss per share attributable to ordinary shareholders and the weighted-average number of shares used in the computation of the per share amounts.

Consolidated Balance Sheet Data:

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31</td>
<td></td>
<td>June 30</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$177,878</td>
<td>$39,150</td>
<td>$26,461</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>127,331</td>
<td>144,182</td>
<td>117,074</td>
</tr>
<tr>
<td>Working capital</td>
<td>127,331</td>
<td>144,182</td>
<td>117,074</td>
</tr>
<tr>
<td>Total assets</td>
<td>217,103</td>
<td>238,040</td>
<td>247,900</td>
</tr>
<tr>
<td>Deferred revenue, current and noncurrent</td>
<td>70,170</td>
<td>82,305</td>
<td>82,934</td>
</tr>
<tr>
<td>Convertible preferred shares</td>
<td>175,844</td>
<td>175,844</td>
<td>175,844</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(59,990)</td>
<td>(63,384)</td>
<td>(65,810)</td>
</tr>
<tr>
<td>Total shareholders’ deficit</td>
<td>(38,677)</td>
<td>(33,434)</td>
<td>(27,461)</td>
</tr>
</tbody>
</table>

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we believe that free cash flow, a non-GAAP financial measure, is useful in evaluating the performance of our business. Free cash flow is a
non-GAAP financial measure that we calculate as net cash provided by operating activities less purchases of property and equipment. We believe that free cash flow is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property and equipment, can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. Free cash flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. The following table summarizes our net cash provided by operating activities and free cash flow for the periods presented.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$8,562</td>
<td>$10,004</td>
<td>$415</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$6,487</td>
<td>$8,201</td>
<td>$(672)</td>
</tr>
</tbody>
</table>

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a reconciliation of free cash flow to the most directly comparable financial measures calculated in accordance with GAAP.
Overview

JFrog’s vision is to power a world of continuously updated, version-less software—we call this Liquid Software.

We provide an end-to-end, hybrid, universal DevOps Platform to achieve CSRM. Our leading CSRM platform enables organizations to continuously deliver software updates across any system. Our platform is the critical bridge between software development and deployment of that software, paving the way for the modern DevOps paradigm. We enable organizations to build and release software faster and more securely while empowering developers to be more efficient. As of June 30, 2020, approximately 5,800 organizations, including all of the top 10 technology organizations, 8 of the top 10 financial services organizations, 9 of the top 10 retail organizations, 8 of the top 10 healthcare organizations, and 7 of the top 9 telecommunications organizations in the Fortune 500 have adopted JFrog, embarking on their journey towards Liquid Software.

Since our founding in 2008, we have consistently focused on innovation, allowing us to achieve significant product and customer milestones:
Recent Developments

The COVID-19 pandemic has resulted in travel restrictions, prohibitions of non-essential activities, disruption and shutdown of certain businesses, and greater uncertainty in global financial markets. Such conditions are creating disruption in global supply chains, increasing rates of unemployment, and adversely impacting many industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a global economic slowdown.

As of the date of this prospectus, the full impact of the COVID-19 pandemic on the global economy and the extent to which the COVID-19 pandemic may impact our financial condition or results of operations remain uncertain. Furthermore, because of our subscription-based business model, the effect of the COVID-19 pandemic may not be fully reflected in our results of operations and overall financial condition until future periods, if at all.

As a result of the COVID-19 pandemic, we have experienced slowed growth. We expect to experience slowed growth and decline in new customer orders for our platform and lower demand from our existing customers for upgrades within our platform, primarily due to changes in customer spend patterns and IT budgets. We have experienced and expect to continue to experience an increase in the average length of sales cycles, delays in new projects, and requests for extensions of payment obligations by current customers, all of which have adversely affected and could materially adversely impact our business, results of operations, and overall financial condition in future periods. The extent and continued impact of the COVID-19 pandemic on our operational and financial condition will depend on certain developments, including: the duration and spread of the outbreak; government responses to the pandemic; its impact on the health and welfare of our employees and their families; its impact on our customers and our sales cycles; its impact on customer, industry, or technology-based community events; delays in onboarding new employees; and effects on our partners, some of which are uncertain, difficult to predict, and not within our control. General economic conditions and disruptions in global markets due to the COVID-19 pandemic and other global events may also affect our future performance.

In response to the COVID-19 pandemic, in the first quarter of 2020, we temporarily closed all of our offices, enabled our entire workforce to work remotely and implemented travel restrictions for non-essential business. In the second quarter of 2020 we reopened our offices in Israel to partial capacity. These changes remain in effect in the third quarter of 2020 and could extend into future quarters. The impacts, if any, of these and any additional operational changes we may implement are uncertain. The changes we have implemented to date have not affected and are not expected to materially affect our ability to maintain operations, including financial reporting systems, internal control over financial reporting, and disclosure controls and procedures.

To illustrate the performance of our business during the COVID-19 pandemic, we are making certain one-time disclosures.

Our gross dollar retention rate was 98% in both the first and second quarters of 2020, indicating consistent and strong renewal rates from our existing customer base. Due to the impact from COVID-19, our net dollar retention rate declined and growth in total ARR slowed down. Our net dollar retention rate for the second quarter of 2020 as a standalone period was 133%, resulting in our trailing four quarter net dollar retention rate declining from 142% to 139% from year end 2019 to the second quarter of 2020, and we expect our trailing four quarter net dollar retention rate to decline further in the near term due to the impact of the COVID-19 pandemic. Our total ARR grew 56% and 45% year-over-year during the first and second quarters of 2020, compared to 63% and 66% year-over-year growth during the first and second quarters of 2019, respectively. While our total ARR continued to grow during such periods, the decrease in the year-over-year growth rate of ARR in the second quarter of 2020 was due to a substantial decrease in new ARR from existing and new customers during the second quarter of 2020 relative to 2019, primarily as a result of the COVID-19 pandemic.

While the second quarter of 2020 saw headwinds due to COVID-19, we have also seen signals that indicate the acceleration of secular trends in support of digital transformation, DevOps, and the transition to cloud. Revenue from our SaaS offering accelerated in the first half of 2020, with approximately 70% year-over-year growth.
growth. We also generated a record number of new business leads during the second quarter of 2020, and our 2020 virtual swampUP conference attracted a record number of attendees. We believe these factors show that long-term demand for our offerings remains strong.

See the section titled “Risk Factors” for further discussion of the possible impact of the COVID-19 pandemic on our business.

Business Model

We have designed our subscription structure and go-to-market strategy to align our growth with the success of our customers. Our business model benefits from our ability to serve the needs of all customers, from individual software developers and IT operators to the largest organizations, in a value-oriented manner. All references to our customers included in this prospectus refer to paying customers.

Subscriptions

We generate revenue from the sale of subscriptions to customers. Our paid subscription tiers include JFrog Pro, JFrog Pro X, JFrog Enterprise, and JFrog Enterprise Plus.

- **JFrog Pro.** JFrog Pro provides access to a universal version of JFrog Artifactory and ongoing updates, upgrades, and bug fixes.

- **JFrog Pro X.** JFrog Pro X provides the same features as JFrog Pro with the addition of JFrog Xray and SLA support.

- **JFrog Enterprise.** JFrog Enterprise provides the same features as JFrog Pro with the addition of High Availability cluster configuration, multi-site replication, and JFrog Mission Control, enabling larger, enterprise-scale deployments, and SLA support. Additionally, customers have the option to add a High Availability (“HA”) version of JFrog Xray to the JFrog Enterprise subscription.

- **JFrog Enterprise Plus.** JFrog Enterprise Plus provides the same features as JFrog Enterprise, including JFrog Xray HA, with the addition of JFrog Pipelines, JFrog Insight, JFrog Distribution, and JFrog Artifactory Edge. JFrog Enterprise Plus is our full platform subscription option, delivering our entire suite of products and functionality.
All of our subscription tiers are available for self-managed deployments, where our customers deploy and manage our products across their public cloud, on-premise, private cloud, or hybrid environments, as well as JFrog-managed public cloud deployments, which we refer to as our SaaS subscriptions. Self-managed subscriptions are priced based on number of servers, while SaaS subscriptions are priced based on consumption of storage and data transfer. SaaS subscriptions come with minimum annual usage commitments, while SaaS JFrog Pro and JFrog Pro X subscriptions also come with a minimum monthly fee, which includes basic usage. We offer an unlimited number of user seats for every subscription tier and deployment type, in order to encourage usage and align pricing with tangible value delivery. Due to ease of use, none of our subscriptions require the use of professional services. For the six months ended June 30, 2020, 20% of our revenue came from SaaS subscriptions, compared to 18% for the six months ended June 30, 2019. For the year ended December 31, 2019, 18% of our revenue came from SaaS subscriptions, compared to 15% for the year ended December 31, 2018.

Our self-managed subscriptions are offered on an annual and multi-year basis, and our SaaS subscriptions are offered on an annual basis, with the exception of certain SaaS subscriptions, which are also offered on a monthly basis. Our self-managed subscriptions are billed primarily in advance. Our SaaS annual subscriptions are billed in advance for the minimum annual usage commitments, and if exceeded, monthly thereafter. Our monthly SaaS subscriptions are billed monthly. For the six months ended June 30, 2020, approximately 85% of our revenue came from subscriptions that provide our customers with access to multiple products, compared to approximately 83% for the six months ended June 30, 2019. For the year ended December 31, 2019, approximately 85% of our revenue came from subscriptions that provide our customers with access to multiple products, compared to approximately 83% for the year ended December 31, 2018. For the six months ended June 30, 2020, approximately 16% of our revenue came from Enterprise Plus subscription, compared to approximately 8% for the six months ended June 30, 2019. For the year ended December 31, 2019, approximately 10% of our revenue came from Enterprise Plus subscription, compared to approximately 2% for the year ended December 31, 2018. The growth in revenue from our Enterprise Plus subscription, which was first launched in May 2018, demonstrates the increased demand for our end-to-end solutions for customers’ entire CSRM workflows.

We have an unwavering commitment to the software developer and IT operator communities, and show this commitment by offering varying forms of free access to our products in addition to the paid subscriptions described above. This free access takes the form of free trials, freemium offerings, and open source software, and helps generate demand for our paid offerings within the software developer and IT operator communities.

- **Free Trials.** We offer time-limited free trials of our platform that allow prospective customers to test the full functionality of a JFrog subscription within their environments or through our SaaS offering for a limited period. At the end of this trial period, these prospective customers either have to pay for a subscription or lose access.

- **Freemium.** Our freemium offerings include JFrog Container Registry and our C++ repository, which allow software developers and IT operators to test limited versions of our products before upgrading to versions with additional capabilities. Community free services include community centers for Go, C++ and Helm Charts. Developers can access significant functionality of the JFrog Platform in a free cloud tier available on all major cloud providers.

- **Open Source.** Our open source offering is a limited functionality version of JFrog Artifactory that only supports Java-based packages, and also lacks other features required for organization-wide adoption by DevOps teams.

**Go-to-Market Model**

We have a bottom-up, community-focused approach to driving increased usage of our products, in which we focus on demonstrating the value that our products can provide to software developers and IT operators before their respective organizations become customers. We strive to make software developers and IT operators more
To date, we have not deployed a significant outbound sales force, relying primarily on our self-service and inbound sales model. Recently, we have begun building a small, high-touch strategic sales team to identify new use cases and drive expansion and standardization on JFrog within our largest customers.

As of June 30, 2020, we had a global customer base of approximately 5,800 organizations across all industries and sizes, including over 75% of Fortune 100 organizations, increasing from approximately 5,600 organizations as of December 31, 2019. For the six months ended June 30, 2020, our 10 largest customers represented approximately 8% of our total revenue and no single customer accounted for more than 2% of our total revenue. For the six months ended June 30, 2020, 36% of our revenue was generated from customers outside of the United States.

Our business has experienced rapid growth and is capital efficient, as demonstrated by our maintaining of positive operating cash flow and free cash flow for each of the last five years. Since inception, we have raised $162.1 million of primary capital and we had $170.6 million of cash, cash equivalents, and short-term investments as of June 30, 2020. We generated revenue of $46.1 million and $69.3 million for the six months ended June 30, 2019 and 2020, respectively, representing a growth rate of 50%. We generated revenue of $63.5 million and $104.7 million for the years ended December 31, 2018 and 2019, respectively, representing a growth rate of 65%. Our net loss was $2.1 million and $0.4 million for the six months ended June 30, 2019 and 2020, respectively. Our net loss was $26.0 million and $5.4 million for the years ended December 31, 2018 and 2019, respectively. We generated operating cash flow of $0.4 million and $5.9 million for the six months ended June 30, 2019 and 2020, respectively. We generated operating cash flow of $8.6 million and $10.0 million for the years ended December 31, 2018 and 2019, respectively. Our free cash flow was $(0.7) million and $4.4 million for the six months ended June 30, 2019 and 2020, respectively. Our free cash flow was $6.5 million and $8.2 million for the years ended December 31, 2018 and 2019, respectively.

Factors Affecting Our Performance

We believe that our future performance will depend on many factors, including the following:

**Extending Our Technology Leadership**

We intend to continue to enhance our platform by developing new products and expanding the functionality of existing products to maintain our technology leadership. Since our initial launch of JFrog Artifactory, we have released several additional products that together create a unified platform for CSRM.

We invest heavily in integrating our products with the major package technologies so that our products can be easily adopted in any development environment. We believe that these integrations increase the value of our platform to our customers, as they provide freedom of choice for software developers and IT operators and help avoid vendor lock-in. We intend to expend additional resources in the future to continue introducing new products, features, and functionality.
Expanding Usage by Existing Customers

We believe that there is a significant opportunity for growth with many of our existing customers. Many customers purchase our products through self-service channels and often materially expand their usage over time. Increased engagement with our products provides our support and customer success teams opportunities to work directly with customers and introduce them to additional products and features, as well as drive usage of our products across large teams and more broadly across organizations. In order for us to continue to expand usage within our existing customers we will need to maintain engineering-level customer support, and continue to introduce new products and features that are responsive to our customers’ needs.

We quantify our expansion across existing customers through our net dollar retention rate. Our net dollar retention rate compares our annual recurring revenue (“ARR”) from the same set of customers across comparable periods. Our ARR includes monthly subscription customers, so long as we generate revenue from these customers. We annualize our monthly subscriptions by taking the revenue we would contractually expect to receive from such customers in a given month and multiplying it by 12. We calculate 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”). We then calculate 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. We then divide total Comparison Quarter ARR by total Base Quarter ARR for Base Customers. Our 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. Our net dollar retention rate may fluctuate as a result of a number of factors, including the level of penetration within our customer base, expansion of products and features, and our ability to retain our customers. As of June 30, 2019 and 2020, our net dollar retention rate was 141% and 139%, respectively, and as of December 31, 2018 and 2019, our net dollar retention rate was 139% and 142%, respectively, demonstrating the efficiency of our business model.

Furthermore, our gross dollar retention rate was 98% as of June 30, 2019 and 2020. Our gross dollar retention rate was also 98% as of December 31, 2018 and 2019. We calculate gross dollar retention rate by first calculating Base Quarter ARR for Base Customers minus ARR attrition for those customers between the Base Quarter and the Comparison Quarter, divided by their contracted Base Quarter ARR. ARR attrition for those customers for each quarter is calculated by identifying any customer that has zero ARR at the end of the Comparison Quarter, but had positive ARR in the Base Quarter, and aggregating the dollars of ARR generated by each such customer in the Base Quarter. Our gross dollar retention rate reflects only customer losses and does not reflect customer expansion or contraction. Our gross 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.

We focus on growing the number of large customers as a measure of our ability to scale with our customers and attract larger organizations to adopt our products. As of June 30, 2020, 286 of our customers had ARR of $100,000 or more, accounting for 48% of our ARR. As of December 31, 2018, 131 of our customers had ARR of $100,000 or more, increasing to 234 customers as of December 31, 2019, accounting for 38% and 45% of our ARR, respectively. As of June 30, 2020, we had eight customers with ARR of at least $1.0 million. We had one customer with ARR of at least $1.0 million as of December 31, 2018, increasing to seven customers with ARR of at least $1.0 million as of December 31, 2019.

Acquiring New Customers

We believe there is a significant opportunity to grow the number of customers that use our platform. As of June 30, 2020, approximately 27% of the Forbes Global 2000 were JFrog customers. Our results of operations and growth prospects will depend in part on our ability to attract new customers. To date, we have relied on our self-service and inbound sales model to attract new customers. Prospective customers can evaluate and adopt our
products through our free trials, freemium offerings, and open source software options. The costs associated with providing these free trials, freemium offerings, and open source software options are included in sales and marketing. While we believe we have a significant market opportunity that our platform addresses, we will need to continue to invest in customer support, sales and marketing, and research and development in order to address this opportunity.

Additionally, we believe our products address the software release needs of customers worldwide, and we see international expansion as a major opportunity. We have been operating and selling our products in international markets since our inception. While we believe global demand for our products will continue to increase as international market awareness of our brand grows, our ability to conduct our operations internationally will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets.

Cohort Analysis

We have a history of attracting new customers and generally increasing their annual spend with us over time. Specifically, the chart below illustrates this expansion by presenting the total ARR from each customer cohort over the years presented. Each cohort represents customers who made their initial purchase from us in a given year. For example, the year 2015 cohort represents all customers who made their initial purchase from us between January 1, 2015 and December 31, 2015. For this analysis, we define ARR as the subscription revenue we would contractually expect to receive from those customers over the following 12 months, assuming no increases or reductions in their subscriptions. ARR from customers in the 2011 cohort, 2012 cohort, 2013 cohort, 2014 cohort, 2015 cohort, 2016 cohort, 2017 cohort, and 2018 cohort in 2019 represent an increase over each cohort’s initial aggregate ARR by 13.2x, 14.6x, 7.9x, 6.6x, 4.3x, 2.0x, and 1.4x, respectively. On average, our customer cohorts have expanded by approximately 3.0x within the first three years. All of our customer cohorts have continued to expand in 2020, as of June 30, 2020.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe that free cash flow, a non-GAAP financial measure, is useful in evaluating the performance of our business.
Free Cash Flow

Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less purchases of property and equipment. We believe this is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property and equipment, can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. Free cash flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. Some of the limitations of free cash flow are that this metric does not reflect our future contractual commitments and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure. We expect our free cash flow to fluctuate in future periods as we invest in our business to support our plans for growth.

The following table summarizes our cash flows for the periods presented and provides a reconciliation of net cash from operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, a non-GAAP financial measure, for each of the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$8,562</td>
<td>$10,004</td>
</tr>
<tr>
<td>Less: purchases of property and equipment</td>
<td>(2,075)</td>
<td>(1,803)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$6,487</td>
<td>$8,201</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(3,075)</td>
<td>(149,585)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>$114,477</td>
<td>$736</td>
</tr>
</tbody>
</table>

Components of Results of Operations

Revenue

Our revenues are comprised of revenue from self-managed subscriptions and SaaS subscriptions. Subscriptions to our self-managed software include license, support, and upgrades and updates on a when-and-if-available basis. Our SaaS subscriptions provide access to our latest managed version of our product hosted in a public cloud.

For our self-managed subscriptions, the revenue from the license component is recognized upfront. This revenue is presented as a separate line item in our consolidated statements of operations, as license—self-managed. Revenue related to support, upgrades and updates is recognized ratably over the contract period and is included in our consolidated statements of operations as subscription—self-managed and SaaS.

For our SaaS subscriptions, revenue is primarily generated on a usage basis, is recognized when usage occurs and is included in our consolidated statements of operations as subscription—self-managed and SaaS.

Subscription—Self-Managed and SaaS

Subscription—self-managed and SaaS revenue is generated from the sale of subscriptions which includes support and upgrades and updates on a when-and-if-available basis for our self-managed software products, and revenue from our SaaS subscriptions, which provides access to software managed by us in the public cloud. For subscriptions to our self-managed software products, revenue is recognized ratably over the subscription term. For our SaaS subscriptions, revenue is recognized based on usage as the usage occurs over the contract period.
License—Self-Managed

License revenue reflects the revenue recognized by providing customers with access to proprietary software features. License revenue is recognized upfront when the software license is made available to our customer.

Cost of Revenue

Subscription—Self-Managed and SaaS

Cost of subscription—self-managed and SaaS revenue primarily consists of expenses related to providing support to our customers and cloud-related costs, such as hosting and managing costs. These costs primarily consist of personnel-related expenses of our services and customer support personnel, including share-based compensation expenses, public cloud infrastructure costs, depreciation of property and equipment, and allocated overhead. We expect our cost of subscription and SaaS revenue to increase in absolute dollars as our subscription and SaaS revenue increases.

License—Self-Managed

Cost of license self-managed revenue consists of amortization associated with acquired intangible assets.

Operating Expenses

Research and Development

Research and development costs primarily consist of personnel-related expenses, including share-based compensation expenses, associated with our engineering personnel responsible for the design, development, and testing of our products, cost of development environments and tools, and allocated overhead. We expect that our research and development expenses will continue to increase as we increase our research and development headcount to further strengthen and enhance our products and invest in the development of our software.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses, including share-based compensation expenses, sales commissions directly associated with our sales and marketing organizations, and costs associated with marketing programs and user events. Marketing programs include advertising, promotional events, and brand-building activities. Sales and marketing expenses also include personnel-related expenses and public cloud infrastructure costs associated with our free trials, freemium offerings, and open source software options. We plan to increase our investment in sales and marketing over the foreseeable future, as we continue to hire additional personnel and invest in sales and marketing programs.

General and Administrative

General and administrative expenses primarily consist of personnel-related expenses, including share-based compensation expenses, associated primarily with our finance, legal, human resources and other operational and administrative functions, professional fees for external legal, accounting and other consulting services, and allocated overhead. We expect to increase the size of our general and administrative function to support the growth of our business. Following the completion of this offering, we expect to incur additional general and administrative expenses as a result of operating as a public company. As a result, we expect the dollar amount of our general and administrative expenses to increase for the foreseeable future.

Interest and Other Income, Net

Interest and other income, net primarily consists of income earned on our cash deposits, restricted money market fund, and short-term investments. Interest and other income, net also includes foreign exchange gains and losses.
Provision for Income Taxes

Provision for income taxes consists primarily of income taxes related to the U.S. and other foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on certain deferred tax assets in Israel as we have concluded that it is not more likely than not that the deferred tax assets will be realized. Our effective tax rate is affected by tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions, as well as non-deductible expenses, such as share-based compensation, and changes in our valuation allowance.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenue for each of the periods indicated:

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$ 56,054</td>
<td>$ 94,606</td>
<td>$ 41,680</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$ 56,054</td>
<td>$ 94,606</td>
<td>$ 41,680</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>7,478</td>
<td>10,110</td>
<td>4,435</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>63,532</td>
<td>104,716</td>
<td>46,115</td>
</tr>
<tr>
<td>Cost of revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS(1)</td>
<td>10,393</td>
<td>19,201</td>
<td>8,211</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>318</td>
<td>834</td>
<td>362</td>
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<tr>
<td>Total cost of revenue—subscription</td>
<td>10,711</td>
<td>20,035</td>
<td>8,573</td>
</tr>
<tr>
<td>Gross profit</td>
<td>52,821</td>
<td>84,681</td>
<td>37,542</td>
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<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development(1)(3)</td>
<td>25,861</td>
<td>29,730</td>
<td>13,099</td>
</tr>
<tr>
<td>Sales and marketing(1)(2)(3)</td>
<td>34,972</td>
<td>44,088</td>
<td>19,742</td>
</tr>
<tr>
<td>General and administrative(1)(3)</td>
<td>18,843</td>
<td>17,800</td>
<td>7,883</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>79,676</td>
<td>91,618</td>
<td>40,724</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(26,855)</td>
<td>(6,937)</td>
<td>(3,182)</td>
</tr>
<tr>
<td>Interest and other income, net</td>
<td>1,310</td>
<td>3,171</td>
<td>1,822</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(25,545)</td>
<td>(3,766)</td>
<td>(1,360)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>470</td>
<td>1,628</td>
<td>709</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (26,015)</td>
<td>$ (5,394)</td>
<td>$ (2,069)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue: subscription—self-managed and SaaS</td>
<td>$ 358</td>
<td>$ 536</td>
<td>$ 197</td>
</tr>
<tr>
<td>Research and development</td>
<td>9,876</td>
<td>3,642</td>
<td>1,027</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>34,972</td>
<td>44,088</td>
<td>19,742</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,283</td>
<td>2,103</td>
<td>610</td>
</tr>
<tr>
<td>Total share-based compensation expense</td>
<td>$ 20,167</td>
<td>$ 9,370</td>
<td>$ 2,646</td>
</tr>
</tbody>
</table>

Share-based compensation for the years ended December 31, 2018 and 2019, included compensation expense of $17.7 million and $3.3 million, respectively, related to secondary sales of ordinary shares by certain of our employees.
(2) Includes amortization expense of acquired intangible assets as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Cost of revenue:</td>
<td></td>
</tr>
<tr>
<td>license—self-managed</td>
<td>$ 318</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>107</td>
</tr>
<tr>
<td>Total amortization</td>
<td>$ 425</td>
</tr>
</tbody>
</table>

(3) Includes acquisition-related costs as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>$ 96</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>207</td>
</tr>
<tr>
<td>General and administrative</td>
<td>468</td>
</tr>
<tr>
<td>Total acquisition-related costs</td>
<td>$ 771</td>
</tr>
</tbody>
</table>

Revenue:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>88%</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>12</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>100</td>
</tr>
</tbody>
</table>

Cost of revenue:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>16</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>1</td>
</tr>
<tr>
<td>Total cost of revenue—subscription</td>
<td>17</td>
</tr>
</tbody>
</table>

Gross profit

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>83</td>
<td>81</td>
</tr>
</tbody>
</table>

Operating expenses:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>41</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>55</td>
</tr>
<tr>
<td>General and administrative</td>
<td>29</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>125</td>
</tr>
</tbody>
</table>

Operating loss

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>(42)</td>
<td>(7)</td>
</tr>
</tbody>
</table>

Interest and other income, net

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>(40)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

Income (loss) before income taxes

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1</td>
</tr>
</tbody>
</table>

Net loss

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>(41)%</td>
<td>(5)%</td>
</tr>
</tbody>
</table>
Comparison of the Six Months Ended June 30, 2019 and 2020

Revenue

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$41,680</td>
<td>$63,458</td>
<td>$21,778</td>
<td>52%</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>4,435</td>
<td>5,794</td>
<td>1,359</td>
<td>31%</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>$46,115</td>
<td>$69,252</td>
<td>$23,137</td>
<td>50%</td>
</tr>
</tbody>
</table>

Total subscription revenue increased by $23.1 million, or 50%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Approximately $18.2 million of the increase in revenue was attributable to the growth from existing customers, and the remaining increase in revenue was attributable to new customers.

Cost of Revenue and Gross Margin

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$8,211</td>
<td>$12,665</td>
<td>$4,454</td>
<td>54%</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>362</td>
<td>428</td>
<td>66</td>
<td>18%</td>
</tr>
<tr>
<td>Total cost of revenue—subscription</td>
<td>$8,573</td>
<td>$13,093</td>
<td>$4,520</td>
<td>53%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>81%</td>
<td>81%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total cost of subscription revenue increased by $4.5 million, or 53%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase in cost of subscription revenue was primarily attributable to an increase of $2.7 million in cloud-related costs, such as hosting and managing costs, driven by an increase in total revenue, and an increase of $1.2 million in personnel-related expenses as a result of increased headcount.

Our gross margin for subscription revenue remained unchanged for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Operating Expenses

Research and Development

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$13,099</td>
<td>$19,071</td>
<td>$5,972</td>
<td>46%</td>
</tr>
</tbody>
</table>

Research and development expense increased by $6.0 million, or 46%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase was primarily attributable to an increase of $3.0 million in personnel-related expenses as a result of increased headcount, an increase of $1.1 million related to higher development costs, and an increase of $0.7 million in share-based compensation expense. Please refer to the section titled “Share-based Compensation Expense” below for a discussion of its impact on research and development expense.
### Sales and Marketing

<table>
<thead>
<tr>
<th></th>
<th>2019 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>$19,742</td>
<td>$27,905</td>
<td>$8,163</td>
<td>41%</td>
</tr>
</tbody>
</table>

Sales and marketing expense increased by $8.2 million, or 41%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase in sales and marketing expense was primarily attributable to an increase of $4.3 million in personnel-related expenses as a result of increased headcount, an increase of $1.0 million in share-based compensation expense, an increase of $0.6 million in amortization of deferred contract acquisition costs driven by an increase in total sales, and an increase of $0.6 million in hosting costs related to trials and community centers. Please refer to the section titled “Share-based Compensation Expense” below for a discussion of its impact on sales and marketing expense.

### General and Administrative

<table>
<thead>
<tr>
<th></th>
<th>2019 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>$7,883</td>
<td>$9,944</td>
<td>$2,061</td>
<td>26%</td>
</tr>
</tbody>
</table>

General and administrative expense increased by $2.1 million, or 26%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase was primarily attributable to an increase of $0.8 million in personnel-related expenses as a result of increased headcount, an increase of $0.5 million in professional fees for recruiting, external legal, accounting and other consulting services, and an increase of $0.3 million in share-based compensation expense. Please refer to the section titled “Share-based Compensation Expense” below for a discussion of its impact on general and administrative expense.

### Share-based Compensation Expense

<table>
<thead>
<tr>
<th></th>
<th>2019 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue: subscription–self-managed and SaaS</td>
<td>$197</td>
<td>$339</td>
<td>$142</td>
<td>72%</td>
</tr>
<tr>
<td>Research and development</td>
<td>1,027</td>
<td>1,696</td>
<td>669</td>
<td>65%</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>812</td>
<td>1,770</td>
<td>958</td>
<td>118%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>610</td>
<td>934</td>
<td>324</td>
<td>53%</td>
</tr>
<tr>
<td>Total share-based compensation expense</td>
<td>$2,646</td>
<td>$4,739</td>
<td>$2,093</td>
<td>79%</td>
</tr>
</tbody>
</table>

Share-based compensation expenses increased by $2.1 million, or 79%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase in share-based compensation expense was a result of grants to new and existing employees.

### Interest and Other Income, Net

<table>
<thead>
<tr>
<th></th>
<th>2019 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and other income, net</td>
<td>$1,822</td>
<td>$1,138</td>
<td>$(684)</td>
<td>(38)%</td>
</tr>
</tbody>
</table>

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Interest and other income, net decreased by $0.7 million, or 38%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to lower interest income on existing cash and investment balances as a result of lower interest rates during the period.

Provision for Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended June 30,</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$ 709</td>
<td>$ 803</td>
</tr>
</tbody>
</table>

Provision for income taxes increased by $0.1 million, or 13%, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase in provision for income taxes was due to an increase in taxable income from our operations in the United States primarily as a result of higher non-deductible share-based compensation expense.

Our effective tax rate was 213% and (52)% of our income (loss) before income taxes for the six months ended June 30, 2020 and 2019, respectively. Our effective tax rate is mainly affected by non-deductible share-based compensation expense in the United States and losses before income taxes in Israel for which a full valuation allowance is provided. In addition, our future effective tax rate will also be affected by tax rates in foreign jurisdictions and the relative income we earn in those jurisdictions.

Comparison of the Years Ended December 31, 2018 and 2019

Revenue

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$ 56,054</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>7,478</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>$ 63,532</td>
</tr>
</tbody>
</table>

Total subscription revenue increased by $41.2 million, or 65%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. Approximately $34.0 million of the increase in revenue was attributable to the growth from existing customers, and the remaining increase in revenue was attributable to new customers.

Cost of Revenue and Gross Margin

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$ 10,393</td>
</tr>
<tr>
<td>License—self-managed</td>
<td>318</td>
</tr>
<tr>
<td>Total cost of revenue—subscription</td>
<td>$ 10,711</td>
</tr>
<tr>
<td>Gross margin</td>
<td>83%</td>
</tr>
</tbody>
</table>

Total cost of subscription revenue increased by $9.3 million, or 87%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The increase in cost of subscription revenue was primarily
attributable to an increase of $3.9 million in cloud-related costs, such as hosting and managing costs, driven by an increase in total revenue, an increase of $2.1 million related to costs of access to vulnerability databases, and an increase of $1.7 million in personnel-related expenses as a result of increased headcount.

Gross margin for subscription revenue decreased to 81% for the year ended December 31, 2019 compared to 83% for the year ended December 31, 2018. The decrease in gross margin was primarily due to additional costs of access to vulnerability databases beginning in 2019.

Operating Expenses

Research and Development

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Research and development</td>
<td>$25,861</td>
<td>$29,730</td>
</tr>
</tbody>
</table>

Research and development expense increased by $3.9 million, or 15%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The increase was primarily attributable to an increase of $7.8 million in personnel-related expenses as a result of increased headcount and an increase of $1.4 million related to higher development costs, partially offset by a decrease of $6.2 million in share-based compensation expense. Please refer to the section titled “Share-based Compensation Expense” below for a discussion of its impact on research and development expense.

Sales and Marketing

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$34,972</td>
<td>$44,088</td>
</tr>
</tbody>
</table>

Sales and marketing expense increased by $9.1 million, or 26%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The increase in sales and marketing expense was primarily attributable to an increase of $6.0 million in personnel-related expenses as a result of increased headcount, an increase of $2.4 million in expenses related to marketing programs and user events, and an increase of $1.3 million in amortization of deferred contract acquisition costs driven by an increase in total sales, partially offset by a decrease of $3.6 million in share-based compensation expense. Please refer to the section titled “Share-based Compensation Expense” below for a discussion of its impact on sales and marketing expense.

General and Administrative

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$18,843</td>
<td>$17,800</td>
</tr>
</tbody>
</table>

General and administrative expense decreased by $1.0 million, or 6%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease was primarily attributable to a decrease of $4.4 million in bonus expenses and a decrease of $1.2 million in share-based compensation expense. Please refer to Note 10 to our consolidated financial statements included elsewhere in this prospectus for more information regarding the special bonus of $4.2 million paid in 2018 and to the section titled “Share-based Compensation
Expense” below for a discussion of its impact on general and administrative expense. The decrease was partially offset by an increase of $2.4 million in professional fees for recruiting, external legal, accounting and other consulting services, and an increase of $2.2 million in personnel-related expenses as a result of increased headcount.

**Share-based Compensation Expense**

<table>
<thead>
<tr>
<th>Cost of revenue: subscription–self-managed and SaaS</th>
<th>2018</th>
<th>2019</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$358</td>
<td>$536</td>
<td>$178</td>
<td>50%</td>
</tr>
<tr>
<td>Research and development</td>
<td>9,876</td>
<td>3,642</td>
<td>(6,234)</td>
<td>(63)%</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>6,650</td>
<td>3,089</td>
<td>(3,561)</td>
<td>(54)%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,283</td>
<td>2,103</td>
<td>(1,180)</td>
<td>(36)%</td>
</tr>
<tr>
<td><strong>Total share-based compensation expense</strong></td>
<td>$20,167</td>
<td>$9,370</td>
<td>$10,797</td>
<td>(54)%</td>
</tr>
</tbody>
</table>

Share-based compensation expenses decreased by $10.8 million, or 54%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease in share-based compensation expense was primarily a result of secondary transactions in the amount of $17.7 million and $3.3 million in years ended December 31, 2018 and 2019, respectively, partially offset by an increase of $3.6 million as a result of grants to new and existing employees. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for more information regarding these secondary share purchase transactions.

**Interest and Other Income, Net**

<table>
<thead>
<tr>
<th>Interest and other income, net</th>
<th>2018</th>
<th>2019</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,310</td>
<td>$3,171</td>
<td>$1,861</td>
<td>142%</td>
</tr>
</tbody>
</table>

Interest and other income, net increased by $1.9 million, or 142%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily due to interest income on higher cash and investment balances throughout the year ended December 31, 2019 as a result of our Series D convertible preferred shares financing in September 2018.

**Provision for Income Taxes**

<table>
<thead>
<tr>
<th>Provision for income taxes</th>
<th>2018</th>
<th>2019</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$470</td>
<td>$1,628</td>
<td>$1,158</td>
<td>246%</td>
</tr>
</tbody>
</table>

Provision for income taxes increased by $1.2 million, or 246%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. The change in provision for income taxes was primarily due to an increase in tax on our operations in the United States. Our effective tax rate was (2)% and (43)% of our net loss before income taxes for the years ended December 31, 2018 and 2019, respectively. Our effective tax rate is affected by tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions, as well as non-deductible expenses, such as share-based compensation, and changes in our valuation allowance.
### Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations data for each of the quarters indicated, as well as the percentage that each line item represents of our total revenue for each quarter presented. The information for each quarter has been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus, and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the financial information contained in those financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following quarterly financial data should be read in conjunction with our consolidated financial statements included elsewhere in this prospectus.

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription–self-managed and SaaS</td>
<td>$11,522</td>
<td>$12,926</td>
<td>$14,712</td>
<td>$16,894</td>
<td>$19,413</td>
<td>$22,267</td>
<td>$25,070</td>
<td>$27,856</td>
<td>$30,297</td>
<td>$33,161</td>
</tr>
<tr>
<td>License–self-managed</td>
<td>1,570</td>
<td>1,756</td>
<td>1,993</td>
<td>2,159</td>
<td>1,800</td>
<td>2,635</td>
<td>2,774</td>
<td>2,901</td>
<td>2,524</td>
<td>3,270</td>
</tr>
<tr>
<td><strong>Total subscription revenue</strong></td>
<td>13,092</td>
<td>14,682</td>
<td>16,705</td>
<td>19,053</td>
<td>21,213</td>
<td>24,902</td>
<td>27,844</td>
<td>30,757</td>
<td>32,821</td>
<td>36,431</td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription–self-managed and SaaS</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
<td>(10)</td>
</tr>
<tr>
<td>License–self-managed</td>
<td>79</td>
<td>80</td>
<td>79</td>
<td>80</td>
<td>123</td>
<td>239</td>
<td>240</td>
<td>232</td>
<td>214</td>
<td>214</td>
</tr>
<tr>
<td><strong>Total cost of revenue–subscription</strong></td>
<td>2,218</td>
<td>2,596</td>
<td>2,765</td>
<td>3,132</td>
<td>3,869</td>
<td>4,704</td>
<td>5,349</td>
<td>6,113</td>
<td>6,404</td>
<td>6,689</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>10,874</td>
<td>12,086</td>
<td>13,940</td>
<td>15,921</td>
<td>17,344</td>
<td>20,198</td>
<td>22,495</td>
<td>24,644</td>
<td>26,417</td>
<td>29,742</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>3,908</td>
<td>5,745</td>
<td>11,278</td>
<td>4,930</td>
<td>5,847</td>
<td>7,252</td>
<td>8,665</td>
<td>8,658</td>
<td>9,295</td>
<td>9,776</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>6,013</td>
<td>7,418</td>
<td>12,599</td>
<td>9,142</td>
<td>9,147</td>
<td>10,595</td>
<td>12,042</td>
<td>12,304</td>
<td>14,023</td>
<td>13,062</td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,541</td>
<td>2,623</td>
<td>9,529</td>
<td>4,150</td>
<td>4,106</td>
<td>3,777</td>
<td>5,108</td>
<td>4,099</td>
<td>5,198</td>
<td>4,746</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>12,462</td>
<td>15,586</td>
<td>33,406</td>
<td>18,222</td>
<td>19,100</td>
<td>21,624</td>
<td>25,815</td>
<td>25,079</td>
<td>28,516</td>
<td>28,404</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(1,588)</td>
<td>(3,500)</td>
<td>(19,466)</td>
<td>(2,301)</td>
<td>(1,756)</td>
<td>(1,426)</td>
<td>(3,320)</td>
<td>(435)</td>
<td>(2,099)</td>
<td>1,338</td>
</tr>
<tr>
<td><strong>Interest and other income, net</strong></td>
<td>244</td>
<td>195</td>
<td>192</td>
<td>679</td>
<td>921</td>
<td>901</td>
<td>635</td>
<td>714</td>
<td>564</td>
<td>574</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>(1,344)</td>
<td>(3,305)</td>
<td>(19,274)</td>
<td>(1,022)</td>
<td>(655)</td>
<td>(525)</td>
<td>(2,685)</td>
<td>279</td>
<td>(1,535)</td>
<td>1,912</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td>123</td>
<td>61</td>
<td>65</td>
<td>221</td>
<td>312</td>
<td>397</td>
<td>429</td>
<td>490</td>
<td>590</td>
<td>213</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$ (1,467)</td>
<td>$ (3,366)</td>
<td>$ (19,339)</td>
<td>$ (1,143)</td>
<td>$ (922)</td>
<td>$ (1,147)</td>
<td>$ (3,114)</td>
<td>$ (211)</td>
<td>$ (2,125)</td>
<td>$ 1,699</td>
</tr>
</tbody>
</table>
### Table of Contents

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

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue: subscription–self-managed and SaaS</td>
<td>$36</td>
<td>$123</td>
<td>$78</td>
<td>$121</td>
<td>$85</td>
<td>$112</td>
<td>$225</td>
<td>$114</td>
<td>$140</td>
<td>$199</td>
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<tr>
<td>Research and development</td>
<td>81</td>
<td>1,836</td>
<td>7,646</td>
<td>313</td>
<td>310</td>
<td>717</td>
<td>1,863</td>
<td>752</td>
<td>766</td>
<td>930</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>153</td>
<td>247</td>
<td>5,936</td>
<td>314</td>
<td>377</td>
<td>435</td>
<td>1,665</td>
<td>612</td>
<td>673</td>
<td>1,097</td>
</tr>
<tr>
<td>General and administrative</td>
<td>72</td>
<td>203</td>
<td>2,729</td>
<td>279</td>
<td>304</td>
<td>306</td>
<td>1,142</td>
<td>351</td>
<td>377</td>
<td>557</td>
</tr>
<tr>
<td><strong>Total share-based compensation expense</strong></td>
<td><strong>$342</strong></td>
<td><strong>$2,409</strong></td>
<td><strong>$16,389</strong></td>
<td><strong>$1,027</strong></td>
<td><strong>$1,076</strong></td>
<td><strong>$1,570</strong></td>
<td><strong>$4,895</strong></td>
<td><strong>$1,829</strong></td>
<td><strong>$1,956</strong></td>
<td><strong>$2,783</strong></td>
</tr>
</tbody>
</table>

Share-based compensation during the second and third quarters of the year ended December 31, 2018 and the third quarter of the year ended December 31, 2019 included compensation expense of $2.1 million, $15.6 million, and $3.3 million, respectively, related to secondary sales of ordinary shares by certain of our employees.

(2) Includes amortization expense of acquired intangible assets as follows:

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</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue: license–self-managed</td>
<td>$79</td>
<td>$80</td>
<td>$79</td>
<td>$80</td>
<td>$123</td>
<td>$239</td>
<td>$240</td>
<td>$232</td>
<td>$214</td>
<td>$214</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>107</td>
<td>132</td>
<td>199</td>
<td>102</td>
<td>182</td>
<td>182</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total amortization expense of acquired intangible assets</strong></td>
<td><strong>$79</strong></td>
<td><strong>$80</strong></td>
<td><strong>$79</strong></td>
<td><strong>$187</strong></td>
<td><strong>$255</strong></td>
<td><strong>$438</strong></td>
<td><strong>$422</strong></td>
<td><strong>$414</strong></td>
<td><strong>$396</strong></td>
<td><strong>$396</strong></td>
</tr>
</tbody>
</table>

(3) Includes acquisition-related costs as follows:

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$96</td>
<td>$184</td>
<td>$349</td>
<td>$345</td>
<td>$345</td>
<td>$347</td>
<td>$352</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>342</td>
<td>88</td>
<td>19</td>
<td>207</td>
<td>67</td>
<td>113</td>
<td>111</td>
<td>129</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>General and administrative</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total acquisition-related costs</strong></td>
<td><strong>$342</strong></td>
<td><strong>$88</strong></td>
<td><strong>$19</strong></td>
<td><strong>$322</strong></td>
<td><strong>$564</strong></td>
<td><strong>$491</strong></td>
<td><strong>$456</strong></td>
<td><strong>$474</strong></td>
<td><strong>$461</strong></td>
<td><strong>$466</strong></td>
</tr>
</tbody>
</table>

83
### Quarterly Revenue Trends
Our quarterly total subscription revenue increased sequentially in each of the periods presented due to the growth from our existing customers and increases in revenues from new customers in each period. As we generally invoice in advance for our annual and multi-year subscription agreements, the majority of the revenue is recognized ratably over the term of those agreements. Therefore, a substantial portion of the revenue that we report in each period is attributable to the recognition of deferred revenue relating to sales we received during previous periods. Consequently, increases or decreases in renewals, customer expansion, or new sales in a period typically will not be fully reflected in our total subscription revenue for that period and will positively or negatively affect our revenue in future periods.

### Quarterly Cost of Revenue and Gross Margin Trends
Our quarterly total cost of revenue increased sequentially in each of the periods presented, primarily due to expanded adoption of our SaaS subscriptions by existing and new customers, which resulted in increased cloud-related costs, such as hosting and managing costs, as well as growth in personnel-related expenses as we continue to grow our support team. Our quarterly gross margins fluctuated between 80% and 84% during 2018 to June 30, 2020. These fluctuations were a result of the timing and amount of our investments to expand the capacity of our third-party cloud infrastructure providers, better optimization of cloud-related spend, and additional headcount in our support team. The decrease in gross margin in the first quarter of 2019 as compared to the fourth quarter of 2018 was due to additional costs related to access to vulnerability databases beginning in 2019. We expect our revenue from SaaS subscriptions to increase as a percentage of total subscription revenue, which may adversely impact our gross margin as a result of the associated cloud-related costs, such as hosting and managing costs.

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**Table of Contents**

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription–self-managed and SaaS</td>
<td>89%</td>
<td>89%</td>
<td>89%</td>
<td>90%</td>
<td>91%</td>
<td>92%</td>
<td>91%</td>
<td>92%</td>
<td>91%</td>
<td>91%</td>
</tr>
<tr>
<td>License–self-managed</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>8</td>
<td>11</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Cost of revenue:**

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription–self-managed and SaaS</td>
<td>16</td>
<td>17</td>
<td>16</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>18</td>
<td>19</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>License–self-managed</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total cost of revenue–subscription</td>
<td>17</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>18</td>
<td>19</td>
<td>19</td>
<td>20</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Gross profit</td>
<td>83</td>
<td>82</td>
<td>83</td>
<td>84</td>
<td>82</td>
<td>81</td>
<td>81</td>
<td>80</td>
<td>80</td>
<td>82</td>
</tr>
</tbody>
</table>

**Operating expenses:**

| Research and development      | 30       | 39      | 68           | 26          | 28       | 29      | 32           | 25          | 28       | 27      |
| Sales and marketing           | 46       | 49      | 75           | 48          | 43       | 43      | 43           | 40          | 42       | 38      |
| General and administrative    | 19       | 18      | 57           | 22          | 19       | 15      | 18           | 16          | 16       | 13      |
| Total operating expenses      | 95       | 106     | 200          | 96          | 90       | 87      | 93           | 81          | 86       | 78      |

| Operating income (loss)       | (12)     | (24)    | (117)        | (12)        | (8)      | (6)     | (12)         | (1)         | (6)      | 4       |
| Interest and other income, net | 2        | 1       | 2            | 4           | 4        | 4       | 2            | 2           | 1        | 1       |
| Income (loss) before income taxes | (10)   | (23)    | (115)        | (8)         | (4)      | (2)     | (10)         | 1           | (5)      | 5       |
| Provision for income taxes    | 1        | 0       | 1            | 2           | 1        | 2       | 1            | 2           | 1        | 0       |
| Net income (loss)             | (11)%    | (23)%   | (110)%       | (10)%       | (6)%     | (4)%    | (1)%         | (1)%        | (0)%     | 5%      |
Quarterly Operating Expenses Trends

Excluding the impact of secondary share purchase transactions executed among certain of our employees, our quarterly total operating expenses increased sequentially in each of the periods presented, other than during the second quarter of 2020, primarily due to increases in headcount and other related expenses to support our growth. We experienced a decrease in total operating expenses during the second quarter of 2020 as compared to the first quarter of 2020 mainly as a result of lower facilities and other related operating costs, primarily as a result of stay-at-home or similar orders in effect due to the COVID-19 pandemic. We intend to continue to make significant investments in research and development as we add features and enhance our products. We also intend to invest in our sales and marketing organization to drive future revenue growth. Lastly, we expect to incur additional general and administrative expenses as a result of operating as a public company.

Quarterly Interest and Other Income, Net Trends

Our quarterly interest and other income, net began to increase in the fourth quarter of 2018 and onward due to an increase in interest income on higher cash and investment balances as a result of proceeds received from our Series D convertible preferred shares financing in September 2018. The decreases in the first and second quarters of the 2020 as compared to the fourth quarter of 2019 were due to lower interest income received on existing cash and investment balances as a result of lower interest rates during the periods.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through sales of equity securities and cash generated from operations. Our principal uses of cash in recent periods have been funding our operations, investing in capital expenditures, and various business and asset acquisitions. As of December 31, 2019 and June 30, 2020, our principal sources of liquidity were cash, cash equivalents, and short-term investments of $166.5 million and $170.6 million, respectively, which were held for working capital purposes. Cash and cash equivalents consist of cash in banks, bank deposits, and money market funds. Short-term investments generally consist of bank deposits, certificates of deposit, commercial paper, corporate debt securities, municipal securities, and government and agency debt.

We believe our existing cash, cash equivalents, and short-term investments, together with cash provided by operations, will be sufficient to meet our needs for at least the next 12 months. Our future capital requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing, and extent of spending to support further sales and marketing and research and development efforts, the continuing market acceptance of our products and services, as well as expenses associated with our international expansion, the timing, and extent of additional capital expenditures to invest in existing and new office spaces. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be materially and adversely affected.

The following table summarizes our cash flows for the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$ 8,562</td>
<td>$ 10,004</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(3,075)</td>
<td>(149,585)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>114,477</td>
<td>736</td>
</tr>
</tbody>
</table>
Operating Activities

Net cash provided by operating activities of $8.6 million for the year ended December 31, 2018 was primarily related to our net loss of $26.0 million, adjusted for non-cash charges of $21.3 million and net cash inflows of $13.3 million provided by changes in our operating assets and liabilities. Non-cash charges consisted of share-based compensation of $20.2 million and depreciation and amortization of $1.1 million. The main drivers of net cash inflows were derived from the changes in operating assets and liabilities and were related to an increase in deferred revenue of $24.0 million due to increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of $1.9 million, partially offset by an increase to accounts receivable of $7.0 million due to timing of collections, an increase in prepaid expenses and other assets of $3.5 million, and an addition to deferred contract acquisition costs of $2.1 million.

Net cash provided by operating activities of $10.0 million for the year ended December 31, 2019 was primarily related to our net loss of $5.4 million, adjusted for non-cash charges of $11.8 million and net cash inflows of $3.6 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation of $9.4 million and depreciation and amortization of $2.8 million. The main drivers of net cash inflows were derived from the changes in operating assets and liabilities and were related to an increase in deferred revenue of $12.1 million due to increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of $2.9 million, partially offset by an increase to accounts receivable of $4.9 million due to timing of collections, an increase in prepaid expenses and other assets of $4.1 million, and additions to deferred contract acquisition costs of $2.4 million.

Net cash provided by operating activities of $0.4 million for the six months ended June 30, 2019 was primarily related to our net loss of $2.1 million, adjusted for non-cash charges of $3.7 million and net cash outflows of $1.2 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation of $2.6 million and depreciation and amortization of $1.3 million. The main drivers of net cash outflows were derived from the changes in operating assets and liabilities and were related an increase in prepaid expenses and other assets of $5.4 million, and additions to deferred contract acquisition costs of $1.3 million, partially offset by an increase in deferred revenue of $3.4 million due to increases in sales, an increase in accounts payable and accrued expenses and other liabilities of $1.1 million, and a decrease to accounts receivable of $1.0 million due to timing of collections.

Net cash provided by operating activities of $5.9 million for the six months ended June 30, 2020 was primarily related to our net loss of $0.4 million, adjusted for non-cash charges of $6.9 million and net cash outflows of $0.6 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation of $4.7 million and depreciation and amortization of $1.8 million. The main drivers of net cash outflows were derived from the changes in operating assets and liabilities and were related an increase to accounts receivable of $2.4 million due to timing of collections, an increase in prepaid expenses and other assets of $1.3 million, and additions to deferred contract acquisition costs of $0.4 million, partially offset by an increase in accounts payable and accrued expenses and other liabilities of $2.9 million, and an increase in deferred revenue of $0.6 million due to increases in sales.

Investing Activities

Net cash used in investing activities of $3.1 million for the year ended December 31, 2018 was related to capital expenditures of $2.1 million, and a purchase of intangible assets of $1.0 million.

Net cash used in investing activities of $149.6 million for the year ended December 31, 2019 was related to net purchases of short-term investments of $126.9 million, net cash paid for business combination of $20.9 million, and capital expenditures of $1.8 million.

Net cash used in investing activities of $102.2 million for the six months ended June 30, 2019 was related to net purchases of short-term investments of $80.2 million, net cash paid for business combination of $20.9 million, and capital expenditures of $1.1 million.
Net cash used in investing activities of $18.5 million for the six months ended June 30, 2020 was related to net purchases of short-term investments of $17.0 million, and capital expenditures of $1.5 million.

Financing Activities

Net cash provided by financing activities of $114.5 million for the year ended December 31, 2018 was primarily related to net proceeds from our Series D convertible preferred shares financing of $114.5 million.

Net cash provided by financing activities of $0.7 million for the year ended December 31, 2019 was primarily related to proceeds from exercise of share options of $1.2 million, partially offset by payments related to a prior year asset acquisition of $0.3 million and payments of deferred offering costs of $0.2 million.

Net cash provided by financing activities of $0.6 million for the six months ended June 30, 2019 was related to proceeds from exercise of share options.

Net cash used in financing activities of $1.6 million for the six months ended June 30, 2020 was primarily related to payments of deferred offering costs of $2.5 million, partially offset by proceeds from exercise of share options of $0.9 million.

Commitments and Contractual Obligations

The following table summarizes our non-cancellable contractual obligations as of December 31, 2019:

<table>
<thead>
<tr>
<th>Payments Due by Period</th>
<th>Total (in thousands)</th>
<th>Less Than 1 Year</th>
<th>1-3 Years</th>
<th>3-5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease obligations</td>
<td>$8,022</td>
<td>$3,638</td>
<td>$3,848</td>
<td>$536</td>
</tr>
<tr>
<td>Purchase obligations</td>
<td>18,941</td>
<td>8,275</td>
<td>10,666</td>
<td>—</td>
</tr>
<tr>
<td>Total contractual obligations</td>
<td>$26,963</td>
<td>$11,913</td>
<td>$14,514</td>
<td>$536</td>
</tr>
</tbody>
</table>

The following table summarizes our non-cancellable contractual obligations as of June 30, 2020:

<table>
<thead>
<tr>
<th>Payments Due by Period</th>
<th>Total (in thousands)</th>
<th>Less Than 1 Year</th>
<th>1-3 Years</th>
<th>3-5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease obligations</td>
<td>$11,374</td>
<td>$4,610</td>
<td>$4,879</td>
<td>$1,885</td>
</tr>
<tr>
<td>Purchase obligations</td>
<td>12,722</td>
<td>4,791</td>
<td>7,931</td>
<td>—</td>
</tr>
<tr>
<td>Total contractual obligations</td>
<td>$24,096</td>
<td>$9,401</td>
<td>$12,810</td>
<td>$1,885</td>
</tr>
</tbody>
</table>

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

Off-Balance Sheet Arrangements

Through June 30, 2020, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.
Foreign Currency Exchange Risk

Our revenue and expenses are primarily denominated in U.S. dollars. Our functional currency is the U.S. dollar. Substantially all of our sales are denominated in U.S. dollars, and therefore our revenue is not subject to significant foreign currency risk. However, a significant portion of our operating costs in Israel, consisting principally of salaries and related personnel expenses, and operating lease and facility expenses are denominated in NIS. This foreign currency exposure gives rise to market risk associated with exchange rate movements of the U.S. dollar against the NIS. Furthermore, we anticipate that a material portion of our expenses will continue to be denominated in NIS.

To reduce the impact of foreign exchange risks associated with forecasted future cash flows and certain existing assets and liabilities and the volatility in our consolidated statements of operations, we have established a hedging program. Foreign currency contracts are generally utilized in this hedging program. Our foreign currency contracts are generally short-term in duration. We do not enter into derivative instruments for trading or speculative purposes. We account for our derivative instruments as either assets or liabilities and carry them at fair value in the consolidated balance sheets. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. Our hedging program reduces but does not eliminate the impact of currency exchange rate movements. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business, after considering cash flow hedges, would have had an impact on our results of operations of $3.9 million, $4.6 million, $1.7 million, and $1.4 million for the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020, respectively.

Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counterparties to major financial institutions and by spreading the risk across a number of major financial institutions. However, failure of one or more of these financial institutions is possible and could result in incurred losses.

As of December 31, 2019 and June 30, 2020, our cash, cash equivalents, restricted cash, and short-term investments were primarily denominated in U.S. dollars. A 10% increase or decrease in current exchange rates would not materially affect our cash, cash equivalents, restricted cash, and short-term investment balances as of December 31, 2018 and 2019, and June 30, 2020.

Interest Rate Risk

As of December 31, 2019 and June 30, 2020, we had cash and cash equivalents of $39.2 million and $26.4 million, respectively, and short-term investments of $127.3 million and $144.2 million, respectively. Cash and cash equivalents consist of cash in banks, bank deposits, and money market funds. Short-term investments generally consist of bank deposits, certificates of deposit, commercial paper, corporate debt securities, municipal securities, and government and agency debt. Our cash, cash equivalents, and short-term investments are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, a hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our historical consolidated financial statements for the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as related disclosures. We evaluate our estimates and assumptions on an ongoing
basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances.

Additionally, the COVID-19 pandemic has created, and may continue to create, significant uncertainty in macroeconomic conditions, and the extent of its impact on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on our customers and sales cycles. We considered the impact of COVID-19 on our estimates and assumptions and determined that there were no material adverse impacts on the consolidated financial statements for the period ended June 30, 2020. As events continue to evolve and additional information becomes available, our estimates and assumptions may change materially in future periods. The critical accounting policies and estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

**Revenue Recognition**

Our revenues are comprised of revenue from self-managed subscriptions and SaaS subscriptions. Our self-managed subscriptions are offered on an annual and multi-year basis, and SaaS subscriptions are offered on an annual basis, with the exception of certain SaaS subscriptions, which are also offered on a monthly basis. Our annual and multi-year subscriptions are typically invoiced and collected at the time of entering into the contract for the full contract amount. Our monthly SaaS subscriptions are typically billed in arrears. For SaaS subscriptions with a minimum usage commitment, we typically invoice and collect the commitment amount at the time of entering into the contract, with any usage in excess of the committed contracted amount billed monthly in arrears.

Subscriptions to our self-managed software include license, support, and upgrades and updates, on a when-and-if-available basis. Our SaaS subscriptions provide access to our latest managed version of our product, which is hosted in a public cloud.

We elected to adopt Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), effective as of January 1, 2018, utilizing the full retrospective method of adoption. Accordingly, the consolidated financial statements for the years ended December 31, 2018 and 2019 and the unaudited interim consolidated financial statements for the six months ended June 30, 2019 and 2020 are presented under ASC 606. In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration that we expect to receive in exchange for these goods or services. To achieve the core principle of this standard, we apply the following five steps:

1. **Identification of the contract, or contracts, with the customer**

   We determine that we have a contract with a customer when each party’s rights regarding the products or services to be transferred can be identified, the payment terms for the services can be identified, we have determined the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, we evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation.

2. **Identification of the performance obligations in the contract**

   Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the products or services either on their own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the products and services is separately identifiable from other promises in the contract.
For self-managed subscriptions, our performance obligations include license for proprietary features of software, support, and upgrades and updates to the software on a when-and-if-available basis. The license provides standalone functionality to the customer and is therefore deemed a distinct performance obligation. Performance obligations related to support as well as upgrades and updates to the software on a when-and-if-available basis generally have a consistent continuous pattern of transfer to a customer during the contract period.

For SaaS subscriptions, we provide access to our cloud-hosted software, without providing the customer the right to take possession of our software, which we consider to be a single performance obligation.

3. Determination of the transaction price

The transaction price is determined based on the consideration to which we expect to be entitled in exchange for transferring products or delivery of services to the customer. Payment terms and conditions vary by contract type, although terms generally include a requirement to pay within 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers or to provide customers with financing. We have applied the practical expedient in ASC 606 and did not evaluate payment terms of one year or less for the existence of a significant financing component. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities (e.g., sales tax and other indirect taxes). We do not offer right of refund in our contracts.

4. Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, we allocate the transaction price for each contract to each performance obligation based on the relative standalone selling price (“SSP”) for each performance obligation. We use judgment in determining the SSP for our products and services. We typically assess the SSP for our products and services on a periodic basis or when facts and circumstances change. To determine SSP, we maximize the use of observable standalone sales and observable data, where available. In instances where performance obligations do not have observable standalone sales, we utilize available information that may include market conditions, pricing strategies, the economic life of the software, and other observable inputs or uses the expected cost-plus margin approach to estimate the price we would charge if the products and services were sold separately.

5. Recognition of the revenue when, or as, a performance obligation is satisfied

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or delivery of service to the customer. Revenue is recognized in an amount that reflects the consideration that we expect to receive in exchange for those products or services. For self-managed subscriptions, the revenue related to the license for proprietary features is recognized upfront, when the license is delivered. This revenue is presented in our consolidated statements of operations as license – self-managed. The revenue related to support and upgrades and updates are recognized ratably over the contract period and is included in our consolidated statements of operations as subscription—self-managed and SaaS. For SaaS subscriptions, revenue is recognized based on usage as the usage occurs over the contract period and is included in our consolidated statements of operations as subscription—self-managed and SaaS.

Contract Balances

Contract assets consist of unbilled accounts receivable, which occur when a right to consideration for our performance under the customer contract occurs before invoicing to the customer. The amount of unbilled
accounts receivable included within accounts receivable, net on the consolidated balance sheets was immaterial for the periods presented. Contract liabilities consist of deferred revenue. Revenue is deferred when we invoice in advance of performance under a contract. The current portion of the deferred revenue balance is recognized as revenue during the 12-month period after the balance sheet date. The noncurrent portion of the deferred revenue balance is recognized as revenue following the 12-month period after the balance sheet date.

Cost to Obtain a Contract

We capitalize sales commissions and associated payroll taxes paid to sales personnel that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. We determine whether costs should be deferred based on our sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions for the renewal of a contract are not considered commensurate with the sales commissions paid for the acquisition of the initial contract given a substantive difference in commission rates in proportion to their respective contract values. Sales commissions paid for the renewal of a contract to sales personnel are amortized over the contractual term of the renewals. Sales commissions paid upon the initial acquisition of a customer contract for sales personnel are amortized over an estimated period of benefit of four years. We determine the period of benefit for sales commissions paid for the acquisition of the initial customer contract by taking into consideration the estimated customer life and the technological life of our software and other factors.

Amortization of sales commissions are consistent with the pattern of revenue recognition of each performance obligation and are included in sales and marketing expense in the consolidated statements of operations. We have applied the practical expedient in ASC 606 to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. We periodically review these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit.

Share-Based Compensation

Share-based compensation expense related to share awards is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected term of the option, the expected volatility of the price of our ordinary shares, risk-free interest rates, and the expected dividend yield of ordinary shares. The assumptions used to determine the fair value of the option awards represent management’s best estimates. These estimates involve inherent uncertainties and the application of management’s judgment. The related share-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, including awards with graded vesting and no additional conditions for vesting other than service conditions. Forfeitures are accounted for as they occur instead of estimating the number of awards expected to be forfeited.

Our use of the Black-Scholes option-pricing model requires the input of highly subjective assumptions. If factors change and different assumptions are used, our share-based compensation expense could be materially different in the future.

These assumptions and estimates were determined as follows:

• **Fair Value of Ordinary Shares.** As our ordinary shares are not publicly traded, the fair value was determined by our board of directors, with input from management and valuation reports prepared by third-party valuation specialists.
**Risk-Free Interest Rate.** The risk-free rate for the expected term of the options is based on the Black-Scholes option-pricing model on the yields of U.S. Treasury securities with maturities appropriate for the expected term of employee share option awards.

**Expected Term.** The expected term represents the period that options are expected to be outstanding. For option grants that are considered to be “plain vanilla,” we determined the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

**Expected Volatility.** Since we have no trading history of our ordinary shares, the expected volatility is derived from the average historical share volatilities of several unrelated public companies within our industry that we consider to be comparable to our own business over a period equivalent to the option’s expected term.

**Expected Dividend Yield.** We have never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

The Black-Scholes assumptions used in evaluating our awards are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Expected term (years)</td>
<td>5.0 - 6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.1 - 6.5</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>60.0% - 64.0%</td>
<td>60.0% - 65.0%</td>
<td>60.0%</td>
<td>65.0% - 80.0%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.6% - 3.0%</td>
<td>1.7% - 2.6%</td>
<td>2.3% - 2.6%</td>
<td>0.5% - 1.7%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

We will continue to use judgment in evaluating the assumptions related to our share-based compensation on a prospective basis. As we continue to accumulate additional data related to our ordinary shares, we may refine our estimation process, which could materially impact our future share-based compensation expense.

**Ordinary Shares Valuations**

The fair value of the ordinary shares underlying our equity awards was determined by our board of directors, after considering contemporaneous third-party valuations and input from management. The valuations of our ordinary shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. In the absence of a public trading market, our board of directors, with input from management, exercised significant judgment and considered various objective and subjective factors to determine the fair value of our ordinary shares as of the date of each option grant, including the following factors:

- the nature and history of our business;
- the general economic conditions and our industry outlook;
- our book value and overall financial condition;
- our earning capacity;
- our dividend history;
- the existence of goodwill or other intangible value within our business;
- prior interest sales and the size of the interests being valued; and
- the market price of companies engaged in the same or a similar line of our business having their equity securities actively traded in a free and open market, either on an exchange or over-the-counter.
In valuing our ordinary shares, absent an arm’s-length current/recent round of financing, the fair value of our business, or equity value, was determined using both the income approach and market approach. The income approach estimates value based on the expectation of future cash flows that the company will generate. These future cash flows are discounted to their present values using a discount rate based on the capital rates of return for comparable publicly traded companies and is adjusted to reflect the risks inherent in the company’s cash flows relative to those inherent in the companies utilized in the discount rate calculation. The market approach estimates value based on a comparison of the company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the company’s financial results to estimate the value of the subject company.

The resulting equity value was then allocated to each share class using an Option Pricing Model ("OPM"). The OPM allocates the overall company value to the various share classes based on differences in liquidation preferences, participation rights, dividend policy, and conversion rights, using a series of call options. The OPM is appropriate to use when the range of possible future outcomes is difficult to predict. Beginning in September 2019, we utilized a probability-weighted expected return method ("PWERM") to allocate value among the various share classes. The PWERM involves the estimation of the value of our company under multiple future potential outcomes and estimates the probability of each potential outcome. The per-share value of our ordinary shares as determined through the PWERM was ultimately based upon probability-weighted per share values resulting from the various future scenarios, which include an initial public offering or continued operation as a private company. After the ordinary share value was determined, a discount for lack of marketability ("DLOM") was applied to arrive at the fair value of the ordinary shares on a non-marketable basis. A DLOM is applied in order to reflect the lack of a recognized market for a closely held interest and the fact that a non-controlling equity interest may not be readily transferable. A market participant purchasing this share would recognize this illiquidity associated with the shares, which would reduce the overall fair market value.

In addition, we also considered any secondary transactions involving our capital shares. In our evaluation of those transactions, we considered the facts and circumstances of each transaction to determine the extent to which they represented a fair value exchange. Factors considered include transaction volume, proximity to other transactions as well as the valuation date, frequency of similar transactions, whether the transactions occurred between willing and unrelated parties, and whether the transactions involved parties with sufficient access to our financial information from which to make an informed decision on price.

In some cases, we considered the amount of time between the valuation date and the grant date to determine whether to use the latest ordinary share valuation determined pursuant to the method described above or a straight-line calculation between two valuation dates. This determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date.

Upon completion of this offering, our ordinary shares will be publicly traded, and we will rely on the closing price of our ordinary shares as reported on the date of grant to determine the fair value of our ordinary shares.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act, and, for so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of
the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. If we cease to be an emerging growth company, we will no longer be able to take advantage of these exemptions or the extended transition period for complying with new or revised accounting standards.

Recent Accounting Pronouncements

See the section titled “Summary of Significant Accounting Policies” in Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for more information.
FOUNDERS LETTER

Imagine There Are No Software Versions

No update buttons, no poor experiences and no versions users need to care about.

This is our collective Liquid Software vision: to power all software releases continuously and seamlessly across the globe.

When we set out more than a decade ago to change the way software was built and managed, we didn’t have digital transformation, cloud migration or the move to DevOps as tailwinds. Instead, as developers we were solving demonstrated pain points of engineers just like us. We wanted to help address the ever-increasing pressure to deliver better software faster. Ever since, our mantra has been that if it doesn’t solve the pain of the software build and release lifecycle in organizations, it’s not worth doing in our view, as software versions are important for developers, not to the common user.

We envision a version-free world where user experiences are continuously delivered through high quality, secure, user-friendly software and not through manual software update mechanisms. Thus, we see JFrog as a DevOps pioneer; the company that enables customer-centric Digital Transformation via a constant, secure, and faster flow of software.

The Origin Story

In a restaurant in the mid-2000s, we sat and went over some amazing adoption statistics. A solution to manage software packages (or “binaries,” sometimes described simply as software building blocks) that we had developed as an open source project—to solve some of the DevOps community’s pain—had been installed thousands of times and was already in use by some of the world’s most recognizable companies. Addressing the pain point of how to manage the ever-increasing complexity and volume of software had hit a nerve. JFrog was born as a company with JFrog Artifactory as the world’s first software package management product. Importantly, we’ve never sold it. It’s always been bought, and to this day we haven’t made a single field sales outbound call to a prospective customer.

The “Leaps” We’ve Taken

A frog is an agile animal, always leaping forward and never backward!

Our very first leap as a company was not just disrupting the market with technology but creating the category of Continuous Software Release (powered by software package management) and envisioning JFrog as an organization. Now, software package management tools like JFrog Artifactory are a requirement for virtually all companies that want to compete in the digital age.

As we matured, our second major leap was to provide highly available solutions for the enterprise. We realized the importance of highly available solutions when customers explained to us that they couldn’t find a convenient time to turn JFrog off to perform an update because it was too mission critical. We understood the world would need an always-on environment, maintaining and increasing developer efficiency. At the time, we were frankly mocked for investing in this area, but today most modern development organizations are in highly available-enabled environments.

Our third and most recent leap was around expanding our offerings across the DevOps lifecycle. Both organically and through strategic acquisitions we’ve added products and solutions for SecOps, release automation, multi-site coordination, software distribution, and full pipeline orchestration.

So what’s left? Our next major leap will be to expand this Liquid Software vision beyond today’s DevOps pipeline to reach all edge devices and end users: a solution to track and update software from any source to any destination. The enablement of DevOps in the Internet of Things (“IoT”) world will allow for true, seamless Dev-to-Device process.
Think of all the sensors, automobiles, manufacturing equipment, smart devices and more that are part of the growing ecosystem of how software is consumed and delivered by machines. Beyond data centers, we’re working diligently with strategic partners, customers, and the open-source community to ensure the next stage of JFrog enables DevOps and Liquid Software for any destination.

Why Do We Think our Market Timing is Right?

In every industry there is an inflection point when the market is ready for the next generation of solutions. There is no social media without Facebook and Twitter. There is no market for PCs without Microsoft and Apple. The database market would be nothing without Oracle. All of these companies were born and created categories in a time when the marketplace demanded a better way to grow and mature. We believe the same windows of opportunity for industry-shaping solutions exist today for DevOps.

As companies go through digital transformation and software becomes the defining competitive advantage across industries, the world is demanding pure DevOps-enabling, Continuous Software Release Management solutions that make software easier and more secure to deliver in a fully automated fashion. “Release fast or die,” as we like to say. The companies that provide the solutions to handle this expanding volume of global software and make it immediately available anywhere, anytime, for all users, will be the solutions—and companies—that prevail.

People and Culture Propel Success

When we formed the company, we had a core team of people that came from a consulting-oriented world. It was the same family, but on a new journey. We were trained to listen first, put customers and the community first—then act. We’ve learned, from the bottom up alongside our team, how to work together and win, to innovate, to think big and care more!

As we grew, we had to find a way to preserve the specific culture we had built. Thus, our company principles are guided by the JFrog CODEX; a document that is not written by us, the founders, nor by management. Culture isn’t a top-down exercise at JFrog, but a bottom-up agreement that is recorded and committed to by the Frogs themselves. We listen to one another, and our employees all over the world improve the culture of JFrog every year, keeping the CODEX principles as our compass. Why is this unique? The employees themselves set principles of “Care,” and that “Everyone Matters,” and place intentional emphasis on “Community and Customer Happiness” as core unifying values that come from the team. It’s beyond a habit for the Frogs, it’s what defines us.

To enable success, technology market trends and funding aren’t enough, you need the right people, culture, and a unified vision to make a real impact. We’re humbled, grateful, and blessed to work with such dedicated people who are committed to the JFrog way, setting the example in the marketplace for how to serve the community and continuously innovate.

The Frogs

Who are these people in whom we trust so completely? The Frogs that are behind the company and the stewards of the CODEX are makers, not doers. To us, that’s an important distinction. At JFrog hundreds of exceptional people have come together with one unified vision of success and a commitment to each other. The quality-driven, pain-removing approach we’ve had from day one requires us to push one another to be better, deliver more, conquer more challenges, and make each other champions of digital transformation for our customers. These are the Frogs we know, and we’re proud of our achievements as a group every single day.

Leaping Forward

Children born today won’t use the term “DevOps” when they describe how software is being released and updated. In fact, they may not think much about it at all. They won’t have update buttons to worry about and
versions to reconcile. That’s because DevOps is not the goal. DevOps and powerful solutions like JFrog are the bridge to a digital world where software updates flow continuously, without interruption. When the continuous, secure flow of software is established, innovation, and new possibilities will be unleashed. Liquid Software is the very real paradigm that will change the world for the next generation—and we’re just beginning to scratch the surface.

We hope you see the future as we do: a future without constraints of versions or updates where software is simply released and updated continuously.

Here’s to the next fearless leap forward!
BUSINESS

What is JFrog?

JFrog’s vision is to power a world of continuously updated, version-less software—we call this Liquid Software.

We provide an end-to-end, hybrid, universal DevOps Platform to achieve CSRM. Our leading CSRM platform enables organizations to continuously deliver software updates across any system. Our platform is the critical bridge between software development and deployment of that software, paving the way for the modern DevOps paradigm. We enable organizations to build and release software faster and more securely while empowering developers to be more efficient. As of June 30, 2020, approximately 5,800 organizations, including all of the top 10 technology organizations, 8 of the top 10 financial services organizations, 9 of the top 10 retail organizations, 8 of the top 10 healthcare organizations, and 7 of the top 9 telecommunications organizations in the Fortune 500 have adopted JFrog, embarking on their journey towards Liquid Software.

Digital transformation has become an imperative for all organizations, and as such, organizations of all types and sizes are increasingly dependent upon software to better engage with their customers, partners, and employees. As a result, the continuous and reliable release of new software has become mission critical. An organization’s failure to keep software current or react to problems with timely software updates can not only cost lost revenue and reputation, but also threaten human safety and lives. The increased pace and volume of new software and updates have made releasing software in monolithic, discrete versions (e.g., v1.0, v2.0, v3.0) too slow to adequately address dynamic customer demands. We believe the end state of digital transformation is a non-stop, always-on, secure, continuous delivery of value to users, enabled by a world of version-less software.

DevOps enables the software innovation that is driving digital transformation. The need for organizations to better serve their customers, partners, and employees through software is driving the demand for constant innovation of the software build and release workflow. As the pace and variety of software creation have increased, the domains of software developers and IT operators have converged. Since our inception, we have embraced the culture and methodologies of modern software development and delivered a platform that connects developers and operators, thus providing the foundation for DevOps. DevOps has since become the approach modern digital organizations take to software development and operations, shortening, automating, and improving the software build and release workflow.

While many software development technologies today address aspects of a particular segment of DevOps, CSRM, enabled by JFrog, provides the common ground for software developers and IT operators, making it integral to the DevOps workflow. Software as it is written by a developer, in source code, cannot be deployed in a runtime environment. In order for software to run in production, source code is transformed into executable binary files that can be understood by and run on a server or device. Organizations need tools that can turn source code into binary files, store and manage these binaries, and then create software packages, or combinations of one or more binary files, that can be released and deployed to runtime environments. Our platform is designed to manage and deploy all types of software packages within an organization, making it the system of record for an organization’s software, and is often called the “database of DevOps.”

Our business has experienced rapid growth and is capital efficient, as demonstrated by our maintaining of positive operating cash flow and free cash flow for each of the last five years. Since inception, we have raised $162.1 million of primary capital and we had $170.6 million of cash, cash equivalents, and short-term investments as of June 30, 2020. We generated revenue of $46.1 million and $69.3 million for the six months ended June 30, 2019 and 2020, respectively, representing a growth rate of 50%. We generated revenue of $63.5 million and $104.7 million for the years ended December 31, 2018 and 2019, respectively, representing a growth rate of 65%. Our net loss was $2.1 million and $0.4 million for the six months ended June 30, 2019 and 2020, respectively. Our net loss was $26.0 million and $5.4 million for the years ended December 31, 2018 and
2019, respectively. We generated operating cash flow of $0.4 million and $5.9 million for the six months ended June 30, 2019 and 2020, respectively. We generated operating cash flow of $8.6 million and $10.0 million for the years ended December 31, 2018 and 2019, respectively. Our free cash flow was $(0.7) million and $4.4 million for the six months ended June 30, 2019 and 2020, respectively. Our free cash flow was $6.5 million and $8.2 million for the years ended December 31, 2018 and 2019, respectively.

Software and the Business Environment

The volume and importance of software is exploding. Organizations in all industries and of all sizes have turned to software to facilitate interactions with their customers, manage day-to-day operations, gain actionable business insights, secure their digital environments, and drive digital transformation. As a result, software’s role has changed from a functional tool to a cornerstone of our daily lives, and from a simple means of driving insight and efficiency to a significant source of competitive advantage.

The continuous and reliable release of new software is therefore mission critical, where delay or failure can be disruptive to our daily lives and costly to business. If drivers and riders are not running the same version of a ride-hailing company’s software and fail to connect, even for the briefest of moments, those riders can easily turn to a competitor. If an out-of-date piece of a financial institution’s software stack allows a security breach, the organization can suffer enormous reputational harm and be liable for damages. If an airplane’s software is not current, passengers’ lives may be put in danger. An organization’s failure to keep software current or react to problems with timely software updates can not only cost lost revenue and reputation, but also threaten human safety and lives.

In order to address growing customer expectations, organizations have dramatically reduced the time between releasing new features and functions and resolving security vulnerabilities, from years to months or even days. Updating a feature of a software application, rather than releasing a new version of the entire application, ensures that current software is brought to market faster, allowing organizations to be more responsive to their customers’ needs, and makes software updates less disruptive to the user experience. To keep software current in today’s environment, software updates need to be released incrementally, and with increased frequency.

The proliferation of open source software, availability of newer and more efficient software development technologies, and the increasing interconnectedness of software enable organizations to produce software at an increasing rate. Meanwhile, the adoption of new architectures, platforms, and technologies, such as microservices, containers, and hybrid and multi-cloud environments, creates significant complications in managing the software release cycle. Organizations’ existing approaches to their software release cycles address each step of the cycle separately, creating silos and bottlenecks around critical steps, such as building, testing, securing, and delivering software. The combination of these new technologies and legacy approaches has placed significant strain on the traditional software build and release workflow.

The DevOps Workflow

DevOps enables the software innovation that is driving digital transformation. The need for organizations to better serve their customers through software is driving the demand for innovation to the software build and release workflow. As the pace and variety of software creation have increased, the domains of software developers and IT operators have converged. DevOps has emerged as a discipline that integrates development and operations, shortening, automating, and improving the software build and release workflow. DevOps is a combination of new technologies, methodologies, and culture that powers a continuous, fast, and secure software release cycle.

The DevOps workflow spans the lifecycle of software, from the planning, coding, building, and testing of software by developers, to the releasing, deploying, operating, and monitoring of that software by operators. DevOps increasingly includes the process of managing security earlier in the software release cycle, known as
DevSecOps, which helps to remove silos and bottlenecks. While many software development technologies today address aspects of a particular segment of DevOps, CSRM, enabled by JFrog, provides the common ground for software developers and IT operators, making it integral to the DevOps workflow.

**CSRM and the Importance of Packages**

Organizations’ need for a continuous, fast, and secure software release cycle has particularly elevated the importance of the core DevOps workflow: building, testing, releasing, and deploying software. This bridge, spanning from the development side to the operations side, is mission critical, yet exceedingly difficult to build and manage at the scale and speed that organizations require. We refer to this key portion of the DevOps workflow as CSRM.

Software as it is written by a developer, in source code, cannot be deployed in a runtime environment. In order for software to run in production, source code is transformed into executable binary files that can be understood by and run on a server or device. Organizations need tools that can turn source code into binary files, store and manage these binaries, and then create software packages, or combinations of one or more binary files, that can be released and deployed to runtime environments. Our platform is designed to manage and deploy all types of software packages within an organization, making it the system of record for an organization’s software.
In today's business environment the volume and variety of packages that need to be managed and stored by organizations are rapidly increasing. Packages are increasingly created by both humans and machines as software build and release workflows are automated, and can also be imported from external sources, such as open source libraries and repositories. The increasingly large volumes and complexity of packages within organizations’ software development ecosystems require a new, systematic, and automated approach to the management of packages. Code repositories, which store and manage source code, are helpful and important developer tools, but cannot efficiently take software that was written by developers and deploy it in runtime environments because they are not purpose-built to manage and cache binary files. Tracking and managing software at the package level enables organizations to make incremental updates to software, eliminating the need for software versions. Package management allows software release management to be continuous, and capable of handling the volume, variety, and velocity of software required today.

**Our Platform**

We built the world’s first universal package repository, JFrog Artifactory, to fundamentally transform the way that the software release cycle is managed. Our package-based approach to releasing software enabled the category of CSRM, allowing software releases to be continuous and software to always be current.

We enable organizations to store all package types in a common repository where they can be edited, tracked, and managed. Our unified platform connects all of the software release processes involved in building and releasing software, enabling CSRM. We empower our customers to shorten their software release cycles and enable the continuous flow of current, up-to-date software from any source to any destination. Our platform is designed to be agnostic to the programming languages, source code repositories, and development technologies that our customers use, and the type of production environments to which they deploy.

Our fully integrated suite of products allows our customers to compile software from source code repositories, manage the dependencies among components within software packages, move packages to a universal repository, ingest packages from third parties, including open source libraries, scan for vulnerabilities through various stages, distribute to endpoints, and deploy in production, all through a single user access point.

**Benefits to Our Customers**

- **End-to-end, unified platform.** We provide a central, unified platform for our customers’ software release needs with our universal package management solution, JFrog Artifactory, at its core and a
portfolio of adjacent products including build integration, workflow automation, security, and deployment. We designed our products to integrate with each other natively, with a unified user interface. This allows organizations to effectively and efficiently manage the full software release cycle through a single user access point.

- **A “blessed” repository for the organization.** We designed JFrog Artifactory to be the only package repository that an organization needs. By securely storing, monitoring, and distributing packages created inside and outside an organization, we provide a single, trusted local repository that any user within an organization can rely on, serving as the system of record for all of the software in an organization. This is commonly referred to as a blessed repository. JFrog Artifactory automatically caches updated packages from both external and internal repositories, ensuring that an organization always has the latest, validated packages available.

- **Acceleration through automation.** Our platform accelerates the software release cycle by enabling the automation of workflows across teams and providing tight coordination between development and operations groups, removing silos within organizations’ software release processes. We seamlessly integrate with source code repositories to push software updates and to manage software package flows between all software release gates seamlessly and continuously, offering a uniquely efficient way to orchestrate software release from build to deploy.

- **Hybrid and multi-cloud deployment.** We empower organizations to release software that is execution-ready across any number of different production environments. Our platform supports public cloud, on-premise, private cloud, and hybrid deployments, helping organizations avoid vendor lock-in and allowing software developers and IT operators across an organization to use our products in any environment. Our unique model offers the same product in the cloud and on-premise, so users can work in any environment with an identical user experience.

- **Scalable across the organization.** Our proprietary technology for package management allows our platform to seamlessly scale across even the largest of customers and deployments. Our platform supports a wide variety of enterprise-scale storage capabilities and also accommodates spikes in usage without compromised performance. JFrog Artifactory supports High Availability cluster configuration, in which redundant components are created to maximize network uptime, and can therefore seamlessly serve nearly any number of concurrent users, build servers, and interactions.

- **Trusted and secure.** We enable organizations to analyze packages for vulnerabilities, license compliance, and quality issues in near real-time. JFrog Xray, our fully integrated security solution, enables continuous automation of security policies. Our platform embeds security into the DevOps workflow, allowing organizations to have speed and control in the software release cycle. All packages on our platform are fully traceable, ensuring the accuracy and reliability of software applications. To enhance application quality while minimizing risk, our security controls offer customizable governance policies to specific packages and complete auditing capabilities and business impact analysis.

**Benefits to Software Developers and IT Operators**

- **Easy and automated package management.** Through our JFrog Artifactory package management solution, software developers and IT operators are able to automatically fetch software packages from public and private repositories, ensure that packages are consistent across their organizations’ instances of JFrog Artifactory, scan for vulnerabilities with JFrog Xray, and manage dependencies among packages. JFrog Artifactory stores packages and uses their metadata in a manner similar to a relational database, enabling software developers and IT operators to manage package versions, organize and track dependencies, and perform replication across geographically distributed sites.

- **Integrated across the development ecosystem.** We believe in user freedom of choice and provide software developers and IT operators with technology that seamlessly integrates with their ecosystems. Our out-of-the-box integrations with third-party technologies offer software developers and IT
operators the freedom to choose their tool stacks, allowing them to minimize disruptions, increase productivity and innovation, and avoid vendor lock-in. Our solution includes user-friendly APIs that organizations can use to integrate our products and third-party technologies in a reliable and high-performance manner.

- **Universal and extensible.** Our platform natively supports the major package technologies, including package libraries, continuous integration tools, container registries, and testing and deployment tools, and has been designed to quickly and seamlessly add support for new package technologies as they arise. JFrog Artifactory’s ability to search for, manage, and cache packages from different sources enables software developers and IT operators to execute faster and take advantage of innovation throughout the broader software development ecosystem. As an organization’s development environment changes, our products automatically adjust, with little to no downtime or the need for complex migrations.

**Business Model**

We have a bottom-up, community-focused approach to driving increased usage of our products, in which we focus on demonstrating the value that our products can provide to software developers and IT operators before their respective organizations become customers. We strive to make software developers and IT operators more efficient, effective and productive, and create champions of JFrog in the process. Our efficient go-to-market strategy, multi-tiered subscription structure for both self-managed and SaaS subscriptions and technology partnership ecosystem have allowed us to grow rapidly, while maintaining positive operating cash flow and free cash flow for each of the last five years.

- **Efficient go-to-market strategy.**
  - **Make software developers and IT operators successful.** Our focus on software developers and IT operators has been a key component of our strategy and remains instrumental in driving demand. Our consistent product innovation, thought leadership in CSRM, and knowledge sharing with software developer and IT operator communities engender trust that fuels increased usage of our products. We enable our users to stand out for the value they deliver to their organizations, making others within their organizations want to adopt our products to emulate their success.
  - **Enable user freedom of choice.** Our support for public cloud, on-premise, private cloud, and hybrid deployments enable software developers and IT operators to choose how and where they deploy our platform, reducing friction of adoption and preventing vendor lock-in. We are agnostic to the types of technologies a software developer or IT operator may choose to use, which is a philosophy that we believe provides us with a competitive advantage. Our platform is designed to quickly and seamlessly add support for new package technologies as they arise.
  - **Align pricing with value provided.** Our free trials, freemium offerings, and open source software options provide low-friction entry points for software developers and IT operators. Customers often upgrade to paid and higher-tiered subscriptions as they increase their usage of our products through the identification of new use cases, the need for additional functionality, or the adoption of our products by new teams or in new geographies.
  - **Provide best-in-class support.** Our customer support personnel provide extensive engineering-level support directly to software developers and IT operators, ensuring those individuals who use our products most are set up to succeed. Our customer support team is differentiated by the number of team members who have engineering backgrounds, which allows our customers to have consistent access to individuals with intimate technical knowledge of our products and of the different technologies and protocols with which they integrate. Our technical support offerings primarily include issue diagnosis and root cause identification, as well as bug isolation and software fix delivery.
Multiple tiers of subscriptions. We serve customer needs with multiple tiers of subscriptions that differ based on both product breadth and functionality. Our subscription structure is aligned with the way we have built our product platform, with JFrog Artifactory at the core of each subscription and a portfolio of adjacent products and services that differ by subscription tier. Our pricing model is based on number of servers for self-managed deployments or consumption of storage and data transfer for SaaS deployments at each subscription tier, which reduces friction of adoption and aligns the value we deliver with our customers’ needs as they scale.

Technology partnership ecosystem. We believe that our open technology approach enhances our credibility to software developers and IT operators, contributing to increased demand for our products. Our extensive integrations with technologies across the software development ecosystem power significant extensibility of our platform and offer our customers the ability to use external software development technologies of their choice on our platform, driving increased customer affinity and product stickiness.

Market Opportunity

As software continues to play a mission critical role and be a source of competitive advantage for organizations, the need to efficiently release software will become more imperative to every organization. According to IDC, the opportunity for all DevOps tools is expected to reach $18 billion by 2024.

However, we believe that our products represent not only a functional tool to be used by IT, DevOps, and security professionals, but also a fundamental shift in the software development landscape. As DevOps practices are increasingly adopted around the world and across industries, we believe that our products can address the CSRM needs of organizations globally, while requiring minimal to no product localization. We estimate our current market opportunity for CSRM to be approximately $22 billion. We calculate this figure by estimating the total number of organizations globally, which we determine by referencing independent industry data from the S&P Global Market Intelligence database. We then segment organizations globally into three cohorts we focus on based on the number of employees: organizations that have between 500 and 1,000 employees globally, between 1,000 and 2,500 employees globally, and over 2,500 employees globally. We then apply an average annual contract value to each respective cohort using internally generated data of actual customer spend based on subscription tier. To the extent companies across industries globally do not adopt our solutions, we may not be able to fully penetrate these market opportunities.

The volume of software written, the demands for a faster release cycle, and the increasingly complex layers of dependencies and security requirements are self-reinforcing tailwinds that are all increasing the size of the market that we address. According to Evans Data, the number of developers globally is expected to increase from 23.9 million in 2019 to 28.7 million in 2024. IDC also estimates that by 2023, 40% of organizations will ship code to production daily, compared to only 3% in 2019. This explosive rate of growth supports our belief that our addressable market will continue to expand rapidly.

We see multiple opportunities to increase our addressable market over time, including through improved security solutions for DevSecOps and enabling software updates at the edge. As the number of edge instances across software ecosystems increases, the ability to extend CSRM to the edge with developer to device workflows opens the opportunity for DevOps in new markets, such as IoT. A more effective, automated, seamless, and secure process of creating software is at the heart of all digital transformation, and we believe JFrog’s technology for building, testing, securing, and distributing packages is central to that process.

Growth Strategies

We intend to pursue the following growth strategies:

- **Extend our technology leadership.** We will continue to invest in building new capabilities and extending our platform to bring the power of CSRM to a broader range of use cases, including
improved security solutions for DevSecOps and enabling DevOps solutions for devices on the edge. We pioneered a new, systematic, and automated approach to package management through our development of JFrog Artifactory, and have since expanded our platform with highly differentiated and complementary products. Additionally, we have a successful track record of pursuing strategic acquisitions and integrating new products into our platform. We believe acquiring new technologies to complement our organic innovation efforts will help us rapidly adapt to the evolving needs of the market and drive increased value for our customers.

- **Expand within our existing customer base.** We have demonstrated a differentiated ability to retain customers, expand existing customer usage, and cross-sell a broader set of products and features within an organization. Our net dollar retention rate of 139% as of June 30, 2020 highlights the increasing value of our products to our customer base. To date, we have not deployed a significant outbound sales force, relying primarily on our self-service and inbound sales model. Moving forward, we are building a small, high-touch strategic sales team to identify new use cases and drive expansion and standardization on JFrog within our largest customers. For the six months ended June 30, 2020, our 10 largest customers represented approximately 8% of our total revenue and no single customer accounted for more than 2% of our total revenue.

- **Acquire new customers.** We believe there is a substantial opportunity to continue to grow our customer base. Our free trial subscription options, freemium product offerings, and open source version of JFrog Artifactory increase software developer and IT operator familiarity with our products, and allow for low-friction product adoption. We will continue to invest in software developer and IT operator communities through the introduction of new open source projects and community-centered events, which we believe will in turn bring new customers to our platform. Additionally, we have steadily grown our international presence since inception and intend to continue to expand internationally as DevOps practices are increasingly adopted around the world.

- **Expand and develop our technology partnership ecosystem.** Our technology partnership ecosystem assists us in driving awareness of JFrog and extending our reach across industries. We have designed our platform to work with the major package technologies and be deployed in any environment, allowing our technology partners to better serve their customers. We will continue to seek further technology integrations as the software development ecosystem continues to evolve. We also intend to cultivate and leverage channel partners to grow our market presence and drive greater sales efficiency.

### Our Culture and Values

The JFrog culture—as defined in the JFrog CODEX, our collection of values—is communally written by employees, not management or founding partners. Our CODEX is an agreement and commitment about how we treat one another, the community, the marketplace, and the world. We continuously validate our values, maintaining the CODEX as a living document. Because the CODEX is a pact we have with one another, it is a compass on how we choose employees and partners, how our engineers solve customers’ pain points, how we vet technology alliances, and even how we prioritize and justify important business decisions.

Our culture is a contract. It continues to propel our unified vision forward.

The principles of the JFrog CODEX include:

- **Integrity.** We subscribe to presenting the truth, honestly, even if it’s subjective, in order to achieve mutual well-being and transparency. We might make mistakes, but we always play fair.

- **Community and Customer Happiness.** As pain solvers focused on the solution and not on the problem, we invest time and effort to build and develop strategic, long-term relationships to ensure happiness among our community and customers.

- **Thinking BIG.** We encourage our employees to stretch their capabilities, knowing that while we think outside the box, every detail counts.
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- **Everyone Counts Everyone Matters.** Each and every employee has a significant and driving impact on the success of JFrog. Everyone has a voice and everyone’s thoughts and ideas matter.

- **Innovation.** We strive for technological excellence and innovation, stepping outside our comfort zone to achieve more and support market needs.

- **Team Spirit.** We foster an atmosphere of genuine teamwork and believe in the importance of mutual trust, joint effort, and collaboration to ensure our collective success.

- **Open Communication.** Employees are free to approach each other for assistance regardless of rank or affiliation.

- **Agility.** We believe change is an opportunity; an agile mindset leads us to better results in a rapidly changing environment.

- **WIN!** We believe that with a “Good Enough” mindset, we can never achieve greatness.

- **Care.** We care more; it’s the source of our “better-ness.”

Products

We built the first universal package management system, centered around JFrog Artifactory, creating a modern platform for CSRM. Since our initial launch of JFrog Artifactory, we have consistently innovated and added new products to expand the capabilities of our platform. Today, our platform comprises the full workflow for releasing software.

**JFrog Artifactory**

At the center of our platform is JFrog Artifactory, the first universal package repository. It allows teams and organizations to store, update, and manage their software packages at any scale. JFrog Artifactory ensures that all software packages being deployed are the most current by automatically caching dependencies between packages and package versions, including from external sources. JFrog Artifactory supports the major package technologies and can be seamlessly deployed in public clouds on-premise, private cloud, and hybrid environments. As a result, JFrog Artifactory serves as the “single source of truth” for an entire organization’s packages, ensuring consistency and enabling trust and automation in the software release cycle.

With JFrog Artifactory at its center, our platform is a cohesive, integrated, end-to-end solution comprised of the following additional products that encompass the complete software release cycle:

- **JFrog Pipelines.** JFrog Pipelines is our Continuous Integration/Continuous Delivery tool, responsible for automating and orchestrating the movement of software packages through our platform. This includes the creation, compilation, and management of packages throughout the DevOps workflow. JFrog Pipelines also provides end-to-end visibility and control over the software release cycle, ensuring that various repositories, testing tools, and deployment tools are seamlessly coordinated.
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- **JFrog Xray.** JFrog Xray continuously scans JFrog Artifactory to secure all packages stored in it. JFrog Xray is able to break down and understand software packages at a binary level, utilizing the metadata stored in JFrog Artifactory to accurately uncover potential vulnerabilities, policy violations, and compliance issues. This enables better DevSecOps, allowing organizations to achieve both control and trust earlier in their software release cycles by automating security workflows.

- **JFrog Distribution.** JFrog Distribution provides reliable, scalable, and secure software package distribution with enterprise-grade performance. It uses proprietary technology to reliably and optimally distribute packages to multiple locations and update them as new release versions are produced. JFrog Distribution offers native support for the major package technologies, allowing smooth integrations between an organization’s deployment tools and the runtime environment, and enabling seamless software releases.

- **JFrog Artifactory Edge.** JFrog Artifactory Edge is a specialized, read-only version of JFrog Artifactory, co-located close to the runtime environment. JFrog Artifactory Edge sits downstream from JFrog Distribution, providing reliable deployment of packages at the actual locations where updates are executed. Designed to work with JFrog Distribution, JFrog Artifactory Edge utilizes and leverages metadata from JFrog Artifactory to facilitate the transfer of only the incremental changes in software packages from their previous versions, rather than entire applications, enabling efficient, real-time updates to edge instances.

- **JFrog Mission Control.** JFrog Mission Control is our platform control panel, providing a high-level view of all the moving pieces of an organization’s CSRM workflow. JFrog Mission Control allows users to configure and view services under administrative control, whether across any public cloud, on-premise, private cloud, or hybrid environment, or at geographically dispersed development sites.

- **JFrog Insight.** JFrog Insight is our universal DevOps intelligence tool. JFrog Insight integrates with our other products to provide customers with powerful BI and analytics capabilities. JFrog Insight processes and collects key metrics, correlates them across diverse systems, and provides actionable insights to development managers, operations teams, and compliance officers across an organization.

**Multi-Tiered Subscription Offerings**

We offer our products to customers through a multi-tiered subscription structure. Our paid subscription tiers include JFrog Pro, JFrog Pro X, JFrog Enterprise, and JFrog Enterprise Plus.

- **JFrog Pro.** JFrog Pro provides access to universal version of JFrog Artifactory and ongoing updates, upgrades, and bug fixes.

- **JFrog Pro X.** JFrog Pro X provides the same features as JFrog Pro with the addition of JFrog Xray and SLA support.

- **JFrog Enterprise.** JFrog Enterprise provides the same features as JFrog Pro with the addition of High Availability cluster configuration, multi-site replication, and JFrog Mission Control, enabling larger enterprise-scale deployments, and SLA support. Additionally, customers have the option to add a High Availability version of JFrog Xray to the JFrog Enterprise subscription.

- **JFrog Enterprise Plus.** JFrog Enterprise Plus provides the same features as JFrog Enterprise, including JFrog Xray with HA, with the addition of JFrog Pipelines, JFrog Insight, JFrog Distribution, and JFrog Artifactory Edge. JFrog Enterprise Plus is our full platform subscription option, delivering our entire suite of products and functionality.
We have an unwavering commitment to the software developer and IT operator communities, and show this commitment by offering varying forms of free access to our products in addition to the paid subscriptions described above. This free access takes the form of free trials, freemium offerings, and open source software, and helps generate demand for our paid offerings within the software developer and IT operator communities.

- **Free Trials.** We offer time-limited free trials of our platform that allow prospective customers to test the full functionality of a JFrog subscription within their environments or through our SaaS offering for a limited period. At the end of this trial period, these prospective customers either have to pay for a subscription or lose access.

- **Freemium.** Our freemium offerings include JFrog Container Registry and our C++ repository, which allow software developers and IT operators to test limited versions of our products before upgrading to versions with additional capabilities. Community free services include community centers for Go, C++ and Helm Charts. Developers can access significant functionality of the JFrog Platform in a free cloud tier available on all major cloud providers.

- **Open Source.** Our open source offering is a limited functionality version of JFrog Artifactory that only supports Java-based packages, and also lacks other features required for organization-wide adoption by DevOps teams.

Customers

As of June 30, 2020, we had a global customer base of approximately 5,800 organizations across all industries and sizes, including over 75% of Fortune 100 organizations.

As of June 30, 2020, 286 of our customers had ARR of $100,000 or more, accounting for approximately 48% of our ARR. As of December 31, 2018, 131 of our customers had ARR of $100,000 or more, increasing to 234 customers as of December 31, 2019, accounting for 38% and 45% of our ARR, respectively. As of June 30, 2020, we had eight customers with ARR of at least $1.0 million. We had one customer with ARR of at least $1.0 million as of December 31, 2018, increasing to seven customers with ARR of at least $1.0 million as of December 31, 2019. For the six months ended June 30, 2020, our 10 largest customers represented approximately 8% of our total revenue and no single customer accounted for more than 2% of our total revenue. For the six months ended June 30, 2020, approximately 36% of our revenue was generated from customers outside of the United States. All references to our customers included in this prospectus refer to paying customers.

Representative customers by industry vertical are listed below:

<table>
<thead>
<tr>
<th>Banking &amp; Financial Services</th>
<th>Education &amp; Nonprofit</th>
<th>Establishment &amp; Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Express</td>
<td>Ohio University</td>
<td>Blizzard Entertainment</td>
</tr>
<tr>
<td>Bank of America</td>
<td>Ontario Institute</td>
<td>Frima Studio</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>University of Maryland</td>
<td>Sky Networks</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>University of Texas</td>
<td>Time Inc.</td>
</tr>
<tr>
<td>Paychex</td>
<td>University of Washington</td>
<td>Washington Post</td>
</tr>
<tr>
<td>Société Générale</td>
<td>Vanderbilt University</td>
<td></td>
</tr>
<tr>
<td>Svenska Handelsbanken</td>
<td></td>
<td></td>
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<tr>
<td>Visa</td>
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</tbody>
</table>
Customer Case Studies

The following are representative examples of how some of our customers have benefitted from using JFrog:

**Box**

Industry: Software
Products: JFrog Artifactory, JFrog Xray (Cloud Enterprise Subscription)
Customer Since: 2015
Use Case: Modernization of Cloud-native Infrastructure

Box provides its customers with a cloud content management platform that enables organizations to securely manage their content while allowing easy access and sharing of this content from anywhere, on any device. This Box platform is provided via multiple Box data centers across several regions. Looking to optimize its infrastructure in order to focus on innovation, Box moved to a Kubernetes-based infrastructure for software releases in order to manage the delivery of hundreds of microservices required to keep its products available, consistent and up to date, in any region across the world.

Since 2015, Box has utilized JFrog as part of its DevOps portfolio to function as the single source of truth for software packages and replication across its delivery pipelines. Over the course of several months in 2017-18, Box was able to utilize JFrog to migrate from a waterfall-based delivery system to a Docker and Kubernetes-based cloud native delivery model.

In two years, Box has experienced a 90x increase in release speed, going from nearly six months to roll out new services to 3 days or fewer, and mere hours for updates that support hundreds of services and up to 25,000 Kubernetes pods. The Box storage footprint in the cloud with JFrog has grown 13,000x since it became a JFrog customer in 2015, with data transfer growth from a few GBs per month to up to 230TBs monthly. The result has been a significant improvement in customer satisfaction, security, and developer productivity.

**Splunk**

Industry: Software / High Tech
Products: JFrog Artifactory and JFrog Xray
Customer Since: 2013
Use Case: Hybrid, Global Software Distribution and Management

Splunk is the world’s first Data-to-Everything™ Platform, designed to remove the barriers between data and action to turn data into doing for its 19,000+ customers, including more than 90 of the Fortune 100. By bringing data to every question, decision and action, Splunk enables customers to seamlessly investigate, monitor, analyze and act on their data. From IT to security to business and cloud operations, Splunk enables organizations to take action in real-time.
As Splunk evolved to deliver its Data-to-Everything Platform and monitoring solution, their 1,000 developers needed a way to standardize their software delivery pipeline and CI/CD systems. Standardization was necessary given that like other large organizations with dispersed development teams, Splunk’s team is distributed across offices around the world and one hundred cross-functional scrum teams.

Since adopting JFrog Artifactory in 2013, Splunk has grown its strategic usage of JFrog products to manage many terabytes of daily data throughput. Splunk also utilizes JFrog Distribution solutions to deliver software across 11 different regions in multiple clouds, utilizing both on-premises and SaaS-based JFrog solutions.

Atlassian

Industry: Software
Product: JFrog Artifactory
Customer since: 2015
Use case: Hybrid Software Deployment

Atlassian is a multinational corporation that creates the software that helps teams organize, discuss, and complete their work. Its stated mission is to unleash the potential of every team.

Atlassian relies upon multiple systems to deliver software to their customers, and in 2015, their development teams were using multiple solutions to support that process. To improve the robustness of that critical service, Atlassian required a highly scalable and flexible software package management product. That’s why Atlassian chose JFrog Artifactory to enhance developer productivity and streamline the releases of its products.

Today, Atlassian’s engineering teams around the world use the JFrog Platform to resolve dependencies, store artifacts and manage open source software when developing new software for Atlassian’s vast customer base.

Technology

Our proprietary technology, fueled by our optimized database architecture, enables best-in-class reliability, scalability, and performance.

Our technology includes the following key attributes:

- **Universal package management.** The core of our platform, JFrog Artifactory, stores packages and manages the metadata from the major package technologies, including Debian, Docker, Go, Helm, Kubernetes, Maven, NPM, NuGet, Python, and RPM, in a manner similar to a relational database, wherein it can manage package versions, organize and track dependencies, and perform replication across geographically distributed repositories. Our platform is designed to quickly and seamlessly add support for new package technologies as they arise.

- **Localizing public repositories.** JFrog Artifactory automatically queries third-party repositories, and allows organizations to exert choice and governance in the packages they cache. We help customers minimize dependency on the availability and reliability of online resources by allowing them to control packages within the confines of their organizations, enabling them to better maintain control and security via the blacklisting or whitelisting of certain components.

- **Rich metadata.** Every package in JFrog Artifactory is stored and referenced using metadata, including dependencies, author, and date modified. We utilize our proprietary technology to store and index metadata, allowing it to be queried for multiple uses such as package promotion, tagging, security, and more, which enables automation. This metadata can be generated from many sources, such as users, third-parties, and packages themselves.
• **Checksum-based storage.** A checksum is a sequence of numbers and letters that serves as a “digital fingerprint.” Each package has a unique checksum that is stored as a file and referenced by JFrog Artifactory. When it is necessary to replicate or copy files, JFrog Artifactory’s proprietary checksum-based storage optimizes the process by de-duplicating the storage process and directly creating new references to the existing checksum file. This approach significantly reduces the amount of data needed within JFrog Artifactory or when copying packages to remote sites or replicating repositories, making it substantially faster than traditional approaches.

• **High Availability.** Our High Availability configuration allows multiple JFrog product nodes to be deployed as a redundant cluster to reduce reliance on any single node. Our products support a High Availability configuration with a cluster of two or more active/active nodes, ensuring that there can be no single-point-of-failure. If any specific node goes down, a system will continue to operate through the remaining, redundant nodes with little to no downtime or degradation of performance of the system as a whole. Further, the High Availability configuration means that our products can accommodate larger load bursts with horizontal server scalability, so that organizations can meet increasing load requirements. Importantly, our High Availability configuration allows customers to update our products with the latest versions with little to no downtime, as each node is updated one at a time.

• **Hierarchical graph of software packages.** By tracking against a database of known vulnerabilities, our platform provides continuous security and analysis of packages in the development environment. We provide continuous protection by recursively scanning components down to their binary file levels on a regular basis. Integration with major package technologies allows us to provide critical insights early in the development phase, making it less likely for vulnerable components to reach production.

• **Enterprise-class security and compliance.** Organizations can use our platform to help manage the integrity of software being deployed by digitally signing packages and binary files. Groups, API tokens, users, and other characteristics can all be managed from various points within multiple data centers, alongside real-time access replication. We define access policies at the full repository or single package level consistent with industry practice and widely accepted protocols.

• **Easy user plugins.** User plugins allow customers to extend the functionality of our products. For virtually any action performed in a development environment, customers can write a user plugin that effectively extends the JFrog Artifactory REST API, providing a simple way to add functionality, including scheduling tasks, managing security and authentication, license compliance, open source governance, package resolution and deployment, build integration, promotion logic, maintenance, and clean up. Additionally, our open source plugins can be changed, debugged, and redeployed by users in near real-time.

**Marketing and Sales**

**Marketing**

We are a company founded by developers, for developers. We have a bottom-up, community-focused approach to marketing that prioritizes increasing the effectiveness of software developers and IT operators. We empower software developers and IT operators to release software faster and more securely, and in the process create champions of our products who naturally demonstrate the value of JFrog to their broader organizations. Our consistent product innovation, thought leadership in CSRM, and knowledge sharing with software developer and IT operator communities engender trust that organically fuels increased usage of our products. These communities can easily engage with our products through free trials, freemium offerings, and open source software before deciding to use them on a paid basis. We believe this approach gives us a competitive advantage, as software developer and IT operator communities have become integral in spreading awareness of our brand, expanding use cases, and overall organizational adoption of our platform. As a result, the value we bring to software developers and IT operators organically drives demand, as increased awareness, knowledge sharing, and adoption leads to greater exposure to the other features and products in our user interface.
Additionally, we engage with prospective customers through user-centered events, including swampUP, our annual user conference, hands-on training events, and co-marketing activities with technology partners and large cloud platforms.

Sales

We employ a self-service and inbound sales model, which makes it easy for customers to try, adopt, and use our products, creating a highly efficient sales motion. Our customers can start with an open source version of JFrog Artifactory, freemium product offerings, or free trial subscription options, or land directly with one of our paid subscription tiers. Our open source, freemium, and free trial options provide low-friction entry points for customers, who often upgrade to paid and higher-tiered subscriptions as they increase their usage of our products through the identification of new use cases, the need for additional functionality, or the adoption of our products by new teams or in new geographies. Once a user has decided to use our products beyond what is available in open source or freemium versions, or at the end of a free trial, they can upgrade to one of our paid subscriptions, which are priced based on number of servers or usage to align the value we deliver with our customers’ needs as they scale.

Our customer success teams are focused on enabling organizations to realize the full benefits of our platform by helping them advance their CSRM practices and promoting the adoption of additional products and more advanced functionality of our platform. To date, we have not deployed a significant outbound sales force, relying primarily on our self-service and inbound sales model. Recently, we have begun building a small, high-touch strategic sales team to identify new use cases and drive expansion and standardization on JFrog within our largest customers.

Competition

The worldwide DevOps market is rapidly evolving. We compete on the basis of a number of factors, including:

- ability to provide an end-to-end, unified platform for the CSRM workflow;
- breadth of technologies we support;
- breadth of technology integrations;
- total cost of ownership;
- extensibility across organizations, including software developers, IT operators, and IT managers;
- ability to enable collaboration between software developers and IT operators;
- ability to deploy our products in any combination of cloud, multi-cloud or on-premise environments;
- performance, security, scalability, and reliability;
- quality of customer experience and satisfaction;
- quality of customer support;
- ease of implementation and use; and
- brand recognition and reputation.

Our products are available for both self-managed and SaaS deployments. While we believe we compete successfully on the above factors, particularly with regards to the comprehensive nature of our solutions, we do experience competition in each of these categories with different vendors:

- With respect to self-managed deployments, diversified software companies, such as IBM, Inc. (Red Hat), Pivotal Software, Inc., and VMware, Inc., and developer-focused software companies, such as GitLab Inc. and Sonatype, Inc., have offerings that compete with certain of our products.
• With respect to SaaS deployments, cloud providers, such as Alphabet Inc. (GCP), Amazon.com, Inc. (AWS), and Microsoft Corporation (Azure DevOps including GitHub), have offerings that compete with certain of our products.

Additionally, we compete with home-grown, start-up, and open source technologies across the categories described above. Many of our competitors have greater financial, technical, and other resources, greater brand recognition, larger sales forces and marketing budgets, broader distribution networks, more diverse product and services offerings, and larger and more mature intellectual property portfolios. They may be able to leverage these resources to gain business in a manner that discourages customers from purchasing our offerings. Furthermore, we expect that our industry will continue to attract new companies, including smaller emerging companies, which could introduce new offerings. We may also expand into new markets and encounter additional competitors in such markets.

Research and Development

Our research and development organization is responsible for the design, development, testing, and delivery of new technologies, features, and integrations of our platform, as well as the continued improvement and iteration of our existing products. Our most significant investments in research and development are to drive core technology innovation and bring new products to market. Research and development employees are located primarily in our Israel and India offices.

Our research and development team consists of our architects, software engineers, security experts, DevOps engineers, product management, quality assurance, and data collection teams. We intend to continue to invest in our research and development capabilities to extend our platform and products.

Intellectual Property

Our success depends in part on our ability to protect our intellectual property. We rely on a combination of copyrights and trade secret laws, confidentiality procedures, employment agreements, license agreements, invention assignment agreements, trademarks, and patents to establish and protect our intellectual property rights, including our proprietary technology, software, know-how, and brand.

As of June 30, 2020, we have 11 U.S. patent applications, including six pending U.S. provisional patent applications relating to certain aspects of our technology. We cannot assure you whether any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. Any of our patents issued in the future may be contested, circumvented, found unenforceable or invalidated, and we may not be able to prevent third parties from infringing them. In addition, we have international operations and intend to continue to expand these operations, and effective patent, copyright, trademark, and trade secret protection may not be available or may be limited in foreign countries.

Although we rely on intellectual property rights, including trade secrets, patents, copyrights, and trademarks, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new modules, features and functionality, and frequent enhancements to our platform are more essential to establishing and maintaining our technology leadership position.

We control access to, and use of, our proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers, and partners, and our software is protected by U.S. and international copyright and trade secret laws. We require our employees, consultants, and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation, and other proprietary information. Our policy is to require employees and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of
authorship, developments, and other processes generated by them on our behalf and agreeing to protect our confidential information. In addition, we generally enter into confidentiality agreements with our customers and partners. See the section titled “Risk Factors” for a more comprehensive description of risks related to our intellectual property.

Employees

As of June 30, 2020, we had a total of over 590 employees operating across six countries, including approximately 300 employees located in Israel and approximately 200 employees located in the United States. None of our employees are represented by labor unions or, except for certain of our employees in France and Spain, covered by collective bargaining agreements.

Facilities

We are co-headquartered in Sunnyvale, California and in Netanya, Israel. We lease approximately 27,000 square feet of office space in Sunnyvale under a lease expiring in 2021, with an option to extend the lease for an additional five years, and we lease approximately 39,000 square feet of office space in Netanya under a lease expiring in 2022, with an option to extend the lease for an additional year.

In August 2020, we entered into a sublease agreement for approximately 22,000 square feet of additional office space in a building adjacent to our current co-headquarters in Sunnyvale, California. The sublease commences in January 2021 and expires in October 2025.

We lease all of our facilities and do not own any real property. We believe that our facilities are adequate for our current needs and anticipate that suitable additional space will be readily available to accommodate any foreseeable expansion of our operations.
Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of June 30, 2020:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shlomi Ben Haim</td>
<td>50</td>
<td>Co-Founder, Chief Executive Officer and Director</td>
</tr>
<tr>
<td>Jacob Shulman</td>
<td>49</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Yoav Landman</td>
<td>49</td>
<td>Co-Founder, Chief Technology Officer and Director</td>
</tr>
<tr>
<td>Tali Notman</td>
<td>38</td>
<td>Chief Revenue Officer</td>
</tr>
<tr>
<td>Yossi Sela(1)(3)</td>
<td>68</td>
<td>Director</td>
</tr>
<tr>
<td>Jeff Horing(1)</td>
<td>56</td>
<td>Director</td>
</tr>
<tr>
<td>Jessica Neal(1)</td>
<td>43</td>
<td>Director</td>
</tr>
<tr>
<td>Frederic Simon</td>
<td>49</td>
<td>Co-Founder, Chief Data Scientist and Director</td>
</tr>
<tr>
<td>Elisa Steele(2)(3)</td>
<td>53</td>
<td>Director</td>
</tr>
<tr>
<td>Andy Vitus(2)</td>
<td>46</td>
<td>Director</td>
</tr>
<tr>
<td>Barry Zwarenstein(2)</td>
<td>71</td>
<td>Director</td>
</tr>
</tbody>
</table>

(1) Member of our compensation committee.
(2) Member of our audit committee.
(3) Member of our nominating and corporate governance committee.

Executive Officers

Shlomi Ben Haim. Mr. Ben Haim is one of our co-founders and has served as a member of our board of directors and as our Chief Executive Officer since April 2008 and as Chairman of our board of directors since January 2020. From October 2000 to June 2009, he was with AlphaCSP Ltd, (“AlphaCSP”), a company implementing software applications that was acquired by Malam Group, most recently as Chief Executive Officer from June 2006 to June 2009 and as an executive director from October 2000 to June 2006. Prior to joining AlphaCSP, Mr. Ben Haim served in the Israeli Air Force from October 1988 to October 2000 where he led several military units and reached the rank of Major. Mr. Ben Haim holds a B.A. in Business Administration and Management from Ben-Gurion University of the Negev, Israel and an M.Sc. from Clark University.

We believe that Mr. Ben Haim is qualified to serve on our board of directors because of the perspective and experience he brings as our co-founder and Chief Executive Officer.

Jacob Shulman. Mr. Shulman has served as our Chief Financial Officer since May 2018. From June 2007 to May 2018, he was with Mellanox Technologies, Ltd., a supplier of computer networking products, most recently as Chief Financial Officer from November 2012 to May 2018, Vice President of Finance from March 2012 until November 2012 and Corporate Controller from June 2007 to March 2012. Mr. Shulman holds a B.A. in Accounting and Economics from Tel Aviv University School of Management in Israel and an M.B.A. from College of Management Academic Studies, Israel.

Yoav Landman. Mr. Landman is one of our co-founders and has served as a member of our board of directors and as our Chief Technology Officer since April 2008. From January 2002 to December 2008, he was with AlphaCSP, where he served as a Senior Consultant and as a member of management. Mr. Landman is also the creator of JFrog Artifactory. Mr. Landman holds a Masters of Computing from The Royal Melbourne Institute of Technology, Australia and an L.L.B. from the University of Haifa, Israel.
We believe that Mr. Landman is qualified to serve on our board of directors because of the perspective and experience he brings as our co-founder and Chief Technology Officer.

**Tali Notman.** Ms. Notman has served as our Chief Revenue Officer since January 2019, Vice President, Sales from May 2015 to December 2018 and previously served as our Director of Sales from September 2012 to April 2015 and as our Customer and Community Relation Manager from June 2011 to September 2012. From December 2007 to September 2010, she was the Director of Human Resources at AlphaCSP. Ms. Notman holds a B.A. in Social Sciences and a Masters in Legal Studies from Bar-Ilan University, Israel.

**Directors**

**Yossi Sela.** Mr. Sela has served as a member of our board of directors since May 2012 and as our lead independent director since January 2020. He has been with Gemini Israel Ventures, a venture capital fund, since January 1993 and Managing Partner since 1999 and the Chairman of Bridges Israel, an impact investment fund, since March 2018. Mr. Sela currently serves on the board of directors of several privately held companies. He holds a B.Sc. in Electrical Engineering from the Technion - Israel Institute of Technology, Israel and an M.B.A. from Tel Aviv University, Israel.

We believe that Mr. Sela is qualified to serve on our board of directors because of his business expertise gained from his experience in the venture capital industry, including his time spent serving on boards of directors of various companies and familiarity with Israeli companies.

**Jeff Horing.** Mr. Horing has served as a member of our board of directors since September 2018. He has been a Managing Director of Insight Venture Partners (“Insight Ventures”), a private equity investment firm he co-founded, since 1995. Since September 2014, Mr. Horing has served on the board of directors of Alteryx, Inc., a software company, and since February 2015, Mr. Horing has served on the board of directors of nCino, Inc., a financial technology company. In addition, Mr. Horing currently serves on the board of directors of several privately held companies. He holds a B.S. and B.A. from the University of Pennsylvania’s Moore School of Engineering and the Wharton School, respectively, and an M.B.A. from the M.I.T. Sloan School of Management.

We believe that Mr. Horing is qualified to serve on our board of directors because of his corporate finance and business expertise gained from his experience in the venture capital industry, including his time spent serving on boards of directors of various technology companies and familiarity with Israeli companies.

**Jessica Neal.** Ms. Neal has served as a member of our board of directors since March 2020. She has served in various executive positions at Netflix, Inc., a media-services provider and production company, including as Chief Talent Officer since October 2017, Vice President of Talent from June 2017 to October 2017 and Vice President of Talent and Talent Acquisition from May 2006 to September 2013. From September 2015 to June 2017, Ms. Neal served as Chief People Officer at Scopely, Inc., an interactive entertainment company and mobile games developer and publisher. From October 2013 to July 2015, she served as Vice President- Talent at Coursera Inc., an online learning platform. Ms. Neal holds a B.F.A. in Fine Arts from The Visual School of Visual Arts New York City.

We believe that Ms. Neal is qualified to serve on our board of directors because of her knowledge and experience in the software industry and professional experience as an executive of various technology companies.

**Frederic Simon.** Mr. Simon is one of our co-founders and has served as a member of our board of directors since April 2008 and numerous other roles including as our Chief Architect from April 2008 to August 2013, Chief Presale Engineer from August 2013 to July 2018, and most recently as Chief Data Scientist since January 2019. Prior to joining us, Mr. Simon co-founded AlphaCSP where he was global Chief Technology Officer from September 1998 to September 2000 and main consultant for the Israel branch from October 2000 to July 2008.
He holds a first degree from Prytanée National Militaire de La Flèche in France and a Masters in Computer Science from École Centrale de Lille, France.

We believe that Mr. Simon is qualified to serve on our board of directors because of the perspective and experience he brings as a co-founder and his knowledge of the industry in which we operate.

**Elisa Steele.** Ms. Steele has served as a member of our board of directors since March 2020. Ms. Steele previously served as Chief Executive Officer of Namely, Inc., (“Namely”) a financial and human capital management software company, from August 2018 to July 2019. Prior to joining Namely, Ms. Steele, served as Chief Executive Officer and President of Jive Software, Inc. (“Jive Software”) a communication and collaboration software company acquired by Aurea Software, Inc., from February 2015 to July 2017. From January 2014 to February 2015, Ms. Steele served in various executive positions at Jive Software, including President; Executive Vice President, Strategy and Chief Marketing Officer; and Executive Vice President, Marketing and Products. Prior to joining Jive Software, from August 2013 to December 2013, she served as Corporate Vice President and Chief Marketing Officer of Consumer Applications and Services at Microsoft Corporation, a provider of software, services and solutions. Ms. Steele joined Microsoft through its acquisition of Skype, an Internet communications company, where she served as Chief Marketing Officer from July 2012 to August 2013. Since 2017, Ms. Steele has served on the board of directors of Splunk Inc., a provider of real-time operational intelligence software. Since 2018 Ms. Steele has served as Chairman of the board of directors of Cornerstone OnDemand, Inc., a learning and human capital management software company. Ms. Steele holds a B.S. in Business Administration from the University of New Hampshire and holds an M.B.A. from San Francisco State University.

We believe that Ms. Steele is qualified to serve on our board of directors because of her knowledge and experience in the software industry and professional experience as an executive of various technology companies.

**Andy Vitus.** Mr. Vitus has served as a member of our board of directors since January 2016. He joined Scale Venture Partners, a venture capital fund, in January 2003, where he has served as a Partner since January 2007. Mr. Vitus currently serves as a director of several privately held companies. He holds a B.S. in Electrical Engineering from the University of Cape Town and an M.S. in Electrical Engineering from Stanford University.

We believe that Mr. Vitus is qualified to serve on our board of directors because of his business expertise gained from his experience in the venture capital industry.

**Barry Zwarenstein.** Mr. Zwarenstein has served as a member of our board of directors since January 2020. He has served as Chief Financial Officer of Five9, Inc., a provider of cloud software for contact centers, since January 2012 and as Interim Chief Executive Officer from December 2017 to May 2018. Mr. Zwarenstein served as Senior Vice President and Chief Financial Officer of SMART Modular Technologies, Inc., a designer, manufacturer and supplier of electronic subsystems to original equipment manufacturers acquired by Silver Lake Partners in August 2011, and previously served as director of Dealertrack Technologies, Inc. He holds a Bachelor of Commerce from the University of KwaZulu-Natal, South Africa and an M.B.A. from the Wharton School at the University of Pennsylvania. Mr. Zwarenstein is qualified as a Chartered Accountant, South Africa.

We believe that Mr. Zwarenstein is qualified to serve on our board of directors because of his corporate finance and business expertise.

**Family Relationships**

Frederic Simon, our Co-Founder, Chief Data Scientist and member of our board of directors, is married to the sister of Shlomi Ben Haim, our Co-Founder, Chief Executive Officer, and member of our board of directors. There are no other family relationships among any of our directors or executive officers.
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Code of Business Conduct and Ethics

Our board of directors will adopt a code of business conduct and ethics that applies to all of our employees, officers, and directors, including our principal executive officer, principal financial officer, and principal accounting officer or controller, or other executive and senior financial officers performing similar functions. The full text of our code of business conduct and ethics will be posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements that exempt any principal executive officer, principal financial officer, and principal accounting officer or controller, on the same website or in filings under the Exchange Act. Information on or that can be accessed through our website is not part of this prospectus.

Corporate Governance Practices

As an Israeli company, we are subject to various corporate governance requirements under the Companies Law. However, pursuant to regulations promulgated under the Companies Law, companies with shares traded on certain U.S. stock exchanges, including Nasdaq, may, subject to certain conditions, “opt out” from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors (other than the gender diversification rule under the Companies Law which requires the appointment of a director from the other gender if, at the time a director is appointed, all members of the board of directors are of the same gender). In accordance with these regulations, we elected to “opt out” from such requirements of the Companies Law. Under these regulations, the exemptions from such Companies Law requirements will continue to be available to us so long as: (i) we do not have a “controlling shareholder” (as such term is defined under the Companies Law), (ii) our shares are traded on certain U.S. stock exchanges, including Nasdaq, and (iii) we comply with the director independence requirements and the audit committee and the compensation committee composition requirements under U.S. laws (including applicable Nasdaq rules) applicable to U.S. domestic issuers.

Our board of directors intends to adopt corporate governance guidelines to become effective following the listing of our ordinary shares on Nasdaq, which will serve as a flexible framework within which our board of directors and its committees operate, subject to the requirements of applicable law and regulations. Under these guidelines, it will be our policy that the positions of chairman of the board of directors and Chief Executive Officer may be held by the same person (subject to approval by our shareholders pursuant to the Companies Law, as described below). Under such circumstance, the guidelines will also provide that the board shall designate an independent director to serve as lead independent director who shall, among other things, discuss the agenda for board meetings with the chairman and approve such agenda, and chair executive sessions of the independent directors. The lead director following this offering will be Yossi Sela.

Board of Directors

Under the Companies Law and our amended and restated articles of association to be effective upon the closing of this offering, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our Chief Executive Officer (referred to as a “general manager” under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors. All other executive officers are appointed by the Chief Executive Officer and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

Under our amended and restated articles of association to be effective upon the closing of this offering, our directors will be divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors. At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the
term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that from the annual general meeting of 2021 and after, each year the term of office of only one class of directors will expire.

Our directors will be divided among the three classes as follows:

- the Class I directors will be and , and their terms will expire at the annual general meeting of shareholders to be held in 2021;
- the Class II directors, will be and , and their terms will expire at our annual general meeting of shareholders to be held in 2022; and
- the Class III director will be and , and their terms will expire at our annual general meeting of shareholders to be held in 2023.

Each of the directors shall be elected by a vote of the holders of a majority of the voting power present and voting at that meeting (excluding abstentions). Each director will hold office until the annual general meeting of our shareholders for the year in which his or her term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless he or she is removed from office as described below.

Under our amended and restated articles of association to be effective upon the closing of this offering, vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the class in respect of which the vacancy was created.

Chairman of the Board of Directors

Our amended and restated articles of association to be effective upon the closing of this offering are expected to provide that the chairman of the board is appointed by the members of the board of directors and serves as chairman of the board throughout his or her term as a director, unless resolved otherwise by the board of directors. Under the Companies Law, the Chief Executive Officer or a relative of the Chief Executive Officer may not serve as the chairman of the board of directors, and the chairman of the board of directors or a relative of the chairman may not be vested with authorities of the Chief Executive Officer, without shareholder approval consisting of a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- at least a majority of the shares of non-controlling shareholders and shareholders that do not have a personal interest in the approval, which are voted at the meeting, are voted in favor (disregarding abstentions); or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment, which are voted against such appointment, does not exceed two percent of the aggregate voting rights in the company.

The required approval by our shareholders of the appointment of the Chief Executive Officer as chairman of the board must be obtained no later than five years following the closing of this offering. Further, if the Chief Executive Officer serves as chairman of the board of directors, his or her dual office term shall be limited, following the initial five-year period, to three-year terms, subject to shareholder approval.

In addition, a person subordinated, directly or indirectly, to the Chief Executive Officer may not serve as the chairman of the board of directors; the chairman of the board of directors may not be vested with authorities that are granted to those subordinated to the Chief Executive Officer; and the chairman of the board of directors may not serve in any other position in the company or a controlled company, but he or she may serve as a director or chairman of the board of directors of a subsidiary.
External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel that are “public companies,” including companies with shares listed on Nasdaq, are required to appoint at least two external directors. The external directors must meet strict independence criteria to ensure that they are unaffiliated with the company and any controlling shareholder. At least one of the external directors is required to have financial and accounting expertise, and the other external director must have either financial and accounting expertise or professional qualifications, as defined in the regulations promulgated under the Companies Law. The Companies Law also provides that the external directors must serve on both the audit committee and the remuneration committee, that the audit committee and the remuneration committee must both be chaired by external directors, and that at least one external director must serve on every board committee authorized to exercise powers of the board of directors. Additional rules govern the term and compensation of external directors. Pursuant to regulations promulgated under the Companies Law, companies with shares traded on certain U.S. stock exchanges, including Nasdaq, may, subject to certain conditions, “opt out” from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors. In accordance with these regulations, we have elected to “opt out” from the Companies Law requirement to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors.

Appointment Rights

Pursuant to our articles of association as currently in effect prior to this offering, certain of our shareholders had rights to appoint members of our board of directors. These rights shall terminate upon the effectiveness of this offering. Our currently serving directors were appointed as follows:

- Yossi Sela was appointed by Gemini Israel;
- Jeff Horing was appointed by Insight Partners; and
- Andy Vitus was appointed by Scale Venture Partners.

Role of Board of Directors in Risk Oversight Process

Our board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board of directors to understand our risk identification, risk management, and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, cybersecurity, strategic, and reputational risk.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his background, employment, and affiliations, our board of directors has determined that Messrs. Sela, Vitus, Horing, and Zwarenstein and Mses. Neal and Steele do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the listing standards of Nasdaq. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital shares by each non-employee director, and the transactions involving them described in the section titled “Certain Relationships and Related Party Transactions.”
Committees of the Board of Directors

Our board of directors has established an audit committee and a compensation committee and will establish a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors is described below. Members will serve on these committees until their resignation or until as otherwise determined by our board of directors. Since we have opted out of certain requirements of the Companies Law, we expect that, upon the completion of this offering, the composition and functioning of all of our committees will comply with the applicable requirements of the Exchange Act and Nasdaq listing standards, and SEC rules and regulations.

Audit Committee

Companies law requirements and audit committee role

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors.

Listing requirement and audit committee role

Our audit committee consists of Barry Zwarenstein, Andy Vitus, and Elisa Steele, with Mr. Zwarenstein serving as Chairperson, each of whom meets the requirements for independence under the listing standards of Nasdaq and the applicable rules and regulations of the SEC. Each member of our audit committee also meets the financial literacy requirements of the listing standards of Nasdaq and the applicable rules and regulations of the SEC. In addition, our board of directors has determined that Mr. Zwarenstein is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act. Following the completion of this offering, our audit committee will, among other things:

• Retain, oversee, compensate, evaluate and terminate our independent auditors, subject to the approval of the board of directors, and in the case of retention, to that of the shareholders;
• approve or, as required, pre-approve, all audit, audit-related and all permitted non-audit services and related fees and terms, other than de minimis non-audit services, to be performed by the independent registered public accounting firm;
• oversee the accounting and financial reporting processes of our company and audits of our financial statements, the effectiveness of our internal control over financial reporting and prepare such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;
• review with management, and our independent auditor, as applicable, our annual, semi-annual and quarterly audited and unaudited financial statements prior to publication and/or filing (or submission, as the case may be) to the SEC;
• recommend to the board of directors the retention, promotion, demotion and termination of the internal auditor, and the internal auditor’s engagement fees and terms, in accordance with the Companies Law;
• approve the yearly or periodic work plan proposed by the internal auditor;
• review with our general counsel and/or external counsel, as deemed necessary, legal or regulatory matters that could have a material impact on the financial statements or our compliance policies and procedures;
• review policies and procedures with respect to transactions (other than transactions related to the compensation or terms of services) between the company and officers and directors, or affiliates of officers or directors, or transactions that are not in the ordinary course of the company’s business;
• review and approve any engagements or transactions that require the audit committee’s approval under the Companies Law;
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• receive and retain reports of suspected business irregularities and legal compliance issues, and suggest to the board of directors remedial courses of action; and

• establish procedures for the handling of employee’s complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee operates under a written charter, to be effective prior to the completion of this offering, that satisfies the listing standards of Nasdaq and the applicable rules and regulations of the SEC.

Compensation Committee

Companies law requirements and compensation committee role

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. The Companies Law provides that a compensation committee must be comprised of at least three directors, unless a company elects to opt-out of certain Companies Law requirements, as we have. In accordance with the Companies Law, the roles of the compensation committee are, among others, as follows:

• recommend to the board of directors with respect to the approval of the compensation policy for office holders and, once every three years, regarding any extensions to a compensation policy that was adopted for a period of more than three years;

• review the implementation of the compensation policy and periodically recommend to the board of directors with respect to any amendments or updates to the compensation policy;

• resolve whether or not to approve arrangements with respect to the terms of office and employment of office holders; and

• exempt, under certain circumstances, transactions with our Chief Executive Officer from the approval of the annual general meeting of our shareholders.

An office holder is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person’s title, a director and any other manager directly subordinate to the general manager. Each person listed in the table under the section titled “Management—Executive Officers and Directors” is an office holder under the Companies Law.

Listing requirement and compensation committee role

Our compensation committee consists of Yossi Sela, Jeff Horing, and Jessica Neal, with Ms. Neal serving as Chairperson, each of whom meets the requirements for independence under the listing standards of Nasdaq and the applicable rules and regulations of the SEC. Each member of our compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, or Rule 16b-3.

Following the completion of this offering, our compensation committee will, among other things:

• recommend to our board of directors for its approval a compensation policy in accordance with the requirements of the Companies Law as well as other compensation policies, incentive-based compensation plans, employee benefit plans and equity-based compensation plans, and oversee the development and implementation of such policies and recommend to our board of directors any amendments or modifications the committee deems appropriate, including as required under the Companies Law;

• review and approve the grants of options and other incentive awards to the Chief Executive Officer and other executive officers, including reviewing and approving corporate goals and objectives and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, including evaluating their performance in light of such goals and objectives;
• approve and exempt certain transactions regarding office holders’ compensation pursuant to the Companies Law;
• assist the board of directors with administering our equity-based compensation plans; and
• select, engage, compensate and terminate compensation consultants, legal counsel, financial advisors and such other advisors as it deems necessary and advisable to assist the committee in carrying out its responsibilities and functions.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the listing standards of Nasdaq and the applicable rules and regulations of the SEC.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Yossi Sela and Elisa Steele, with Ms. Steele serving as Chairperson, each of whom meets the requirements for independence under the listing standards of Nasdaq and the applicable rules and regulations of the SEC. Following the completion of this offering, our nominating and corporate governance committee will, among other things:

• identify and evaluate the qualifications of, or make recommendations to our board of directors regarding, proposed nominees for election to our board of directors and its committees;
• consistent with the criteria approved by our board of directors and qualification requirements under the Companies Law;
• facilitate the annual performance review of our board of directors and of its committees;
• consider and make recommendations to our board of directors regarding the composition, organization and governance of our board of directors and its committees; and
• develop, evaluate and make recommendations to our board of directors regarding corporate governance practices.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of Nasdaq and the applicable rules and regulations of the SEC.

We intend to post the charters of our audit, compensation, and nominating and corporate governance committees, and any amendments thereto that may be adopted from time to time, on our website. Information on or that can be accessed through our website is not part of this prospectus.

Board Diversity

Our nominating and corporate governance committee will be responsible, on an annual basis, for reviewing with the board of directors the desired qualifications, expertise and characteristics, skills, and experience required for the board of directors as a whole and its individual members. Although our board of directors does not have a formal written diversity policy with respect to the evaluation of director candidates, in its evaluation of director candidates, our nominating and corporate governance committee will consider factors including, without limitation, issues of character, professional ethics and integrity, judgment, business acumen, potential conflicts of interest, other commitments, and diversity with respect to professional background, education, race, ethnicity, gender, age and geography, as well as other individual qualities and attributes that contribute to the total mix of viewpoints and experience represented on the board of directors. Further, the Companies Law provides that we must have directors of both genders. For additional information see the section titled “—Corporate Governance Practices”.

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Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee. See the section titled “Certain Relationships and Related Party Transactions” for information about related party transactions involving members of our compensation committee or their affiliates.

Compensation Policy Under the Companies Law

In general, under the Companies Law, a public company must have a compensation policy approved by the board of directors after receiving and considering the recommendations of the compensation committee. In addition, our compensation policy must be approved at least once every three years, first, by our board of directors, upon recommendation of our compensation committee, and second, by a simple majority of the ordinary shares present, in person or by proxy, and voting at a shareholders meeting, provided that either:

- at least a majority of the shares of non-controlling shareholders and shareholders that do not have a personal interest in the approval, which are voted at the meeting, are voted in favor (disregarding abstentions); or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment, which are voted against such appointment, does not exceed two percent of the aggregate voting rights in the company.

Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders provided that the compensation committee, and then the board of directors, decide, on the basis of detailed grounds and after further discussion of the compensation policy, that approval of the compensation policy, despite the objection of the meeting of shareholders, is for the benefit of the company.

As described below, we will adopt a compensation policy in advance of our initial public offering, and in accordance with applicable regulations it will remain in effect for term of five years from the date we become a public company.

The compensation policy must be based on certain considerations, include certain provisions and reference certain matters as set forth in the Companies Law.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification, or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company’s objectives, business plan, and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company’s risk management policy; the size and the nature of its operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company’s long-term goals, and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise, and accomplishments of the relevant office holder;
- the office holder’s position, responsibilities, and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost to the average and median salary of such employees of the company, as well as the impact of disparities between them on the work relationships in the company;
if the terms of employment include variable components — the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and

if the terms of employment include severance compensation — the term of employment or office of the office holder, the terms of his or her compensation during such period, the company’s performance during such period, his or her individual contribution to the achievement of the company goals and the maximization of its profits, and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other features:

• with regards to variable components:
  
  i. with the exception of office holders who report directly to the chief executive officer, determining the variable components on a long-term performance basis and on measurable criteria; however, the company may determine that an immaterial part of the variable components of the compensation package of an office holder’s shall be awarded based on non-measurable criteria, if such amount is not higher than three monthly salaries per annum, while taking into account such office holder’s contribution to the company; and
  
  i. the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant.

• a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of his or her terms of employment, if such amounts were paid based on information later to be discovered to be wrong, and such information was restated in the company’s financial statements;

• the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and

• a limit to retirement grants.

Our Compensation Policy

Our compensation policy, which will become effective immediately upon the closing of this offering, is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance, and provide a risk management tool. To that end, a portion of an executive officer’s compensation package is targeted to reflect our short and long-term goals, as well as the executive officer’s individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer’s incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer, and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers’ individual characteristics (such as his or her respective position, education, scope of responsibilities, and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses, and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort, or outstanding company performance), equity-based compensation, benefits, and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer’s base salary.
An annual cash bonus may be awarded to executive officers upon the attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers other than our Chief Executive Officer will be based on performance objectives and a discretionary evaluation of the executive officer’s overall performance by our Chief Executive Officer and subject to minimum thresholds. The annual cash bonus that may be granted to executive officers other than our Chief Executive Officer may alternatively be based entirely on a discretionary evaluation. Furthermore, our Chief Executive Officer will be entitled to approve performance objectives for executive officers who report to him.

The measurable performance objectives of our Chief Executive Officer will be determined annually by our compensation committee and board of directors. A non-material portion of the Chief Executive Officer’s annual cash bonus may be based on a discretionary evaluation of the Chief Executive Officer’s overall performance by the compensation committee and the board of directors, based on quantitative and qualitative criteria.

The equity-based compensation under our compensation policy for our executive officers (including members of our board of directors) is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers’ interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and restricted share units, in accordance with our share incentive plan then in place. All equity-based incentives granted to executive officers shall be subject to vesting periods in order to promote long-term retention of the award to executive officers. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role, and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery, or clawback provisions, in the event of an accounting restatement, provisions which allow us under certain conditions to recover bonuses, bonus compensation or performance-based equity compensation paid in excess, enable our Chief Executive Officer to approve an immaterial change in the terms of employment of an executive officer who reports directly him (provided that the changes of the terms of employment are in accordance with our compensation policy) and allow us to exculpate, indemnify, and insulate our executive officers and directors to the maximum extent permitted by Israeli law, subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of our board of directors either (i) in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) of 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) of 2000, as such regulations may be amended from time to time, or (ii) in accordance with the amounts determined in our compensation policy.

Our compensation policy, which was approved by our board of directors and shareholders on , 2020, will become effective upon the closing of this offering and will be filed as an exhibit to the registration statement of which this prospectus forms a part. Under the Companies Law, our compensation policy shall remain in effect for a term of five years from the closing of this offering.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether a company’s actions comply with applicable law and orderly business procedure. Under the Companies Law, the internal auditor cannot be an interested party or an office holder or a relative of an interested party or an office holder, nor may the internal auditor be the company’s independent auditor or its representative. An “interested party” is defined in the Companies Law as: (i) a holder of 5% or more of the issued share capital.
or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or as a chief executive officer of the company. As of the date of this prospectus, we have not yet appointed our internal auditor.

Approval of Related Party Transactions Under Israeli Law

**Fiduciary Duties of Directors and Executive Officers**

The Companies Law codifies the fiduciary duties that office holders owe to a company.

An office holder’s fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

• information on the appropriateness of a given action submitted for his or her approval or performed by virtue of his or her position; and
• all other important information pertaining to these actions.

The duty of loyalty includes a duty to:

• refrain from any conflict of interest between the performance of his or her duties in the company and his or her personal affairs;
• refrain from any activity that is competitive with the business of the company;
• refrain from exploiting any business opportunity of the company in order to receive a personal gain for himself or herself or others; and
• disclose to the company any information or documents relating to the company’s affairs which the office holder received as a result of his or her position as an office holder.

The company may approve an act specified above that would otherwise constitute a breach of the office holder’s duty of loyalty, provided that the office holder acted in good faith, the act or its approval does not harm the company and the office holder discloses his or her personal interest a sufficient amount of time before the date for discussion of approval of such act.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may have and all related material information known to him or her concerning any existing or proposed transaction with the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one’s relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one’s ownership of shares in the company. A personal interest includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction, meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material
Approval first by the company’s audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning, any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company’s profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors has a personal interest in the approval of such a transaction then all of the directors may participate in deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see above “Compensation Policy Under the Companies Law.” Additional disclosure and approval requirements apply under Israeli law to certain transactions with controlling (i.e., greater than 25%) shareholders or in which a controlling shareholder has a personal interest and arrangements regarding the terms of service or employment of a controlling shareholder.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company’s articles of association;
- an increase of the company’s authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company’s articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Exculpation, Insurance, and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care, but only if a
An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, settlement or arbitrator’s award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company’s activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;

- reasonable litigation expenses, including attorneys’ fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and

- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder as a result of an administrative proceeding instituted against him or her pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
• a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
• an act or omission committed with intent to derive illegal personal benefit; or
• a fine, monetary sanction or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification, and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the Chief Executive Officer, by shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders shall not require shareholder approval and may be approved by only the compensation committee, if the engagement terms are determined in accordance with the company’s compensation policy, that compensation policy was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company’s profitability, assets or obligations.

Our amended and restated articles of association currently in effect allows us to indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our amended and restated articles of association to be in effect following the completion of this offering will provide the same. Our office holders are currently covered by a directors and officers’ liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of $ and % of our total shareholder’s equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

Non-Employee Director Compensation

The compensation received by Mr. Ben Haim as an employee is set forth in the section titled “Executive Compensation—Summary Compensation Table.” Our other employee directors, Mr. Simon and Mr. Landman, did not receive any compensation for their service as directors for the year ended December 31, 2019. Our non-employee directors did not receive any compensation for their service as directors in the year ended December 31, 2019. Our non-employee directors also did not have any outstanding equity awards as of December 31, 2019.

Prior to this offering, we did not have a formal policy with respect to compensation payable to our non-employee directors for service as directors. We also reimburse our non-employee directors for necessary and reasonable expenses associated with attending meetings of our board of directors or its committees. We have a policy of reimbursing other expenses associated with professional organizations related to their service on our board of directors or its committees, but did not make any additional reimbursements in 2019.

We intend to approve a non-employee director compensation policy to become effective following this offering. Pursuant to this policy, our non-employee directors will receive both cash and equity compensation for their services as directors.
EXECUTIVE COMPENSATION

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers, as of December 31, 2019, were:

- Shlomi Ben Haim, Chief Executive Officer;
- Tali Notman, Chief Revenue Officer; and
- Jacob Shulman, Chief Financial Officer.

Summary Compensation Table

The amounts below represent the compensation awarded to or earned by or paid to our named executive officers for the year ended December 31, 2019:

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Non-Equity Incentive Plan Compensation ($)</th>
<th>All Other Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shlomi Ben Haim</td>
<td>2019</td>
<td>431,749</td>
<td>—</td>
<td></td>
<td>33,454(2)</td>
<td>465,203</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tali Notman</td>
<td>2019</td>
<td>315,000</td>
<td>50,000(3)</td>
<td>354,276</td>
<td>21,994(4)</td>
<td>741,270</td>
</tr>
<tr>
<td>Chief Revenue Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jacob Shulman</td>
<td>2019</td>
<td>346,061</td>
<td>—</td>
<td>141,799</td>
<td>8,400(5)</td>
<td>496,260</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The amounts reported represent payments made under our commission arrangements with Ms. Notman and Mr. Shulman. Our commission agreements provide for annual payments based on net new annual recurring revenue and/or quarterly payments based on total contract value from bookings.

(2) The amount reported represents expenses reimbursed by the company for personal trips to Israel by Mr. Ben Haim and his immediate family members in 2019, including hotel, airfare, and rental car expenses.

(3) The amount reported represents a discretionary bonus paid to Ms. Notman in July 2019 for the company achieving an annual recurring revenue milestone.

(4) The amount reported represents (i) expenses reimbursed by the company for personal trips to Israel by Ms. Notman and her immediate family members in 2019, including hotel, airfare, and rental car expenses, in the aggregate amount of $13,594, and (ii) Company contributions of $8,400 made under our 401(k) plan.

(5) The amount reported represents the company contributions made under our 401(k) plan.

Outstanding Equity Awards at 2019 Year-End

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2019:

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date(1)</th>
<th>Number of Securities Underlying Unexercised Options (#) Exercisable</th>
<th>Number of Securities Underlying Unexercised Options (#) Exercisable</th>
<th>Option Exercise Price ($)</th>
<th>Option Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shlomi Ben Haim</td>
<td></td>
<td>80,000</td>
<td>20,000</td>
<td>0.18</td>
<td>05/12/2025</td>
</tr>
<tr>
<td></td>
<td>05/12/2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11/27/2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tali Notman</td>
<td>05/12/2015</td>
<td>80,000</td>
<td>20,000</td>
<td>5.44</td>
<td>11/27/2028</td>
</tr>
<tr>
<td></td>
<td>11/27/2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jacob Shulman</td>
<td>07/31/2018</td>
<td>580,000</td>
<td></td>
<td>2.38</td>
<td>07/31/2028</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

(1) Each of the outstanding option awards was granted pursuant to our 2011 Plan.
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(2) One-fifth of the shares subject to the option vested on May 1, 2016, and the remaining shares subject to the option vest in four equal annual installments thereafter, subject to continued service through the applicable vesting date.

(3) One-fifth of the shares subject to the option vested on November 27, 2019, and the remaining shares subject to the option vest in 16 equal quarterly installments thereafter, subject to continued service through the applicable vesting date.

(4) One-fifth of the shares subject to the option vested on May 7, 2019, and the remaining shares subject to the option vest in four equal annual installments thereafter, subject to continued service through the applicable vesting date. In the event that the optionee is continuously employed by the company or an affiliate for at least six months and the optionee is terminated without “cause” or due to a “constructive termination” (each as defined in the option agreement), the option will vest in full, subject to optionee’s execution and non-revocation of a release of claims.

Fiscal 2019 Equity Awards to Named Executive Officers

No equity awards were granted to our named executive officers during the year ended December 31, 2019.

Executive Employment Agreements

Shlomi Ben Haim

We expect to enter into a new offer letter with Mr. Ben Haim prior to the effective date of our initial public offering and subject to shareholder approval. Pursuant to the offer letter, Mr. Ben Haim will continue to serve as our Chief Executive Officer on an “at will” basis. Mr. Ben Haim’s offer letter provides for an annual base salary of $433,000, eligibility, upon compliance with predetermined performance parameters, to receive bonuses with an annual target bonus amount equal to 50% of Mr. Ben Haim’s annual base salary, and eligibility to participate in employee benefit or group insurance plans maintained from time to time by us.

Mr. Ben Haim’s offer letter also provides that Mr. Ben Haim will be eligible to receive reimbursements for certain expenses incurred by him related to his relocation from Israel to the United States, up to a maximum amount of $50,000 per calendar year, in accordance with our standard expenses reimbursement policy, and we will provide Mr. Ben Haim with additional amounts sufficient to make such reimbursements tax neutral to Mr. Ben Haim.

If Mr. Ben Haim’s employment is relocated to Israel, no additional reimbursements will be provided to Mr. Ben Haim for relocation expenses incurred more than 90 days after the date of such relocation, but we will provide Mr. Ben Haim with a lump sum payment of $35,000 within 30 days following the date of such relocation.

Tali Notman

We expect to enter into a new offer letter with Ms. Notman prior to the effective date of our initial public offering and subject to shareholder approval. Pursuant to the offer letter, Ms. Notman will continue to serve as our Chief Revenue Officer on an “at will” basis. Ms. Notman’s offer letter provides for an annual base salary of $385,000, eligibility, upon compliance with predetermined performance parameters, to receive bonuses with an annual target bonus amount equal to 100% of Ms. Notman’s annual base salary, and eligibility to participate in employee benefit or group insurance plans maintained from time to time by us.

Jacob Shulman

We expect to enter into a new offer letter with Mr. Shulman prior to the effective date of our initial public offering and subject to shareholder approval. Pursuant to the offer letter, Mr. Shulman will continue to serve as our Chief Financial Officer on an “at will” basis. Mr. Shulman’s offer letter provides for an annual base salary of $410,000, eligibility, upon compliance with predetermined performance parameters, to receive bonuses with an annual target bonus amount equal to 60% of Mr. Shulman’s annual base salary, and eligibility to participate in employee benefit or group insurance plans maintained from time to time by us.
Potential Payments upon Termination or Change in Control

We expect to enter into a new change in control and severance agreement with each of our named executive officers, with each agreement effective prior to the effective date of our initial public offering and subject to shareholder approval.

Pursuant to each change in control and severance agreement, if we terminate the employment of an executive without “cause” (excluding terminations due to death or disability) or the executive resigns for “good reason” (as such terms are defined in the applicable agreement), and, within 60 days following such termination, the executive executes a waiver and release of claims in our favor that becomes effective and irrevocable, the executive will be entitled to receive (i) a lump sum payment equal to 6 months (12 months with respect to Mr. Ben Haim) of the executive’s then current annual base salary, (ii) reimbursement of premiums to maintain group health insurance continuation benefits pursuant to “COBRA” for the executive and the executive’s respective dependents for up to 6 months (12 months with respect to Mr. Ben Haim), and (iii) with respect to Mr. Ben Haim, a lump sum severance relocation payment of $35,000.

Pursuant to each change in control and severance agreement, if, within the 3 month period prior to or the 12 month period following a “change of control” (as defined in the applicable agreement), we terminate the employment of an executive without cause (excluding death or disability) or the executive resigns for good reason, and, within 60 days following such termination, the executive executes a waiver and release of claims in our favor that becomes effective and irrevocable, the executive will be entitled to receive (i) a lump sum payment equal to 12 months (18 months with respect to Mr. Ben Haim) of the executive’s then current annual base salary, (ii) a lump sum payment equal to the executive’s pro rata target annual bonus amount for the year of termination, (iii) reimbursement of premiums to maintain group health insurance continuation benefits pursuant to “COBRA” for the executive and the executive’s respective dependents for up to 12 months (18 months with respect to Mr. Ben Haim), (iv) vesting acceleration as to 100% of the then-unvested shares subject to each of the executive’s then outstanding equity awards (and in the case of awards with performance vesting, unless specified in the applicable award agreement governing such award, all performance goals will be deemed achieved at target levels), and (v) with respect to Mr. Ben Haim, a lump sum severance relocation payment of $35,000.

Pursuant to each change in control and severance agreement, in the event any payment to an executive would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, as amended, or the Code (as a result of a payment being classified as a parachute payment under Section 280G of the Code), the executive will receive such payment as would entitle the executive to receive the greatest after-tax benefit, even if it means that we pay the executive a lower aggregate payment so as to minimize or eliminate the potential excise tax imposed by Section 4999 of the Code.

Employee Benefit and Equity Plans

2011 Israeli Share Option Plan

The 2011 Plan was adopted by our board of directors in November 2011, and was last amended in May 2020. The 2011 Plan provides for the grant of options to our employees, directors, office holders, service providers, and consultants.

As of June 30, 2020, there were 2,138,336 ordinary shares reserved and available for issuance under the 2011 Plan. Ordinary shares subject to options granted under the 2011 Plan that expire or are cancelled without having been exercised in full following the effectiveness of the 2020 Plan will become available again for future grant under the 2020 Plan.

Administration. Our board of directors, or a duly authorized committee of our board of directors has the power to administer the 2011 Plan, all as subject to applicable law and our articles of association. Such administrator has the
authority, to interpret the terms of the 2011 Plan and make all other determinations deemed necessary or advisable for the administration of the 2011 Plan; designate recipients of options; grant options; determine the terms and provisions of the respective option agreements (which need not be identical), including the number of options to be granted, the number of shares to be covered by each option, provisions concerning the time and the extent to which the options may be exercised, transferability, or restrictions constituting substantial risk of forfeiture upon occurrence of certain events, and to cancel or suspend awards, as necessary; determine the fair market value of the shares covered by each option as defined under the 2011 Plan; make an election as to the type of 102 Approved option; alter any restrictions and conditions of any options or shares subject to any options; accelerate the right to exercise any option; determine the exercise price of the option; and prescribe, amend, and rescind rules and regulations relating to the 2011 Plan. All decisions of the administrator shall be made by a majority, subject to our Articles of Association.

The board has the authority to grant, at its discretion, to the holder of an outstanding option, in exchange for the surrender and cancellation of such option, a new option having a different exercise price than the original.

Any member of the administrator shall be eligible to receive options under the 2011 Plan while serving on the administrator, unless otherwise specified under 2011 Plan, provided that such member shall not be entitled to vote or be counted for quorum purposes.

**Designation of Participants.** The 2011 Plan provides for granting options in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”) or, for options granted to consultants, advisors, service providers or controlling shareholders of the company or any affiliate, under Section 3(i) of the Ordinance.

Section 102 of the Ordinance allows employees, directors, and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the “capital gain track.”

**Grant.** Each option granted pursuant to the 2011 Plan shall be evidenced by a written option agreement, in such form approved by our board of directors. Each option agreement shall state the number of shares to which the option relates, the type of option granted thereunder, vesting dates, the exercise price per share, the expiration date, and such other terms and conditions as the board in its discretion may prescribe.

Each option will expire ten (10) years from the grant date, unless otherwise set forth in the option agreement or otherwise designated by our board of directors in connection with certain events.

The 2011 Plan is effective as of the day it was adopted by the board and shall terminate at the end of ten (10) years from such day of adoption, unless terminated earlier.

**Exercise.** The options may be exercised in whole at any time or in part from time to time to the extent that such options have become vested and exercisable.

Options shall be exercised by giving written notice to the company or its representative in such form and method as may be determined by the administrator and permitted by applicable law. The notice shall specify the number of shares with respect to which the option is being exercised.

**Transferability of Options.** Other than by will, the laws of descent and distribution or as otherwise provided under the 2011 Plan, neither the options nor any right in connection with such options are assignable or transferable.
**Termination of Employment.** In the event of termination of an optionee’s employment or service with the company or any of its affiliates, all unvested options granted to such optionee will immediately expire upon such termination and shall again be available for issuance under the 2011 Plan.

All vested and exercisable options held by such optionee as of the date of termination may be exercised within ninety (90) days after such date of termination, unless otherwise provided by the administrator. After such ninety (90) days period, all unexercised options will terminate and the shares covered by such options shall again be available for issuance under the 2011 Plan.

In the event of termination of an optionee’s employment or service with the company or any of its affiliates due to optionee’s death, retirement or permanent disability, all vested and exercisable options held by such optionee as of the date of termination may be exercised within twelve months after such date of termination.

Notwithstanding any of the foregoing, if an optionee’s employment or services with the company or any of its affiliates is terminated for “cause” (as defined in the 2011 Plan), all outstanding options held by such optionee (whether vested or unvested) will immediately expire and terminate and the optionee shall not have any right in connection to such options.

**Transactions.** Upon the occurrence of a “Transaction” (i.e., merger, acquisition or reorganization of the company, sale of all or substantially all of the assets of the company, IPO, a change of the company’s structure and any arrangement between the company and its shareholders/creditors/holders of options on the company’s shares, a transaction or a series of consecutive transactions within a period of 12 months, in which 50% or more of the issued and outstanding share capital of the company are sold to a third party), the unexercised options may, according to the sole discretion of the administrator, be assumed or substituted for options to purchase an appropriate number of shares of each class of shares, or other securities of the company and its affiliates, per each share underlying the assumed or substituted option, as were distributed to the holders of shares of the company for each share held, and appropriate adjustments shall be made to the exercise price while all other terms and conditions of the option agreements shall remain unchanged, and the administrator shall also be entitled upon its sole discretion, to adjust the rights of an optionee, such as providing an optionee with substitute securities of the successor company and/or other substitute compensation, as is reasonable in the opinion of the administrator, as long as such substitute is calculated to be reasonable compared to the compensation received by all or some of the holders of ordinary shares. The administrator shall also be entitled to determine that upon a Transaction any unvested option shall expire, and the any unexercised options be assumed or substituted in a ratio reflecting the consideration to other holders of ordinary shares. If the successor company does not agree to assume or substitute unexercised options, subject to the administrator’s discretion, the vesting may be accelerated.

If our company is voluntarily liquidated or dissolved, we shall notify the optionees and provide them with ten days to exercise any vested options.

In the event of exchange of shares or recapitalization, the number, class, and kind of the shares subject to the 2011 Plan, and the exercise prices shall be appropriately and equitably adjusted.

In the event of issuance of bonus shares to the company’s shareholders, the terms of the options shall be adjusted as if the optionee had they exercised the option prior to the effective date for being entitled to receive such bonus shares or reducing the exercise price.

In the event of a share split or consolidation of the company’s share capital, the number of shares to which optionee shall be entitled under their option shall be adjusted accordingly.

**U.S. Annex.** Our United States Annex to the 2011 Plan (the “U.S. Annex”) governs option awards granted to our United States employees, directors or other service providers, including those who are deemed to be residents
of the United States for tax purposes. The U.S. Annex was adopted under our 2011 Plan. The U.S. Annex will share in the option pool discussed above. Each option will be evidenced by a notice of grant, which will contain the terms and conditions upon which such option will be issued and exercised. Each option which is intended to be an incentive stock option will be granted in compliance with the requirements of Section 422 of the Code and applicable law. With respect to any option granted to a United States optionee, in the event of a conflict between the terms of the U.S. Annex and the 2011 Plan, the terms of the U.S. Annex will prevail.

French Annex. Our French Annex to the 2011 Plan (the “French Annex”) governs option awards granted to our French employees and corporate officers of our French subsidiary who hold less than 10% of our share capital, and employees and corporate officers of other entities affiliated with our company who are deemed to be French tax residents and/or affiliated to the French social security regime on a mandatory basis as of the date of grant. The French Annex was adopted under our 2011 Plan. The French Annex will share in the option pool discussed above. Each option will be evidenced by a notice of grant, which will contain the terms and conditions upon which such option will be issued and exercised. Treatment of options granted under the French Annex in connection with a Transaction may differ from other holders of options in order to comply with French law. The French Annex further provides for a specific treatment in case of death of an optionee, in accordance with French law. With respect to any option granted under the French Annex, in the event of a conflict between the terms of the French Annex and the 2011 Plan and applicable French law, the French law will prevail.

India Annex. Our India Annex to the 2011 Plan (the “India Annex”) governs option awards granted to our employees, directors or other service providers who are Indian citizens or who are residents of India. The India Annex was adopted under our 2011 Plan. The India Annex will share in the option pool discussed above. Each option will be evidenced by a notice of grant, which will contain the terms and conditions upon which such option will be issued and exercised. An option granted under the India Annex must be exercised within ten (10) years as of the date of grant. With respect to any option granted to an Indian optionee, in the event of a conflict between the terms of the India Annex and the 2011 Plan, the terms of the India Annex will prevail.

Japan Annex. Our Japan Annex to the 2011 Plan (the “Japan Annex”) governs option awards granted to our employees and other individuals or entities who are residents of Japan. The Japan Annex was adopted under our 2011 Plan. The Japan Annex will share in the option pool discussed above. Each option will be evidenced by a notice of grant, which will contain the terms and conditions upon which such option will be issued and exercised. With respect to any option granted to a Japanese optionee, in the event of a conflict between the terms of the Japan Annex and the 2011 Plan, the terms of the Japan Annex will prevail.

Governing Law. The 2011 Plan shall be governed by and construed and enforced solely in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel Aviv, Israel shall have sole jurisdiction in any matters pertaining to the 2011 Plan.

2020 Share Incentive Plan

We plan to adopt a new share incentive plan, or the 2020 Plan, which will become effective prior to the completion of this offering, under which we may grant equity-based incentive awards to attract, motivate, and retain the talent for which we compete. Following the adoption of the 2020 Plan, we will no longer grant any awards under the 2011 Plan, though previously granted options under the 2011 Plan remain outstanding and governed by the 2011 Plan.

Authorized Shares. The maximum number of ordinary shares available for issuance under the 2020 Plan is equal to the sum of (i) 9,100,000 shares, (ii) any shares subject to awards under the 2011 Plan which will expire or become unexercisable without having been exercised, and (iii) an annual increase on the first day of each year beginning in 2021 and ending in and including 2030, equal to the lesser of (A) 9,100,000 shares, (B) 5% of the outstanding shares on the last day of the immediately preceding calendar year on a fully diluted basis, and
(C) such amount as determined by our board of directors if so determined prior to January 1 of a calendar year; provided, however, no more than 100,000,000 shares may be issued upon the exercise of incentive stock options, or ISOs. If permitted by the company, shares tendered to pay the exercise price or withholding tax obligations with respect to an award granted under the 2020 Plan or 2011 Plan may again be available for issuance under the 2020 Plan. Our board of directors may also reduce the number of ordinary shares reserved and available for issuance under the 2020 Plan in its discretion.

Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer the 2020 Plan. Under the 2020 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2020 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2020 Plan and take all other actions and make all other determinations necessary for the administration of the 2020 Plan.

The administrator also has the authority to amend and rescind rules and regulations relating to the 2020 Plan or terminate the 2020 Plan at any time.

Eligibility. The 2020 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Ordinance, Section 3(i) of the Ordinance, and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code.

Section 102 of the Ordinance allows employees, directors, and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits.

Grant. All awards granted pursuant to the 2020 Plan will be evidenced by an award agreement, in a form approved, from time to time, by the administrator in its sole discretion. The award agreement will set forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including performance goals or measures), and the exercise price, if applicable. Certain awards under the 2020 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Each award will expire 10 years from the date of the grant thereof, unless a shorter term is otherwise designated by the administrator.

Awards. The 2020 Plan provides for the grant of share options (including ISO and nonqualified share options), ordinary shares, restricted shares, restricted share units and other share-based awards.

Options granted under the 2020 Plan to our employees who are U.S. residents may qualify as “incentive stock options” within the meaning of Section 422 of the Code, or may be non-qualified stock options. The exercise price of an option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant shareholders).

Exercise. An award under the 2020 Plan may be exercised by providing the company with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price, and
purchase price obligations arising in connection with awards under the 2020 Plan, the administrator may, in its discretion, accept cash, provide for net
withholding of shares in a cashless exercise mechanism (for certain types of grants) or direct a securities broker to sell shares and deliver all or a part of
the proceeds to the company or the trustee. Unless otherwise determined by the administrator, all options will be exercised using a cashless exercise
mechanism.

Transferability. Other than by will, the laws of descent and distribution or as otherwise provided under the 2020 Plan, neither the options nor any
right in connection with such options are assignable or transferable.

Termination of Employment. In the event of termination of a grantee’s employment or service with the company or any of its affiliates (as defined
in the 2020 Plan), all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months from such
date of termination, except as set forth below and unless otherwise determined by the administrator. After such three-month period, all such unexercised
awards will terminate and the shares covered by such awards shall again be available for issuance under the 2020 Plan.

In the event of termination of a grantee’s employment or service with the company or any of its affiliates due to such grantee’s death, permanent
disability or retirement, all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the
grantee’s legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve
months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination
or which are vested but not then exercised within the twelve-month period following such date, will terminate and the shares covered by such awards
shall again be available for issuance under the 2020 Plan.

Notwithstanding any of the foregoing, if a grantee’s employment or services with the company or any of its affiliates is terminated for “cause” (as
defined in the 2020 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and
the shares covered by such awards shall again be available for issuance under the 2020 Plan.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any
other increase or decrease in the number of issued shares effected without receipt of consideration by the company (but not including the conversion of
any convertible securities of the company), the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related
to each outstanding award and to the number of shares reserved for issuance under the 2020 Plan, to the class and kind of shares subject to the 2020
Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and
the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset, or
right underlying the award (which need not be only that of the company, and may be that of the surviving corporation or any affiliate thereof or such
other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded down to the
nearest whole share unless otherwise determined by the administrator. In the event of a distribution of a cash dividend to all shareholders, the
administrator may determine, without the consent of any holder of an award, that the exercise price of an outstanding and unexercised award shall be
reduced by an amount equal to the per share gross dividend amount distributed by the Company, subject to applicable law.

In the event of a merger or consolidation of our company, or a sale of all, or substantially all, of the company’s shares or assets or other transaction
having a similar effect on the company, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or
circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, the administrator may but is not
required to (i) cause any outstanding award to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor
corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may

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provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of the company, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

2020 Employee Share Purchase Plan

We plan to adopt a new 2020 Employee Share Purchase Plan, or the ESPP. Our ESPP will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. We believe that allowing our employees to participate in our ESPP will provide them with a further incentive towards promoting our success and accomplishing our corporate goals.

Authorized Shares. A total of 2,100,000 of our ordinary shares will be available for sale under our ESPP. The number of our ordinary shares that will be available for sale under our ESPP also includes an annual increase on the first day of each fiscal year beginning with our 2021 fiscal year, equal to the least of:

- 2,100,000 shares;
- 1% of the outstanding shares as of the last day of the immediately preceding fiscal year; or
- such other amount as the administrator may determine.

ESPP Administration. We expect that the compensation committee of our board of directors will administer our ESPP and will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the ESPP, delegate ministerial duties to any of our employees, designate separate offerings under the ESPP, designate our subsidiaries and affiliates as participating in the ESPP, determine eligibility, adjudicate all disputed claims filed under the ESPP, and establish procedures that it deems necessary for the administration of the ESPP, including, but not limited to, adopting such procedures and sub-plans as are necessary or appropriate to permit participation in the ESPP by employees who are foreign nationals or employed outside the United States. The administrator’s findings, decisions and determinations are final and binding on all participants to the full extent permitted by law.

Eligibility. Generally, all of our employees will be eligible to participate if they are customarily employed by us, or any participating subsidiary or affiliate, for at least 20 hours per week and more than five months in any calendar year. The administrator, in its discretion, may, prior to an enrollment date, for all options to be granted on such enrollment date in an offering, determine that an employee who (i) has not completed at least two years of service (or a lesser period of time determined by the administrator) since his or her last hire date, (ii) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (iii) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, is or is not eligible to participate in such offering period.

However, an employee may not be granted rights to purchase our ordinary shares under our ESPP if such employee:

- immediately after the grant would own capital shares and/or hold outstanding options to purchase such shares possessing 5% or more of the total combined voting power or value of all classes of capital shares of ours or of any parent or subsidiary of ours; or
- holds rights to purchase ordinary shares under all employee share purchase plans of ours or any parent or subsidiary of ours that accrue at a rate that exceeds $25,000 worth of our ordinary shares for each calendar year in which such rights are outstanding at any time.
Offering Periods. Our ESPP will include a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to designated companies, as described in our ESPP. Our ESPP will provide for consecutive six-month offering periods. The offering periods will be scheduled to start on the first trading day on or after March 1 and September 1 of each year, except the first offering period will commence on the first trading day on or after the effective date of the registration statement of which this prospectus forms a part and will end on the first trading day on or before March 1, 2021, and the second offering period will commence on the last trading day on or after March 1, 2021.

Contributions. Our ESPP will permit participants to purchase our ordinary shares through contributions (in the form of payroll deductions or otherwise to the extent permitted by the administrator) of up to 15% of their eligible compensation, which includes a participant’s base straight time gross earnings but excludes payments for incentive compensation, bonuses, payments for overtime and shift premium, equity compensation income and other similar compensation. Unless otherwise determined by the administrator, a participant may make a one-time decrease (but not increase) to the rate of his or her contributions to 0% during an offering period.

Exercise of Purchase Right. Amounts contributed and accumulated by the participant will be used to purchase our ordinary shares at the end of each offering. A participant may purchase a maximum of 1,250 of our ordinary shares during an offering period. The purchase price of the shares will be 85% of the lower of the fair market value of our ordinary shares on the first trading day of the offering period or on the exercise date. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our ordinary shares. Participation ends automatically upon termination of employment with us.

Non-Transferability. A participant may not transfer contributions credited to his or her account nor any rights granted under our ESPP other than by will, the laws of descent and distribution or as otherwise provided under our ESPP.

Merger or Change in Control. Our ESPP provides that in the event of a merger or change in control, as defined under our ESPP, a successor corporation (or a parent or subsidiary of the successor corporation) will assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period with respect to which the purchase right relates will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant’s option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment; Termination. The administrator will have the authority to amend, suspend or terminate our ESPP. Our ESPP automatically will terminate in 2040, unless we terminate it sooner.

Shlomi Ben Haim Stand-Alone Restricted Share Unit Award Agreement

In July 2020, our board of directors approved the grant of an award of restricted share units covering 667,595 ordinary shares to Shlomi Ben Haim, or the CEO RSU Award, pursuant to the terms and conditions of a stand-alone restricted share unit award agreement, or the CEO RSU Award Agreement. The CEO RSU Award Agreement shall become effective subject to approval by the shareholders. The CEO RSU Award will vest and be settled in ordinary shares as follows: (i) an aggregate of 138,400 restricted share units subject to the CEO RSU Award shall vest immediately prior to an IPO, as defined in the CEO RSU Award Agreement, and (ii) 529,195 restricted share units subject to the CEO RSU Award shall vest upon the first annual anniversary of the IPO, provided that Mr. Ben Haim remains continuously engaged as a service provider of us or our affiliates throughout each vesting date. In the event of a Merger, as defined in the CEO RSU Award Agreement, all shares underlying the CEO RSU Award shall become vested immediately prior to the consummation of such Merger. In
the event of Mr. Ben Haim’s death or disability, all shares underlying the CEO RSU Award shall become vested. If Mr. Ben Haim ceases to be a service provider for any or no reason before fully vesting in the CEO RSU Award, the unvested restricted share units will terminate according to the terms of the CEO RSU Award Agreement.

401(k) Plan

We maintain a 401(k) plan for employees. The 401(k) is intended to qualify under Section 401(k) of the Code, so that contributions to the 401(k) plan by employees or by us, and the investment earnings thereon, are not taxable to the employees until withdrawn, and so that contributions made by us, if any, will be deductible by us when made. Employees may elect to reduce their current compensation by up to the statutorily prescribed annual limits and to have the amount of such reduction contributed to their 401(k) plans. The 401(k) plan permits us to make contributions up to the limits allowed by law on behalf of all eligible employees.
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in the sections titled “Management” and “Executive Compensation,” the following is a description of each transaction since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding ordinary shares, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Other than as described above under this section titled “Certain Relationships and Related Party Transactions,” since January 1, 2017, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, $120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm’s-length dealings with unrelated third parties.

Equity Financings

**Series D Convertible Preferred Share Financing**

In September 2018, we sold an aggregate of 9,700,272 shares of our Series D convertible preferred shares at a purchase price of $11.82 per share for an aggregate purchase price of $114.6 million, pursuant to our Series D convertible preferred share financing. The following table summarizes purchases of our Series D convertible preferred shares by related persons:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares of Series D Convertible Preferred Shares</th>
<th>Total Purchase Price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insight Venture Partners X, L.P.</td>
<td>2,642,321</td>
<td>31,227,901</td>
</tr>
<tr>
<td>Insight Venture Partners (Cayman) X, L.P.</td>
<td>2,166,735</td>
<td>25,607,254</td>
</tr>
<tr>
<td>Insight Venture Partners X (Delaware), L.P.</td>
<td>419,133</td>
<td>4,953,465</td>
</tr>
<tr>
<td>Insight Venture Partners X (Co-Investors), L.P.</td>
<td>62,870</td>
<td>743,020</td>
</tr>
<tr>
<td>Scale Venture Partners IV, L.P.</td>
<td>235,157</td>
<td>2,779,170</td>
</tr>
<tr>
<td>Sapphire Ventures Fund II, L.P.</td>
<td>587,895</td>
<td>6,947,955</td>
</tr>
<tr>
<td>EMC Corporation</td>
<td>293,947</td>
<td>3,473,971</td>
</tr>
</tbody>
</table>

**Secondary Transactions**

In January 2017, certain of our shareholders sold and purchased 1,199,550 of our ordinary shares for aggregate proceeds of $4,798,200. The sellers included certain of our related parties, including employees, officers, and directors for an aggregate of $2,044,800, of which (i) Mr. Ben Haim sold shares for aggregate proceeds of $760,000, (ii) Mr. Simon sold shares for aggregate proceeds of $760,000, and (iii) Ms. Notman sold shares for aggregate proceeds of $524,800. The purchasers of the ordinary shares included certain of our shareholders, including shares for aggregate consideration of $2,459,320 purchased by Scale Venture Partners and an entity affiliated with Sapphire Ventures Fund, who each hold more than 5% of our outstanding capital shares. Andy Vitus, a member of our board of directors, is affiliated with Scale Venture Partners. We and our shareholders waived certain transfer restrictions in connection with these sales.
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In May 2018, certain of our shareholders purchased 1,007,990 of our ordinary shares and 158,985 of our Series A convertible preferred shares for aggregate proceeds of $6,535,060. The sellers included certain of our related parties, including employees, officers, directors, and certain family members thereof, for aggregate proceeds of $4,143,944, of which (i) Mr. Landman sold shares for aggregate proceeds of $980,000, (ii) Mr. Simon sold shares for aggregate proceeds of $2,800,000, and (iii) Ofir Ben Haim, Shlomi Ben Haim’s brother, sold shares for aggregate proceeds of $363,944. The purchasers included certain of our shareholders, including aggregate consideration of $5,335,092 purchased by an entity affiliated with Scale Venture Partners, an entity affiliated with Sapphire Ventures Fund, and an entity affiliated with EMC Corporation, who each hold more than 5% of our outstanding capital shares. We and our shareholders waived certain transfer restrictions in connection with these sales.

In September 2018, in connection with the Series D convertible preferred share financing, certain of our shareholders sold and purchased 3,104,245 of our ordinary shares, 112,595 of our Series A convertible preferred shares, and 1,044,212 of our Series A-1 convertible preferred shares for aggregate proceeds of $50,358,646. The sellers included certain of our shareholders, including sales by several of our employees, directors, certain family members thereof, and holders of more than 5% of our outstanding capital shares, for aggregate proceeds of $45,622,852, of which (i) Mr. Ben Haim sold shares for aggregate proceeds of $15,000,004, (ii) Mr. Simon sold shares for aggregate proceeds of $5,909,180, (iii) Mr. Landman sold shares for aggregate proceeds of $8,000,002, (iv) Ofir Ben Haim, Shlomi Ben Haim’s brother sold shares for aggregate proceeds of $1,713,662, and (v) entities affiliated with Gemini Israel sold shares for aggregate proceeds of $15,000,004. The purchasers included certain of our shareholders, including aggregate consideration of $33,267,242 in shares purchased by Scale Venture Partners, an entity affiliated with Sapphire Ventures Fund, entities affiliated with Insight Partners and an entity affiliated with EMC Corporation, who each hold more than 5% of our outstanding capital shares. Jeff Horing, a member of our board of directors, is affiliated with Insight Partners. We and our shareholders waived certain transfer restrictions in connection with these sales. In September 2018, we paid a special bonus of $4.2 million to Mr. Ben Haim, our Co-Founder, Chief Executive Officer and Director, to compensate him for certain tax liabilities he incurred in connection with this secondary sale.

In July 2019, certain of our shareholders purchased 823,148 of our ordinary shares and 10,000 of our Series A convertible preferred shares for aggregate proceeds of $12,497,220. The sellers included one of our executive officers, Ms. Notman, who sold shares for aggregate proceeds of $773,250. The purchasers included certain of our shareholders, including aggregate consideration of $8,623,065 in shares purchased by Scale Venture Partners, an entity affiliated with Sapphire Ventures Fund and entities affiliated with Insight Partners, who each hold more than 5% of our outstanding capital shares. We and our shareholders waived certain transfer restrictions in connection with these sales.

See the section titled “Principal Shareholders” for additional information regarding beneficial ownership of our capital shares.

Rights of Appointment

Our board of directors currently consists of nine directors. Pursuant to our articles of association in effect prior to this offering, certain of our shareholders, including our related parties, had rights to appoint members of our board of directors. See the section titled “Management—Appointment Rights.”

All rights to appoint directors and observers will terminate upon the closing of this offering, although currently serving directors that were appointed prior to this offering will continue to serve pursuant to their appointment until the annual meeting of shareholders at which the term of their class of director expires.

We are not a party to, and are not aware of, any voting agreements among our shareholders.

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Agreements with Officers

Employment Agreements. We have entered into employment agreements with each of our executive officers as well as founder agreements with founders. These agreements each contain provisions regarding noncompetition, non-solicitation, and confidentiality of information and assignment of inventions. The enforceability of certain covenants not to compete is subject to limitations and, for example, post-employment restrictive covenants, barring certain exceptions, are not enforceable in states such as California. We intend to amend such agreements, as necessary, in connection with this offering. The provisions of certain of our executive officers’ employment agreements also contain termination provisions. With respect to certain executive officers, either we or the executive officer may terminate his or her employment by giving 90 calendar days’ advance written notice to the other party, and in some cases include repatriation expenses reimbursement. We may also terminate an executive officer’s employment agreement for Cause (as defined the applicable employment agreement).

Bonuses. Since our inception, we have granted cash bonuses to our executive officers.

Options. Since our inception, we have granted options to purchase our ordinary shares to our executive officers. Such option agreements may contain acceleration provisions upon certain merger, acquisition or change of control transactions. We describe our option plans under the section titled “Executive Compensation—Employee Benefit and Equity Plans.”

Restricted Share Units. In July 2020, our board of directors approved the CEO RSU Award, subject to shareholder approval. We describe the CEO RSU Award and the CEO RSU Award Agreement under the section titled “Executive Compensation—Shlomi Ben Haim Stand-Alone Restricted Share Unit Award Agreement.”

Agreements with Directors

Offer Letters. We have entered into offer letters with certain of our non-employee directors, that among other things, provide for nonstatutory share options.

Options. We have granted options to purchase our ordinary shares to certain of our non-employee directors. See the section titled “Executive Compensation—Employee Benefit and Equity Plans” for a description of the plans.

Exculpation, indemnification and insurance. Our amended and restated articles of association permit us to exculpate, indemnify and insure certain of our office holders (including directors) to the fullest extent permitted by the Companies Law. We have entered into agreements with all of our office holders and directors, exculpating them from a breach of their duty of care to us to the fullest extent permitted by law and undertaking to indemnify them to the fullest extent permitted by law, subject to certain exceptions, including with respect to liabilities resulting from the IPO to the extent that these liabilities are not covered by insurance. For a detailed discussion, see the section titled “Management—Exculpation, Insurance, and Indemnification of Office Holders.”

Employment of an Immediate Family Member

Frederic Simon. Mr. Simon is an employee and director of the company, and is married to Mr. Ben Haim’s sister. During 2017, 2018, and 2019, Mr. Simon served as Chief Data Scientist and member of our board of directors. During each of 2017, 2018, and 2019, for his service as Chief Data Scientist, Mr. Simon received total compensation of $225,021, $112,594, and $162,611. The amounts reported have been converted from NIS to U.S. dollars on an average exchange rate for the respective years. Mr. Simon’s cash compensation was determined based on external market compensation data for similar positions and internal pay equity when compared to the compensation paid to employees and directors with similar experience serving in similar positions who were not related to Mr. Ben Haim. Mr. Simon did not receive any equity in each of 2017, 2018, and 2019.
We expect to enter into a new employment agreement with Mr. Simon prior to the effective date of our initial public offering and subject to shareholder approval. Pursuant to the employment agreement, Mr. Simon will continue to serve as our Chief Data Scientist. Mr. Simon’s employment agreement provides for an annual base salary of $280,000, and eligibility, upon compliance with predetermined performance parameters, to receive bonuses with an annual target bonus amount equal to 50% of Mr. Simon’s annual base salary. Mr. Simon’s new employment agreement also provides for a notice period in accordance with applicable law for termination of the agreement by us or by Mr. Simon, during which time he will continue to receive base salary and benefits. The agreement also contains customary provisions regarding non-competition, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law. We also expect to enter into a new change in control and severance agreement with Mr. Simon prior to the effective date of our initial public offering and subject to shareholder approval.

Certain Relationships

From time to time, we do business with other companies affiliated with our investors, including certain of our greater than 5% shareholders. We believe that all such arrangements have been entered into in the ordinary course of business and have been conducted on an arms-length basis.

Investors’ Rights Agreement

We are party to our third amended and restated investors’ rights agreement (the “IRA”), dated as of September 17, 2018, which provides, among other things, that certain holders of our ordinary shares, including entities affiliated with each of Gemini Israel, Scale Venture Partners, Insight Partners, Sapphire Ventures Fund, Dell Technologies Inc., including EMC Corporation and VMWare International Marketing Limited, Vintage Investment Partners, Spark Capital, and with Geodesic Capital, and certain additional individuals who hold in the aggregate less than 1% of our share capital have the right to demand that we file a registration statement or request that their shares of our capital shares be covered by a registration statement that we are otherwise filing, including the registration statement related to this offering. Yossi Sela, Andy Vitus, and Jeff Horing, members of our board of directors and certain of their affiliated entities, are affiliated with Gemini Israel, Scale Venture Partners, and Insight Partners, respectively.

For a description of these registration rights, see the section titled “Description of Share Capital and Articles of Association—Registration Rights.”

Limitation of Liability and Indemnification of Officers and Directors

Our amended and restated articles of association to be effective upon the closing of this offering permit us to exculpate, indemnify, and insure certain of our office holders to the fullest extent permitted by the Companies Law. We have entered into agreements with certain office holders, exculpating them from a breach of their duty of care and undertaking to indemnify them, each to the fullest extent permitted by law, subject to certain exceptions. For a detailed discussion, see the section titled “Management—Exculpation, Insurance, and Indemnification of Office Holders.”

We maintain liability insurance for our directors and officers, including insurance against liability under the Securities Act, and we intend to enter into agreements with our directors and executive officers to provide contractual indemnification to bear attorneys’ fees and costs that are not otherwise covered by insurance for directors prevailing in a third-party action.

We believe that this insurance and these agreements are necessary to attract qualified directors and executive officers.

These agreements may discourage shareholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of
derivative litigation against directors and executive officers, even though such an action, if successful, might otherwise benefit us and our shareholders. Furthermore, a shareholder’s investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these insurance agreements.

Certain of our non-employee directors may, through their relationship with their employers or partnerships, be insured against certain liabilities in their capacity as members of our board of directors.

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving “related party transactions,” which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. Upon completion of this offering, our policy regarding transactions between us and related persons will provide that a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our securities, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter that will be in effect upon completion of this offering will provide that our audit committee shall review and approve or disapprove any related party transactions.
PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our ordinary shares as of June 30, 2020, assuming no exercise of the underwriters’ over-allotment option, for:

• each of our named executive officers;
• each of our directors;
• all of our executive officers and directors as a group; and
• each person known by us to be the beneficial owner of more than 5% of our outstanding shares.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 80,536,775 ordinary shares outstanding as of June 30, 2020, which includes:

• 52,063,647 ordinary shares resulting from the conversion of all of our outstanding convertible preferred shares immediately prior to the completion of this offering, as if such conversion occurred as of June 30, 2020.

We have based our calculation of the percentage of beneficial ownership after this offering on ordinary shares outstanding immediately after the closing of this offering.

In computing the number of ordinary shares beneficially owned by a person and the percentage ownership of that person, we deemed outstanding ordinary shares subject to options held by that person that are currently exercisable or exercisable within 60 days following June 30, 2020. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.
Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o JFrog Ltd., 270 E. Caribbean Drive, Sunnyvale, California 94089.

<table>
<thead>
<tr>
<th>Name of Beneficial Owner</th>
<th>Number of Shares Beneficially Owned Before the Offering</th>
<th>Percentage of Ordinary Shares Beneficially Owned</th>
<th>After the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Named Executive Officers and Directors:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shlomi Ben Haim(1)</td>
<td>5,679,963</td>
<td>7.1%</td>
<td></td>
</tr>
<tr>
<td>Tali Notman(2)</td>
<td>483,250</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Jacob Shulman(3)</td>
<td>290,000</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Jeff Horing(4)</td>
<td>7,881,876</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Yoav Landman(5)</td>
<td>7,854,757</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Jessica Neal(6)</td>
<td>3,125</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Yossi Sela(7)</td>
<td>12,705,993</td>
<td>15.8</td>
<td></td>
</tr>
<tr>
<td>Frederic Simon(8)</td>
<td>5,949,175</td>
<td>7.4</td>
<td></td>
</tr>
<tr>
<td>Elisa Steele(9)</td>
<td>3,125</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Andy Vitus(10)</td>
<td>8,681,413</td>
<td>10.8</td>
<td></td>
</tr>
<tr>
<td>Barry Zwarenstein(11)</td>
<td>3,125</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>All executive officers and directors as a group (11 persons)(12)</td>
<td>49,535,802</td>
<td>61.4</td>
<td></td>
</tr>
</tbody>
</table>

| **5% or Greater Shareholders:** |                                                         |                                               |                   |
| Entities affiliated with Gemini Israel Ventures(13) | 12,705,993                                              | 15.8                                          |                   |
| Scale Venture Partners IV, L.P.(14)                  | 8,681,413                                               | 10.8                                          |                   |
| Sapphire Ventures Fund II, L.P.(15)                  | 7,977,173                                               | 9.9                                           |                   |
| Entities affiliated with Insight Partners(16)        | 7,881,876                                               | 9.8                                           |                   |
| Entities affiliated with Dell, Inc.(17)              | 7,496,815                                               | 9.3                                           |                   |
| Entities Affiliated with Qumra Capital(18)           | 4,180,165                                               | 5.2                                           |                   |

* Represents beneficial ownership of less than 1% of the outstanding ordinary shares.

(1) Consists of 5,679,963 ordinary shares held of record by Mr. Ben Haim.
(2) Consists of (i) 348,250 ordinary shares held of record by Ms. Notman and (ii) 135,000 ordinary shares exercisable within 60 days of June 30, 2020.
(3) Consists of 290,000 ordinary shares held of record by Mr. Shulman.
(4) Consists of the ordinary shares held by entities affiliated with Insight Partners. See footnote (16) below.
(5) Consists of 7,854,757 ordinary shares held of record by Mr. Landman.
(6) Consists of 3,125 ordinary shares exercisable by Ms. Neal within 60 days of June 30, 2020.
(7) Consists of the ordinary shares held by entities affiliated Gemini Israel Ventures. See footnote (13) below.
(8) Consists of 5,949,175 ordinary shares held of record by Mr. Simon.
(9) Consists of 3,125 ordinary shares exercisable by Ms. Steele within 60 days of June 30, 2020.
(10) Consists of the ordinary shares held by Scale Venture Partners IV, L.P. See footnote (14) below.
(11) Consists of (i) 3,125 ordinary shares held of record by Mr. Zwarenstein.
(12) Consists of (i) 49,394,552 ordinary shares beneficially owned by our current executive officers and directors, and (ii) 141,250ordinary shares exercisable within 60 days of June 30, 2020.
(13) Consists of (i) 12,578,933 ordinary shares held of record by Gemini Israel V Limited Partnership (Gemini V) and (ii) 127,060 ordinary shares held of record by Gemini Partners Investors V L.P. (Gemini Partners). Gemini Capital Associates V L.P. (Gemini Associates LP) is the general partner of Gemini V and Gemini Capital Associates V GP, Ltd. (Gemini Associates GP) is the general partner of Gemini Associates L.P. Gemini Israel Funds IV Ltd. is the general partner of Gemini Partners. Yossi Sela and Menashe Ezra are the managing partners of Gemini Associates GP, and Yossi Sela and Menashe Ezra are the managing partners of Gemini Israel Funds IV Ltd. The address for these entities is 1 Abba Eban Avenue, Merkazim 2001, Bldg A, 3rd Floor, Herzliya Israel.
(14) Consists of 8,681,413 ordinary shares held of record by Scale Venture Partners IV, L.P, or SVP IV. Scale Venture Management IV, LLC, or SVM IV, is the general partner of SVP IV. Andy Vitus, one of our directors, Rory O’Driscoll, and Stacey Bishop are managing members of SVM IV and share voting and dispositive power with respect to the ordinary shares held by SVM IV. The address for these entities is c/o Scale Venture Partners, 950 Tower Lane, Suite 1150, Foster City, California 94404.
(15) Consists of 7,977,173 ordinary shares held of record by Sapphire Ventures Fund II, L.P. (the “Fund”) and may be deemed to be beneficially owned by (i) Sapphire Ventures (GPE) II, L.L.C. (the “General Partner”), the general partner.
of the Fund and (ii) Nino N. Marakovic, Richard Douglas Higgins, Jayendra Das, David A. Hartwig, and Andreas Weiskam, as the managing members of the
General Partner. The address for these entities is c/o Sapphire Ventures; 3408 Hillview Avenue, Building 5, Palo Alto, California 94304.

Consists of (i) 3,936,158 ordinary shares held of record by Insight Ventures Partners X, L.P., or IVP X, (ii) 3,227,697 ordinary shares held of record by Insight
Ventures Partners (Cayman) X, L.P., or IVP (Cayman) X, (iii) 624,366 ordinary shares held of record by Insight Ventures Partners (Delaware) X, L.P., or IVP
(Delaware) X, and (iv) 93,655 ordinary shares held of record by Insight Ventures Partners X (Co-Investors), L.P., or IVP X (Co-Investors), and collectively with
IVP X, IVP (Cayman) X and IVP (Delaware) X, the “IVP X Funds.” Insight Venture Associates X, Ltd., or IVA X Ltd., is the general partner of Insight Venture
Associates X, L.P., which is the general partner of each of the IVP X Funds. Insight Holdings Group, LLC, or Insight Holdings, is the sole shareholder of IVA X
Ltd. Each of Jeffrey L. Horing, Deven Parekh, Peter Sobiloff, Jeffrey Lieberman and Michael Triplett is a member of the board of managers of Insight Holdings
and as such may be deemed to have shared voting and dispositive power over the ordinary shares held of record by each of the IVP X Funds. The principal
business address for all entities and individuals affiliated with Insight Venture Partners is c/o Insight Partners, 1114 Avenue of the Americas, 36th Floor, New
York, New York, 10036.

Consists of (i) 4,120,070 ordinary shares held of record by EMC Ireland Holdings (EMC Ireland), (ii) 423,070 ordinary shares held of record by EMC Corporation
(EMC), and (iii) 2,953,675 ordinary shares held of record by VMware International Marketing Limited (VMware International). EMC Ireland and EMC are
indirectly wholly owned by Dell Technologies Inc. (Dell) through its direct and indirect wholly owned subsidiaries. VMware International is indirectly held by
EMC through its direct and indirect subsidiaries, including VMware, Inc. which has a class of equity securities listed on the New York Stock Exchange. Dell and
each subsidiary in the chain of subsidiaries through which Dell owns EMC Ireland, EMC, and VMware International has the right to elect or appoint the members
of the governing body of the subsidiary below it in the legal structure of the consolidated group and, therefore, to direct the management and policies of such
subsidiary. Michael S. Dell is the Chairman and CEO of Dell. Mr. Dell beneficially owns voting securities of Dell representing a majority of the total voting power
of the outstanding shares of all outstanding classes of common stock of Dell and has the power to elect directors who control a majority of the total votes entitled
to be cast on the Dell board of directors. As a result, Mr. Dell may be deemed to be the beneficial owner of all of the shares held by EMC Ireland, EMC and
VMware International that are beneficially owned by Dell. The address for these entities is c/o Dell Technologies Inc., One Dell Way, Round Rock, Texas 78682.

Consists of (i) 2,612,603 ordinary shares held of record by Qumra Capital I L.P. (Qumra Capital I) and (ii) 1,567,562 shares held of record by Qumra Capital I
Continuation Fund, L.P. Qumra Capital GP I, L.P. (Qumra Capital GP I) is the general partner of Qumra Capital I and Qumra Capital Israel I Ltd. (Qumra Capital
Ltd) is the general partner of Qumra Capital GP. Boaz Dinte and Erez Shachar serve as the managing partners of Qumra Capital Ltd and share voting and
dispositive power with respect to the ordinary shares held of record by Qumra Capital I: The address for these entities is c/o Qumra Capital, HaNevi’im St 4, Tel
Aviv-Yafo, Israel.
DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

General

We are registered with the Israeli Registrar of Companies and our registration number is 514130491. Our affairs are governed by our amended and restated articles of association, applicable Israeli law and Companies Law. Our purpose as set forth in our amended and restated articles of association to be effective upon the closing of this offering is to engage in any lawful act or activity.

The following description summarizes the most important terms of our authorized share capital and material terms of our amended and restated articles of association as they are expected to be in effect upon the closing of this offering. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in “Description of Share Capital and Articles of Association” you should refer to our amended and restated articles of association, which is included as exhibits to the registration statement of which this prospectus forms a part.

Immediately following the closing of this offering, our authorized capital shares will consist of shares, NIS 0.01 par value, of which:

• shares are designated ordinary shares; and
• shares are designated as preferred shares.

As of June 30, 2020, there were 80,536,775 ordinary shares outstanding, held by 92 shareholders of record, assuming the automatic conversion of all outstanding shares of our convertible preferred shares into ordinary shares effective immediately prior to the completion of this offering. Our board of directors is authorized, without shareholder approval except as required by the listing standards of Nasdaq, to issue additional shares of our capital shares.

Key Provisions of Our Articles of Association and Israeli Law Affecting our Ordinary Shares

Securities Exercisable for Ordinary Shares

See the section titled “Management—Equity Incentives” for a description of securities granted by our board of directors to our directors, executive officers, employees, and other service providers.

Registration Rights

Shareholder Registration Rights. Our shareholders’ agreement entitles our shareholders to certain registration rights following the closing of this offering. In accordance with this agreement, and subject to conditions listed below, the following entities are entitled to registration rights: Shlomi Ben Haim, Yoav Landman, Fredric Simon, and entities affiliated with each of Gemini Israel, Dell Technologies Inc., including EMC Corporation and VMware International Marketing Limited, Vintage Investment Partners, Scale Venture Partners, Sapphire Ventures, Qumra Capital, with Battery Ventures, Insight Partners, Spark Capital, and Geodesic Capital, and certain additional individuals who hold in the aggregate less than 1% of our share capital.

Voting Rights

All ordinary shares will have identical voting and other rights in all respects.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association to be effective upon the closing of this offering, unless the transfer is
restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the ordinary shares are listed for trade. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

**Election of Directors**

Under our amended and restated articles of association to be effective upon the closing of this offering, our board of directors must consist of not fewer than five but no more than 11 directors. Pursuant to our amended and restated articles of association to be effective upon the closing of this offering, each of our directors will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders, provided that in the event of a contested election directors will be elected by a plurality of the votes cast. In addition, our directors are divided into three classes, one class being elected each year at the annual general meeting of our shareholders, and serve on our board of directors until the third annual general meeting following such election or re-election or until they are removed by a vote of the total voting power of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association. In addition, our amended and restated articles of association allow our board of directors to fill vacancies on the board of directors or to appoint new directors up to the maximum number of directors permitted under our amended and restated articles of association. Any director so appointed serves for a term of office equal to the remaining period of the term of office of the director whose office has been vacated (or in the case of any new director, for a term of office according to the class to which such director was assigned upon appointment).

**Dividend and Liquidation Rights**

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company’s articles of association provide otherwise. Our amended and restated articles of association to be effective upon the closing of this offering do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

**Shareholder Meetings**

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year, no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our amended and restated articles of association as special general meetings. Our board of directors may call special general meetings whenever it
sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting upon the written request of (i) any two or more of our directors or one-quarter or more of the serving members of our board of directors or (ii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 5% or more of our outstanding voting power.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment, terms of service and termination of service of our auditors;
- appointment of external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of director’s powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes (among other things) the appointment or removal of directors, the approval of transactions with office holders or interested or related parties or the approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and our amended and restated articles of association to be effective upon closing of this offering, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Voting Rights

Quorum

Pursuant to our amended and restated articles of association to be effective upon closing of this offering, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 33 1/3% of the total outstanding voting rights, within half an hour of the time fixed for the commencement of the meeting. A meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders present in person or by proxy and holding the number of shares required to call the meeting as described under “—Shareholder Meetings.”

Vote Requirements

Our amended and restated articles of association to be effective upon closing of this offering provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law.
or by our amended and restated articles of association. Under the Companies Law, certain actions require a special majority, including: (i) the approval of an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder’s relative (even if such terms are not extraordinary) requires a special majority approval, and (iii) approval of certain compensation-related matters require the approval described above under “—Board of directors and officers—Compensation Committee.” Under our amended and restated articles of association, the alteration of the rights, privileges, preferences or obligations of any class of our shares (to the extent there are classes other than ordinary shares) may requires a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. Our amended and restated articles of association also provide that the amendment of the provisions relating to our staggered board requires the vote of at least 65% of the total voting power of our shareholders. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of a majority of the number of holders represented at the meeting and voting on the resolution, who must hold at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register, including with respect to material shareholders, our articles of association, our financial statements, other documents as provided in the Companies Law, and any document we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a commercial secret or a patent or that the document’s disclosure may otherwise impair our interests.

Acquisitions Under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the target company’s voting rights or the target company’s issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company’s shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition the court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company’s voting rights or the company’s issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer.
Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company; if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval as a private placement whose purpose is to give the acquirer at least 25% of the voting rights in the company if there is no person who holds 25% or more of the voting rights in the company, or as a private placement whose purpose is to give the acquirer 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) was from a shareholder holding 25% or more of the voting rights in the company and resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (iii) was from a holder of more than 45% of the voting rights in the company and resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company’s outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person’s relatives and entities under their control).

In the event that a special tender offer is made, a company’s board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it, at the time of the offer, or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger

The Companies Law permits merger transactions if approved by each party’s board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its
obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company or a person or entity holding 25% or more of the voting rights at the general meeting or the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the shareholders meeting (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company’s controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. Our amended and restated articles of association, to be effective upon the closing of this offering, also authorizes a class of preferred shares, which may be issued from time to time as shares of one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issuance of such shares from time to time adopted by our Board of Directors, such that our Board of Directors may, without the need for shareholder action, fix the terms and preferences of the shares of such series, including without limitation the dividend rate, the redemption price, the voting rights, the right or obligation of the Company to redeem the shares, and the terms upon which the shares are convertible into or exchangeable for shares of any other class or classes. As of the closing of this offering, no preferred shares will be issued and outstanding under our amended and restated articles of association. In the future, if we do create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association as described above in “—Voting Rights.”
addition, as disclosed under “—Election of Directors” we will have a classified board structure upon the closing of this offering, which will effectively limit the ability of any investor or potential investor or group of investors or potential investors to gain control of our board of directors.

Borrowing Powers

Pursuant to the Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for the ordinary shares will be American Stock Transfer & Trust Company, LLC. The transfer agent and registrar’s address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is 718-921-8300.

Limitations of Liability and Indemnification

See the section titled “Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification of Officers and Directors.”

Listing

We have applied to list our ordinary shares on the The Nasdaq Global Select Market under the symbol “FROG.”
SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares, and we cannot predict the effect, if any, that market sales of ordinary shares for sale will have on the market price of ordinary shares prevailing from time to time. Future sales of ordinary shares in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of ordinary shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our ordinary shares in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our capital shares outstanding as of June 30, 2020, we will have a total of ordinary shares outstanding. All of the ordinary shares sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining ordinary shares held by our existing shareholders are “restricted securities” as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. As a result of the lock-up and market standoff agreements described below and subject to the provisions of Rule 144 or Rule 701, ordinary shares will be available for sale in the public market as follows:

• beginning on the date of this prospectus, the ordinary shares sold in this offering will be immediately available for sale in the public market;
• beginning 90 days after the date of this prospectus (subject to the terms of the lock-up and market standoff agreements described below), shares may become eligible for sale in the public market, of which ordinary shares would be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below;
• beginning 181 days after the date of this prospectus (subject to the terms of the lock-up and market standoff agreements described below), all remaining shares will become eligible for sale in the public market, of which ordinary shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below.

Lock-Up and Market Standoff Agreements

We will agree that we will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any ordinary shares, or any options or warrants to purchase any ordinary shares (regardless of whether any of these transactions are to be settled by the delivery of ordinary shares or such other securities, in cash or otherwise), in each case without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus, other than the ordinary shares to be sold hereunder and certain other exceptions.

Our directors, executive officers, and holders of a substantial portion of our capital shares and securities convertible into our capital shares have entered or will enter into lock-up agreements with the underwriters prior
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To the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, and may not disclose any intention to, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares (including, without limitation, ordinary shares or such other securities which may be deemed to be beneficially owned by such directors, executive officers and shareholders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a share option or warrant) or (ii) enter into any hedging, swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the ordinary shares or such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise, or (iii) make any demand for or exercise any right with respect to the registration of any ordinary shares any security convertible into or exercisable or exchangeable for ordinary shares; provided that such 180 day restricted period will end with respect to 25% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our ordinary shares is at least 33% greater than the initial public offering price of our ordinary shares for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days prior to the commencement of a regular quarterly trading black-out period under our insider trading policy, the above referenced early expiration date will be the sixth trading day immediately preceding the commencement of such trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days of a regular quarterly trading black-out period under our insider trading policy, the restricted period will expire on the sixth trading day immediately preceding the commencement of such trading black-out period. These agreements are described in the section titled “Underwriting.” Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC may release any of the securities subject to these lock-up agreements at any time, subject to applicable notice requirements.

Rule 144

In general, Rule 144 provides that once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the ordinary shares proposed to be sold for at least six months is entitled to sell those ordinary shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the ordinary shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, Rule 144 provides that our affiliates or persons selling our ordinary shares on behalf of our affiliates are entitled to sell upon expiration of the market standoff agreements and lock-up agreements described above, within any three-month period, a number of our ordinary shares that does not exceed the greater of:

• 1% of the number of our ordinary shares then outstanding, which will equal ordinary shares immediately after the completion of this offering; or
• the average weekly trading volume of our ordinary shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

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Sales of our ordinary shares made in reliance upon Rule 144 by our affiliates or persons selling our ordinary shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a shareholder who purchased shares of our capital shares pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Registration Rights

Upon the completion of this offering, the holders of our ordinary shares or equity securities representing our ordinary shares, or certain transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled “Description of Share Capital and Articles of Association—Registration Rights” for a description of these registration rights. If the offer and sale of our ordinary shares are registered, the shares will be freely tradable without restriction under the Securities Act, and a large number of shares may be sold into the public market.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act promptly after the effectiveness of this offering to register all ordinary shares issuable under our equity-based compensation plan as well as reserved for future issuance, under our equity compensation plans. The registration statement on Form S-8 is expected to become effective immediately upon filing, and ordinary shares covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable market standoff agreements and lock-up agreements. See the section titled “Executive Compensation—Employee Benefit and Equity Plans” for a description of our equity compensation plans.
The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a brief summary of the material Israeli tax laws applicable to us, and certain Israeli Government programs that benefit us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax. The current corporate tax rate is 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Technology Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.”

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans, is derived from an “Industrial Enterprise” owned by it and located in Israel or in the “Area”, in accordance with the definition in the section 3a of the Israeli Income Tax Ordinance (New Version) 1961, or the Ordinance. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

• amortization of the cost of purchased patent, rights to use a patent, and know-how, which are used for the development or advancement of the Industrial Enterprise, over an eight-year period, commencing on the year in which such rights were first exercised;
• under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
• expenses related to a public offering are deductible in equal amounts over three years commencing on the year of the offering.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.
There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

**Tax Benefits and Grants for Research and Development**

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- the expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- the research and development must be for the promotion of the company; and
- the research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the income Tax Ordinance, 1961. Expenditures not so approved are deductible in equal amounts over three years.

From time to time we may apply to the IIA for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such application will be accepted.

**Law for the Encouragement of Capital Investments, 5719-1959**

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

The Investment Law was significantly amended effective as of April 1, 2005, as of January 1, 2011 (the “2011 Amendment”), and as of January 1, 2017 (the “2017 Amendment”). The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

**Tax Benefits Under the 2011 Amendment**

The 2011 Amendment cancelled the availability of the benefits granted to Industrial Companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a “Preferred Company” through its “Preferred Enterprise” (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise as of 2017, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 7.5%. Income derived by a Preferred Company from a “Special Preferred Enterprise” (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone. Dividends distributed from income which is attributed to a “Preferred Enterprise” will be subject to withholding tax at source at the following rates: (i) Israeli resident corporations—0%, (although, if such dividends are subsequently distributed to individuals or a non-Israeli
company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply) (ii) Israeli resident individuals—20% (iii) non-Israeli residents (individuals and corporations)—20%, subject to a reduced tax rate under the provisions of an applicable tax treaty. Claim of tax benefits afforded by an applicable tax treaty is subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate.

**Tax Benefits Under the 2017 Amendment**

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of “Technology Enterprises,” as described below, and is in addition to the other existing tax benefits programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a “Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as “Preferred Technology Income,” as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development zone “A.” In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain “Benefitted Intangible Assets” (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017, for at least NIS 200 million, and the sale receives prior approval from the National Authority for Technological Innovation, to which we refer as NATI.

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a “Special Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 6% on “Preferred Technology Income” regardless of the company’s geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain “Benefitted Intangible Assets” to a related foreign company if the Benefitted Intangible Assets were either developed by an Israeli company or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from NATI. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld. If such dividends are distributed to a foreign company (holding directly at least 90% in the Preferred Company which owns the Preferred Technological Enterprise) and other conditions are met, the withholding tax rate will be 4%.

We believe that as of December 31, 2019 we qualify as a Preferred Technology Enterprise, and continue to examine our qualification as well as the amount of Preferred Technology Income that we may have, and other benefits that we may receive under the 2017 Amendment. In order to remain eligible for the tax benefits for a “Preferred Technology Enterprise” we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. However, in the future, if these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income from the Preferred Technology Enterprise would be subject to regular Israeli corporate tax rates. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs.

**Taxation of our Shareholders**

*Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders.* Capital gain tax is imposed on the disposition of capital assets by a non-Israeli resident if those assets are either (i) located in Israel; (ii) are shares
or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller’s country of residence provides otherwise. The Israeli tax law distinguishes between “Real Capital Gain” and the “Inflationary Surplus.” Real Gain is the excess of the total capital gain over Inflationary Surplus computed generally on the basis of the increase in the Israeli Consumer Price Index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is not subject to tax in Israel. Generally, Real Capital Gain accrued by individuals on the sale of our ordinary shares will be taxed at the rate of 25%. However, if the individual shareholder is a “substantial shareholder” at the time of sale or at any time during the preceding 12 months period, such gain will be taxed at the rate of 30%. A “substantial shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Real Capital Gain derived by corporations will be generally subject to a corporate tax rate of 23% (in 2019).

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of more than 25% in any of the means of control of such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the “United States-Israel Tax Treaty”), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty (a “Treaty U.S. Resident”) is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributable to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributable to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributable to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant tax year.

Regardless of whether shareholders may be liable for Israeli income tax on the sale of our ordinary shares, the payment of the consideration may be subject to withholding of Israeli tax at the source. Accordingly, shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

**Taxation of Non-Israeli Shareholders on Receipt of Dividends.** Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, which tax will be withheld at source, unless relief is provided in a tax treaty between Israel and the shareholder’s country of residence. With respect to a person who is a “substantial shareholder” at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. However, a distribution of
dividends to non-Israeli residents is subject to withholding tax at source at a rate of 20% if the dividend is distributed from income attributed to a Preferred (including Preferred Technological) Enterprise. If the dividend is attributable partly to income derived from a Preferred (including Preferred Technological) Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders’ tax liability. However, a reduced tax rate may be provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise or Beneficiary Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. If dividends are distributed from income attributed to a Preferred (including Preferred Technological) Enterprise and the foregoing conditions are met, such dividends are subject to a withholding tax rate of 15% for a shareholder that is a United States corporation.

Government Grants

Our research and development efforts are financed, in part, through grants from IIA. From our inception through 2019, we received grants totaling $1.2 million from IIA and repaid $1.3 million (the entire principal amount and accrued interest).

Under the Innovation Law, research and development programs that meet specified criteria and are approved by a committee of the IIA are eligible for grants. The grants awarded are typically up to 50% of the project’s expenditures, as determined by the IIA committee and subject to the benefit track under which the grant was awarded. A company that receives a grant from the IIA is typically required to pay royalties to IIA on income generated from products incorporating know-how developed using such grants (including income derived from services associated with such products), until 100% of the U.S. dollar-linked grant plus annual LIBOR interest is repaid. Certain benefit tracks do not require payment of royalties. In general, the rate of royalties varies between 3% to 5% of the income generated from the IIA supported products and services.

The obligation to pay royalties is contingent on actual income generated from such products and services. In the absence of such income, no payment of royalties is required. It should be noted that the restrictions under the Innovation Law, including restrictions on the sale, transfer or assignment outside of Israel of know-how developed as part of the programs under which the grants were given will continue to apply even after the repayment of such royalties in full.

The terms of the grants under the Innovation Law also require that the products developed as part of the programs under which the grants were given be manufactured in Israel and that the know-how developed thereunder may not be transferred outside of Israel, unless prior written approval is received from the IIA (such approval is not required for the transfer of a portion of the manufacturing capacity which does not exceed, in the aggregate, 10% of the manufacturing (in which case only notification is required)), and additional payments are required to be made to IIA, as described below. It should be noted that this does not restrict the export of products that incorporate the funded know-how.

Ordinarily, as a condition to obtaining approval to manufacture outside Israel, we may be required to pay royalties at an increased rate and up to an increased cap amount of up to three times the total amount of the IIA grants, plus interest accrued thereon, depending on the manufacturing volume to be performed outside Israel.

The Innovation Law restricts the ability to transfer know-how funded by IIA outside of Israel. Transfer of IIA-funded know-how outside of Israel requires prior approval and is subject to payment of a redemption fee to
the IIA calculated according to a formula provided under the Innovation Law. A transfer for the purpose of the Innovation Law is generally interpreted very broadly and includes, inter alia, any actual sale of the IIA-funded know-how, any license to develop the IIA-funded know-how or the products resulting from such IIA-funded know-how or any other transaction, which, in essence, constitutes a transfer of the IIA-funded know-how. We recently received an approval from the IIA to perform a limited development of IIA funded know-how outside of Israel, subject to the terms specified in the IIA approval, including that all of our core R&D activities will remain in Israel.

The IIA approval to transfer know-how created, in whole or in part, in connection with an IIA-funded project to a third party outside Israel is subject to payment of a redemption fee to IIA calculated according to a formula provided under the Innovation Law that is based, in general, on the value of the transferred know-how, multiplied by the amount of grants received from the IIA (including the accrued interest), divided by the total amounts expended by the grantee on R&D. To the extent any royalties were paid on account of the grants, such royalties will be deducted from the calculation. The redemption fee is subject to a cap of six times the total amount of the IIA grants, plus interest accrued thereon, namely the total liability to the IIA, including the accrued interest, multiplied by six. If the grant recipient undertakes that for a period of not less than three years, at least 75% of its relevant R&D positions will remain in Israel, then the cap will be reduced to three times (rather than six times) the total liability to the IIA, calculated as set out above.

Subject to prior approval of the IIA, we may transfer the IIA-funded know-how to another Israeli company. If the IIA-funded know-how is transferred to another Israeli entity, the transfer would still require IIA approval but will not be subject to the payment of the redemption fee (although there will be an obligation to pay royalties to the IIA from the income of such sale transaction as part of the royalty payment obligation). In such case, the acquiring company would have to assume all of the selling company’s restrictions and obligations towards the IIA (including the restrictions on the transfer of know-how and manufacturing capacity outside of Israel) as a condition to IIA approval.

Even though the grants received by us were repaid in full, we must abide by other restrictions associated with receiving such grants under the Innovation Law. These restrictions may impair our ability to outsource development of products containing our traits, engage in change of control transactions or otherwise transfer our know-how outside Israel and may require us to obtain the approval from IIA for certain actions and transactions and pay additional royalties and other amounts to IIA. We cannot be certain that any approval of IIA will be obtained on terms that are acceptable to us, or at all. We may not receive the required approvals should we wish to transfer IIA-funded know-how, manufacturing, and/or development outside of Israel in the future. Furthermore, in the event that we undertake a transaction involving the transfer to a non-Israeli entity of know-how developed with IIA-funding pursuant to a merger or similar transaction, the consideration available to our shareholders may be reduced by the amounts we are required to pay to IIA. Any approval, if given, will generally be subject to additional financial obligations. Failure to comply with the requirements under the Innovation Law may subject us to mandatory repayment of grants received by us (together with interest and penalties), as well as expose us to criminal proceedings. In addition, IIA may from time to time conduct royalties audits and such audits may lead to additional royalties being payable on additional products. Such grants may be terminated or reduced in the future, which would increase our costs. IIA approval is not required for the marketing of products resulting from the IIA-funded research or development in the ordinary course of business.

U.S. Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax considerations relating to the ownership and disposition of our ordinary shares by a U.S. Holder, as defined below, that acquires our ordinary shares in this offering and holds our ordinary shares as “capital assets” (generally, property held for investment) under Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing U.S. federal income tax law as of the date of this prospectus, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue
Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships or other pass-through entities for U.S. federal income tax purposes) and their partners or investors, tax-exempt organizations (including private foundations), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) ordinary shares representing 10% or more of our shares (by vote or by value), investors that hold their ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction, or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any U.S. federal non-income, state, local, or non-U.S. tax considerations, the alternative minimum tax, or the Medicare contribution tax on net investment income. Each potential investor is urged to consult its tax advisor regarding the U.S. federal, state, local, non-U.S. income, and other tax considerations of an investment in the ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity or arrangement treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (4) a trust (a) the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) who have the authority to control all substantial decisions of the trust or (b) that has otherwise elected under applicable U.S. Treasury Regulations to be treated as a United States person under the Code.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ordinary shares are urged to consult their tax advisors regarding an investment in our ordinary shares.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes, if, in the case of any particular taxable year, either (1) at least 75% of its gross income for such year is “passive” income or (2) at least 50% of its average quarterly assets during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other non-U.S. corporation in which we own, directly or indirectly, more than 25% (by value) of the shares.

The determination of whether we will be or become a PFIC will depend upon the composition of our income (which may differ from our historical results and current projections) and assets and the value of our assets from time to time, including, in particular the value of our goodwill and other unbooked intangibles (which may depend upon the market value of the ordinary shares from time-to-time and may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our anticipated market capitalization following the close of this offering, which may fluctuate. Based upon the current and anticipated value of our assets and the composition of our income and assets (taking into account the expected proceeds from
this offering) and projections as to the value of the ordinary shares following the offering, we do not presently expect to be classified as a PFIC for the current taxable year ending December 31, 2020, or the foreseeable future. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be classified as a PFIC for the current or future taxable years. It is also possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our company being, or becoming classified as, a PFIC for the current or one or more future taxable years.

The determination of whether we will be or become a PFIC may also depend, in part, on how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances where we retain significant amounts of liquid assets, including cash raised in this offering, our risk of being classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year ending December 31, 2020, or any future taxable year or that the IRS will not take a contrary position. If we were classified as a PFIC for any year during which a U.S. Holder held the ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder held the ordinary shares, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ordinary shares.

The discussion below under “Dividends” and “Sale or other disposition of ordinary shares” is written on the basis that we will not be classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply if we are classified as a PFIC for the current taxable year or any subsequent taxable year are discussed below under “Passive foreign investment company rules.”

Dividends

Subject to the PFIC rules described below, any cash distributions (including the amount of any Israeli tax withheld) paid on the ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution will generally be treated as a “dividend” for U.S. federal income tax purposes. The dividends will not be eligible for the dividends – received deduction allowed to corporations in respect of dividends received from other U.S. corporations. Under current law, a non-corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at the lower rates applicable to “qualified dividend income” rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period and other requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) will generally be considered to be a qualified foreign corporation (1) if it is eligible for the benefits of a comprehensive tax treaty with the U.S. which the U.S. Secretary of Treasury determines is satisfactory for purposes of this rule and which includes an exchange of information program, or (2) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. The Convention Between the Government of the United States of America and the Government of the State of Israel with Respect to Taxes on Income of January 1, 1995, or the U.S.-Israel Tax Treaty, has been determined by the U.S. Secretary of Treasury to be satisfactory for purposes of these rules and includes an exchange of information program, and we expect to qualify for benefits under the U.S.-Israel Tax Treaty. We have applied to list our ordinary shares on The Nasdaq Global Select Market. We believe, but cannot assure you, that the ordinary shares will be readily tradable on an established securities market in the U.S. and/or we will be eligible for the benefits of the U.S.-Israel Tax Treaty and that we will be a qualified foreign corporation with respect to dividends paid on the ordinary shares. There can be no assurance that the ordinary shares will continue to be considered readily tradable on an established securities market in later years. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends.
dividends in their particular circumstances. Dividends received on the ordinary shares will not be eligible for the dividends received deduction allowed to qualifying corporations under the Code.

For U.S. foreign tax credit purposes, dividends paid on the ordinary shares will generally be treated as income from foreign sources and will generally constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other disposition of ordinary shares in an amount equal to the difference between the amount realized (including amount of any tax withheld) upon the disposition and the holder’s adjusted tax basis in such ordinary shares. Any capital gain or loss will be long-term capital gain or loss if the ordinary shares have been held for more than one year and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of non-corporate U.S. Holders are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ordinary shares, unless the U.S. Holder makes one of certain elections (as described below), the U.S. Holder will, except as discussed below, be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (1) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ordinary shares), and (2) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder’s holding period for the ordinary shares;
- the amount of the excess distribution or gain allocated to the taxable year of distribution or gain and to any taxable years in the U.S. Holder’s holding period prior to the first taxable year in which we are classified as a PFIC (each such taxable year, a pre-PFIC year) will be taxable as ordinary income; and
- the amount of the excess distribution or gain allocated to each prior taxable year, other than the current taxable year of distribution or gain or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that other taxable year, and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ordinary shares and any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.
If we are a PFIC for any taxable year during which a U.S. Holder holds the ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds the ordinary shares, unless we were to cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold the ordinary shares it holds at their fair market value and any gain from such deemed sale would be subject to the rules described in the preceding two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, the U.S. Holder will not be subject to the rules described above with respect to any “excess distribution” the U.S. Holder receives from us or any gain from an actual sale or other disposition of the ordinary shares. Each U.S. Holder is strongly urged to consult its tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to the U.S. Holder.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to the ordinary shares, provided that the ordinary shares are “regularly traded” (as specially defined) on Nasdaq, which is a qualified exchange or other market for these purposes. No assurances may be given regarding whether the ordinary shares will qualify, or will continue to be qualified, as being regularly traded in this regard. If a mark-to-market election is made, the U.S. Holder will generally (1) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of the ordinary shares held at the end of the taxable year over the U.S. Holder’s adjusted tax basis in such ordinary shares and (2) deduct as an ordinary loss the excess, if any, of the U.S. Holder’s adjusted tax basis in the ordinary shares over the fair market value of such ordinary shares held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC any gain recognized upon the sale or other disposition of the ordinary shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not classified as a PFIC.

Because a mark-to-market election cannot be made for any lower-tier PFICs that a PFIC may own, a U.S. Holder who makes a mark-to-market election with respect to the ordinary shares may continue to be subject to the general PFIC rules with respect to such U.S. Holder’s indirect interest in any of our non-U.S. subsidiaries or other corporate entities in which we own equity interests that is classified as a PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

As discussed above under “Dividends,” dividends that we pay on the ordinary shares will not be eligible for the reduced tax rate that applies to qualified dividend income if we are classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. In addition, if a U.S. Holder owns the ordinary shares during any taxable year that we are a PFIC, the holder must file an annual information return with the IRS. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of purchasing, holding, and disposing ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.
Information Reporting and Backup Withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in “specified foreign financial assets” (as defined in the Code), including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds $50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on and proceeds from the sale or other disposition of the ordinary shares. Information reporting will apply to payments of dividends on, and to proceeds from the sale or other disposition of, ordinary shares by a paying agent within the United States to a U.S. Holder, other than U.S. Holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, ordinary shares within the U.S. to a U.S. Holder (other than U.S. Holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the U.S. information reporting rules to their particular circumstances.
UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, and BofA Securities, Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them the number of ordinary shares indicated below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Ordinary Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morgan Stanley &amp; Co. LLC</td>
<td></td>
</tr>
<tr>
<td>J.P. Morgan Securities LLC</td>
<td></td>
</tr>
<tr>
<td>BofA Securities, Inc.</td>
<td></td>
</tr>
<tr>
<td>KeyBanc Capital Markets Inc.</td>
<td></td>
</tr>
<tr>
<td>Piper Sandler &amp; Co.</td>
<td></td>
</tr>
<tr>
<td>Stifel, Nicolaus &amp; Company, Incorporated</td>
<td></td>
</tr>
<tr>
<td>William Blair &amp; Company, L.L.C.</td>
<td></td>
</tr>
<tr>
<td>Oppenheimer &amp; Co. Inc.</td>
<td></td>
</tr>
<tr>
<td>Needham &amp; Company, LLC</td>
<td></td>
</tr>
</tbody>
</table>

**Total:**

The underwriters and the representative are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ordinary shares subject to their acceptance of the ordinary shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ordinary shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ordinary Shares offered by this prospectus if any such ordinary shares are taken. However, the underwriters are not required to take or pay for the ordinary shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the ordinary shares directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the ordinary shares, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ordinary shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ordinary shares as the number listed next to the underwriter’s name in the preceding table bears to the total number of ordinary shares listed next to the names of all underwriters in the preceding table.

The following table shows the per ordinary share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional ordinary shares.

<table>
<thead>
<tr>
<th></th>
<th>Per Ordinary Share</th>
<th>No Exercise</th>
<th>Full Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public offering price</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Underwriting discounts and commissions to be paid by us</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Proceeds, before expenses, to us</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $\ldots$ We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to $\ldots$

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ordinary shares offered by them.

We have applied to list our ordinary shares on The Nasdaq Global Select Market under the trading symbol “FROG.”

We and all directors and officers and the holders of substantially all of our outstanding ordinary shares and share options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, subject to certain exceptions, we and they will not, and will not disclose any public intention to, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares;

whether any such transaction described above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise; provided that such restricted period will end with respect to 25% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our ordinary shares is at least 33% greater than the initial public offering price of our ordinary shares for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days prior to the commencement of a regular quarterly trading black-out period under our insider trading policy, the above referenced early expiration date will be the sixth trading day immediately preceding the commencement of such trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days prior to the commencement of a regular quarterly trading black-out period under our insider trading policy, the restricted period will expire on the sixth trading day immediately preceding the commencement of such trading black-out period. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares.

The restrictions described in the immediately preceding paragraph are subject to certain exceptions, including the following:

(a) transactions relating to ordinary shares or other securities acquired (A) from the underwriters in this offering, or (B) in open market transactions after the completion of this offering, provided that no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of ordinary shares shall be required or shall be voluntarily made during the restricted period in connection with subsequent sales of ordinary shares or other securities acquired from the underwriters in this offering or in such open market transactions;
| (b) | transfers of ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares (A) as a bona fide gift or for bona fide estate planning purposes or (B) upon death or by will, testamentary document or intestate succession; |
| (c) | transfers of ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares (A) to any member of the lock-up party’s immediate family or to any trust for the direct or indirect benefit of the lock-up party or the immediate family of the lock-up party, or if the lock-up party is a trust, to any beneficiary (including such beneficiary’s estate) of the lock-up party, or (B) in any transaction not involving a change in beneficial ownership; |
| (d) | if the lock-up party is a corporation, partnership, limited liability company or other business entity (A) distributions of ordinary shares or any security convertible into ordinary shares to limited partners, stockholders, members, beneficiaries or other equity holders of the lock-up party, or (B) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act) of the lock-up party, or to any investment fund or other entity controlled or managed by the lock-up party; |
| (e) | transfers of ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares that occur by operation of law pursuant to a qualified domestic order in connection with a divorce settlement or other court order; |
| (f) | transfers of ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares to us in connection with the “cashless” or “net” exercise of options, warrants or other rights to purchase ordinary shares for the purpose of exercising such options, warrants or other rights, or to cover tax withholding or remittance obligations of the lock-up party in connection with such exercise, the vesting of restricted ordinary shares or restricted share units, or the settling of restricted ordinary shares or restricted share units, provided that (i) any remaining ordinary shares received upon such exercise or such vesting or settlement will be subject to the restrictions set forth in the lock-up agreement and (ii) any filing under Section 16(a) of the Exchange Act made during the restricted period shall clearly indicate in the footnotes thereto that (A) the filing relates to the circumstances described above and (B) no ordinary shares were sold by the lock-up party, other than such transfers to us as described above; |
| (g) | transfers of ordinary shares to us pursuant to (A) any contractual arrangement that provides us with an option to repurchase such ordinary shares in the event the lock-up party ceases to provide services to us, provided that any filing under Section 16(a) of the Exchange Act made during the restricted period shall clearly indicate in the footnotes thereto that the filing relates to the termination of the lock-up party’s employment or other services or (B) a right of first refusal we have with respect to transfers of such shares, provided that any filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of ordinary shares made during the restricted period shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (g)(B); |
| (h) | in connection with the conversion of our outstanding preferred shares into ordinary shares, or any reclassification or conversion of the ordinary shares, provided such conversion or reclassification is disclosed in this prospectus, and provided further that any such ordinary shares received upon such conversion or reclassification shall be subject to the restrictions contained in the lock-up agreement; |
| (i) | the transfer of ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction, that is approved by our board of directors, made to all holders of ordinary shares involving a change of control, provided that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the ordinary shares owned by the lock-up party shall remain subject to the restrictions contained in the lock-up agreement; |
| (j) | the transfer of ordinary shares from us in connection with the exercise of options or the vesting and settlement of restricted share units or other rights granted under a stock incentive plan or other equity |
award plan, which plan is described in this prospectus, provided that any shares issued upon exercise of such option or the vesting and
settlement of restricted share units shall continue to be subject to the restrictions set forth in the lock-up agreement until the expiration of
the lock-up agreement and provided further that if the lock-up party is required to file a report under Section 16(a) of the Exchange Act
reporting a reduction in beneficial ownership of ordinary shares during the restricted period, the lock-up party shall clearly indicate in the
footnotes thereto that the filing relates to the circumstances described in this paragraph; or

(k) facilitating the establishment of a trading plan on behalf of our shareholders, officers or directors pursuant to Rule 10b5-1 under the
Exchange Act for the transfer of ordinary shares, provided that (i) such plan does not provide for the transfer of ordinary shares during the
restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by
or on behalf of the lock-up party or us regarding the establishment of such plan, such announcement or filing shall include a statement to
the effect that no transfer of ordinary shares may be made under such plan during the restricted period;

provided that in the case of any transfer or distribution pursuant to clause (b), (c), (d) or (e), (i) each donee or distributee shall sign and deliver a lock-up
agreement substantially in the form of the lock-up agreement and (ii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in
beneficial ownership of ordinary shares, shall be required or shall be voluntarily made during the restricted period (unless, in the case of clause (e) only,
such filing is required and clearly indicates in the footnotes thereto that the filing relates to the circumstances described above).

Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion, may release the ordinary shares and other securities subject
to the lock-up agreements described above in whole or in part at any time, subject to applicable notice requirements.

In order to facilitate the offering of the ordinary shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the
price of the ordinary shares. Specifically, the underwriters may sell more ordinary shares than they are obligated to purchase under the underwriting
agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ordinary shares available for purchase
by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or
purchasing ordinary shares in the open market. In determining the source of ordinary shares to close out a covered short sale, the underwriters will
consider, among other things, the open market price of ordinary shares compared to the price available under the over-allotment option. The
underwriters may also sell ordinary shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any
naked short position by purchasing ordinary shares in the open market. A naked short position is more likely to be created if the underwriters are
concerned that there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors
who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ordinary shares in the
open market to stabilize the price of the ordinary shares. These activities may raise or maintain the market price of the ordinary shares above
independent market levels or prevent or retard a decline in the market price of the ordinary shares. The underwriters are not required to engage in these
activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any,
participating in this offering. The representatives may agree to allocate a number of ordinary shares to underwriters for sale to their online brokerage
account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as
other allocations.
The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, and certain other financial and operating information in recent periods, and the price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each, a “Relevant State”), none of our ordinary shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to our ordinary shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of our ordinary shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided, that no such offer of our ordinary shares require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any of our ordinary shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any of our ordinary shares to be offered so as to enable an investor to decide to purchase any of our ordinary shares to be offered so as to enable an investor to decide to purchase any of our ordinary shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).
United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of our ordinary shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our ordinary shares in, from or otherwise involving the United Kingdom.

Switzerland

The ordinary shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the ordinary shares or this offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to this offering, us or the ordinary shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of ordinary shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of ordinary shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ordinary shares.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The ordinary shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ordinary shares offered should conduct their own due diligence on the ordinary shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to this offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the ordinary shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional
investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ordinary shares without disclosure to investors under Chapter 6D of the Corporations Act.

The ordinary shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of twelve months after the date of allotment under this offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ordinary shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives, and circumstances, and, if necessary, seek expert advice on those matters.

**Canada**

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal who are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory with respect to these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

**Hong Kong**

The ordinary shares may not be offered or sold in Hong Kong by means of any document other than: (i) in circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“Companies (Winding Up and Miscellaneous Provisions) Ordinance”) or that do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“Securities and Futures Ordinance”); (ii) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder; or (iii) in other circumstances that do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the ordinary shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to ordinary shares that are, or are intended to be, disposed of only to persons outside of Hong Kong or “professional investors” in Hong Kong.

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Singapore
This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ordinary shares may not be circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) under Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the ordinary shares are subscribed or purchased under Section 275 of the SFA by a relevant person that is a corporation (that is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for the six months after that corporation has acquired the ordinary shares under Section 275 of the SFA, except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (ii) where such transfer arises from an offer in that corporation’s securities pursuant to Section 275(1A) of the SFA; (iii) where no consideration is or will be given for the transfer; (iv) where the transfer is by operation of law; (v) as specified in Section 276(7) of the SFA; or (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (“Regulation 32”).

Where the ordinary shares are subscribed or purchased under Section 275 of the SFA by a relevant person that is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments, and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the ordinary shares under Section 275 of the SFA, except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (ii) where such transfer arises from an offer that is made on terms that such rights or interest are acquired for consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets); (iii) where no consideration is or will be given for the transfer; (iv) where the transfer is by operation of law; (v) as specified in Section 276(7) of the SFA; or (vi) as specified in Regulation 32.

Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the company has determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the ordinary shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan
No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) has been made or will be made with respect to the solicitation of the application for the acquisition of our ordinary shares.
Accordingly, our ordinary shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to our ordinary shares constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to our ordinary shares. Our ordinary shares may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to our ordinary shares constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to our ordinary shares. Our ordinary shares may only be transferred en bloc without subdivision to a single investor.
LEGAL MATTERS

Certain legal matters as to United States law in connection with this offering will be passed upon for us by Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California. Meitar | Law Offices, in Ramat Gan, Israel, our Israeli counsel, will pass upon the validity of the ordinary shares offered by this prospectus and other legal matters concerning this offering relating to Israeli law. The underwriters have been represented by Latham & Watkins LLP, Menlo Park, California. Certain legal matters as to Israeli law in connection with this offering will be passed upon for the underwriters by Goldfarb Seligman & Co., in Tel Aviv, Israel.

EXPERTS

The consolidated financial statements as of December 31, 2018 and 2019 and for the years ended December 31, 2018 and 2019 included in this prospectus have been so included in reliance on the report of Kost Forer Gabbay & Kasierer-Ernst & Young Israel, a member of Ernst & Young Global, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

ENFORCEMENT OF CIVIL LIABILITIES

JFrog Ltd. is incorporated under the laws of the State of Israel. Not all of our directors or officers are residents of the United States. Most of our assets and those of our non-U.S. directors and officers are located outside the United States. Service of process upon us and upon our non-U.S. resident directors and officers and the Israeli experts named in this prospectus may be difficult to obtain within the United States.

We have irrevocably appointed JFrog, Inc. as our agent to receive service of process in any action against us in any U.S. federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. The address of our agent is 270 E. Caribbean Drive, Sunnyvale, California 94089.

We have been informed by our legal counsel in Israel, Meitar | Law Offices, that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or our non-U.S. officers or directors reasoning that Israeli court is not the most appropriate forum to hear such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact by expert witnesses which can be a time-consuming and costly process. Certain matters of procedure may also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors. Moreover, among other reasons, including but not limited to, fraud or absence of due process, or the existence of a judgment which is at variance with another judgment that was given in the same matter if a suit in the same matter between the same parties was pending before a court or tribunal in Israel, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel or to contravene Israeli public policy.

Subject to certain time limitations and legal procedures, Israeli courts may enforce a U.S. judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based on the civil liability provisions of the Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that:

- the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy; and

• the judgment is executory in the state in which it was given.

Even if these conditions are met, an Israeli court may not declare a foreign civil judgment enforceable if:

• the judgment was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases);

• the enforcement of the judgment is likely to prejudice the sovereignty or security of the State of Israel;

• the judgment was obtained by fraud;

• the opportunity given to the defendant to bring its arguments and evidence before the court was not reasonable in the opinion of the Israeli court;

• the judgment was rendered by a court not competent to render it according to the laws of private international law as they apply in Israel;

• the judgment is contradictory to another judgment that was given in the same matter between the same parties and that is still valid; or

• at the time the action was brought in the foreign court, a lawsuit in the same matter and between the same parties was pending before a court or tribunal in Israel.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulators prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.
WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the ordinary shares offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our ordinary shares we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, we will file periodic reports, proxy statements, and other information with the SEC. These periodic reports, proxy statements, and other information will be available at the website of the SEC referenced above. We also maintain a website at www.jfrog.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.
JFROG LTD.

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Consolidated Statements of Operations  F-4
Consolidated Statements of Comprehensive Income (Loss)  F-5
Consolidated Statements of Convertible Preferred Shares and Shareholders’ Deficit  F-6
Consolidated Statements of Cash Flows  F-8
Notes to Consolidated Financial Statements  F-9

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of JFROG LTD.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of JFrog Ltd. (together with its subsidiaries, JFrog or the “Company”) as of December 31, 2018 and 2019, the related consolidated statements of operations, comprehensive loss, changes in convertible preferred shares and shareholders’ deficit and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2019, and the results of its operations and its cash flows for the years in the two-year period ended December 31, 2018 and 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global

We have served as the Company’s auditor since 2010.

Tel-Aviv, Israel

March 23, 2020

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## JFROG LTD.
### CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2018</th>
<th>As of June 30, 2019</th>
<th>As of June 30, 2020 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$177,878</td>
<td>$ 39,150</td>
<td>$26,461</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>—</td>
<td>127,331</td>
<td>144,182</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>19,794</td>
<td>24,736</td>
<td>27,163</td>
</tr>
<tr>
<td>Deferred contract acquisition costs</td>
<td>1,299</td>
<td>2,348</td>
<td>2,669</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>3,280</td>
<td>5,364</td>
<td>7,885</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>202,251</td>
<td>198,929</td>
<td>208,360</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>3,146</td>
<td>3,532</td>
<td>3,919</td>
</tr>
<tr>
<td><strong>Deferred contract acquisition costs, noncurrent</strong></td>
<td>2,291</td>
<td>3,641</td>
<td>3,765</td>
</tr>
<tr>
<td><strong>Intangible assets, net</strong></td>
<td>3,137</td>
<td>5,608</td>
<td>4,816</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td>1,629</td>
<td>17,320</td>
<td>17,320</td>
</tr>
<tr>
<td><strong>Other assets, noncurrent</strong></td>
<td>4,649</td>
<td>9,010</td>
<td>9,720</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$217,103</td>
<td>$238,040</td>
<td>$247,900</td>
</tr>
</tbody>
</table>

|                      |                         |                     |                                 |
| **Liabilities, Convertible Preferred Shares and Shareholders’ (Deficit) Equity** | | | |
| **Current liabilities:** |                         |                     |                                 |
| Accounts payable | $ 3,193            | $ 4,990             | $ 5,771                        |
| Accrued expenses and other current liabilities | 6,573            | 8,335               | 10,812                         |
| Deferred revenue | 51,863                | 72,676              | 74,703                         |
| **Total current liabilities** | 61,629          | 86,001              | 91,286                         |
| **Deferred revenue, noncurrent** | 18,307          | 9,629               | 8,231                          |
| **Total liabilities** | 79,936           | 95,630              | 99,517                         |

|                      |                         |                     |                                 |
| **Commitments and contingencies (Note 9)** | | | |
| Convertible preferred shares, NIS 0.01 par value per share, 52,063,647 shares authorized as of December 31, 2018 and 2019, and June 30, 2020 (unaudited), 52,063,647 issued and outstanding as of December 31, 2018 and 2019, and June 30, 2020 (unaudited); aggregate liquidation preference of $176,431 as of December 31, 2018 and 2019, and June 30, 2020 (unaudited); no shares issued and outstanding as of June 30, 2020, pro forma (unaudited) | 175,844 | 175,844 | 175,844 | $ — |

**Shareholders’ (deficit) equity:**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares, NIS 0.01 par value per share, 101,314,353 shares authorized as of December 31, 2018 and 2019, and June 30, 2020 (unaudited), 26,393,650, 27,930,741, and 28,473,128 shares issued and outstanding as of December 31, 2018 and 2019, and June 30, 2020 (unaudited), respectively; 80,536,775 shares issued and outstanding as of June 30, 2020, pro forma (unaudited)</td>
<td>76</td>
<td>80</td>
<td>81</td>
<td>223</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>21,237</td>
<td>31,835</td>
<td>37,479</td>
<td>213,181</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>—</td>
<td>35</td>
<td>789</td>
<td>789</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(59,990)</td>
<td>(65,384)</td>
<td>(65,810)</td>
<td>(65,810)</td>
</tr>
<tr>
<td><strong>Total shareholders’ (deficit) equity</strong></td>
<td>(38,677)</td>
<td>(33,434)</td>
<td>(27,461)</td>
<td>$ 148,383</td>
</tr>
<tr>
<td><strong>Total liabilities, convertible preferred shares and shareholders’ (deficit) equity</strong></td>
<td>$217,103</td>
<td>$238,040</td>
<td>$247,900</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
### JFROG LTD.
#### CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th>(unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>$ 56,054</td>
<td>$ 94,606</td>
<td>$ 41,680</td>
<td>$ 63,458</td>
<td></td>
</tr>
<tr>
<td>License—self-managed</td>
<td>7,478</td>
<td>10,110</td>
<td>4,435</td>
<td>5,794</td>
<td></td>
</tr>
<tr>
<td><strong>Total subscription revenue</strong></td>
<td>63,532</td>
<td>104,716</td>
<td>46,115</td>
<td>69,252</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription—self-managed and SaaS</td>
<td>10,393</td>
<td>19,201</td>
<td>8,211</td>
<td>12,665</td>
<td></td>
</tr>
<tr>
<td>License—self-managed</td>
<td>318</td>
<td>834</td>
<td>362</td>
<td>428</td>
<td></td>
</tr>
<tr>
<td><strong>Total cost of revenue—subscription</strong></td>
<td>10,711</td>
<td>20,035</td>
<td>8,573</td>
<td>13,093</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>52,821</td>
<td>84,681</td>
<td>37,542</td>
<td>56,159</td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>25,861</td>
<td>29,730</td>
<td>13,099</td>
<td>19,071</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>34,972</td>
<td>44,088</td>
<td>19,742</td>
<td>27,905</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>18,843</td>
<td>17,800</td>
<td>7,883</td>
<td>9,944</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>79,676</td>
<td>91,618</td>
<td>40,724</td>
<td>56,920</td>
<td></td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(26,855)</td>
<td>(6,937)</td>
<td>(3,182)</td>
<td>(761)</td>
<td></td>
</tr>
<tr>
<td>Interest and other income, net</td>
<td>1,310</td>
<td>3,171</td>
<td>1,822</td>
<td>1,138</td>
<td></td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(25,545)</td>
<td>(3,766)</td>
<td>(1,360)</td>
<td>377</td>
<td></td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>470</td>
<td>1,628</td>
<td>709</td>
<td>803</td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (26,015)</td>
<td>$ (5,394)</td>
<td>$ (2,069)</td>
<td>$ (426)</td>
<td></td>
</tr>
<tr>
<td><strong>Net loss per share attributable to ordinary shareholders, basic and diluted</strong></td>
<td>$ (1.00)</td>
<td>$ (0.20)</td>
<td>$ (0.08)</td>
<td>$ (0.02)</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted</strong></td>
<td>26,102,551</td>
<td>27,130,209</td>
<td>26,582,715</td>
<td>28,247,005</td>
<td></td>
</tr>
<tr>
<td><strong>Pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</strong></td>
<td>$ (0.07)</td>
<td>$ (0.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Weighted-average shares used in computing pro forma net loss per share attributable to ordinary shareholders, basic and diluted (unaudited)</strong></td>
<td>79,193,856</td>
<td>80,310,652</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these consolidated financial statements.*

F-4
The accompanying notes are an integral part of these consolidated financial statements.
## JFROG LTD.
### CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS’ DEFICIT
(in thousands, except share data)

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Shares</th>
<th>Amount</th>
<th>Additional Paid-in Capital</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Accumulated Deficit</th>
<th>Total Shareholders’ Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>42,363,375</td>
<td>$ 61,390</td>
<td>25,733,520</td>
<td>$ 74</td>
<td>$ 802</td>
<td>—</td>
<td>$ (38,892)</td>
<td>$ (38,016)</td>
</tr>
<tr>
<td><strong>Balance as of January 1, 2018 (as reported)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Effect of adoption of ASC 606</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,917</td>
<td>4,917</td>
</tr>
<tr>
<td><strong>Balance as of January 1, 2018 (as adjusted)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Issuance of Series D convertible preferred shares, net of issuance costs of $187</strong></td>
<td>9,700,272</td>
<td>114,454</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares upon exercise of share options</strong></td>
<td>—</td>
<td>—</td>
<td>660,130</td>
<td>2</td>
<td>268</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Share-based compensation expense</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>20,167</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>52,063,647</td>
<td>175,844</td>
<td>26,393,650</td>
<td>76</td>
<td>21,237</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares upon exercise of share options</strong></td>
<td>—</td>
<td>—</td>
<td>1,535,603</td>
<td>4</td>
<td>1,217</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares related to business combination</strong></td>
<td>—</td>
<td>—</td>
<td>1,488</td>
<td>(*)</td>
<td>11</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Share-based compensation expense</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>9,370</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other comprehensive income, net of tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>35</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(5,394)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2019</strong></td>
<td>52,063,647</td>
<td>175,844</td>
<td>27,930,741</td>
<td>80</td>
<td>31,835</td>
<td>35</td>
<td>(65,384)</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares upon exercise of share options</strong></td>
<td>—</td>
<td>—</td>
<td>439,695</td>
<td>1</td>
<td>905</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares related to business combination</strong></td>
<td>—</td>
<td>—</td>
<td>102,692</td>
<td>(*)</td>
<td>(*)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Share-based compensation expense</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,739</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other comprehensive income, net of tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>754</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(426)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance as of June 30, 2020 (unaudited)</strong></td>
<td>52,063,647</td>
<td>$ 175,844</td>
<td>28,473,128</td>
<td>$ 81</td>
<td>$ 37,479</td>
<td>$ 789</td>
<td>$ (65,810)</td>
</tr>
</tbody>
</table>

(*) Amount less than $1.

The accompanying notes are an integral part of these consolidated financial statements.

F-6
### JFROG LTD.
**CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS’ DEFICIT - CONTINUED**
(in thousands, except share data)

<table>
<thead>
<tr>
<th></th>
<th>Convertible Preferred Shares</th>
<th>Ordinary Shares</th>
<th>Additional Paid-in Capital</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Accumulated Deficit</th>
<th>Total Shareholders’ Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>52,063,647 Shares, $175,844 Amount</td>
<td>26,393,650 Shares, $76</td>
<td>$21,237</td>
<td>—</td>
<td>$(59,990)</td>
<td>$(38,677)</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares upon exercise of share options</strong></td>
<td>—</td>
<td>—</td>
<td>496,935 Shares, 1 $</td>
<td>597</td>
<td>—</td>
<td>598</td>
</tr>
<tr>
<td><strong>Issuance of ordinary shares related to business combination</strong></td>
<td>—</td>
<td>—</td>
<td>1,488 Shares, (*)</td>
<td>11</td>
<td>—</td>
<td>11</td>
</tr>
<tr>
<td><strong>Share-based compensation expense</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,646</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other comprehensive income, net of tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>101</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,069)</td>
</tr>
<tr>
<td><strong>Balance as of June 30, 2019 (unaudited)</strong></td>
<td>52,063,647 Shares, $175,844 Amount</td>
<td>26,892,073 Shares, $77</td>
<td>$24,491</td>
<td>101</td>
<td>$(62,059)</td>
<td>$(37,390)</td>
</tr>
</tbody>
</table>

(*) Amount less than $1.

The accompanying notes are an integral part of these consolidated financial statements.

F-7
JFROG LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td>$ (26,015)</td>
<td>$ (5,394)</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,120</td>
<td>2,810</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>20,167</td>
<td>9,370</td>
</tr>
<tr>
<td>Losses (gains) on short-term investments, net</td>
<td></td>
<td>(374)</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(6,956)</td>
<td>(4,927)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(3,583)</td>
<td>(4,117)</td>
</tr>
<tr>
<td>Deferred contract acquisition costs</td>
<td>(2,102)</td>
<td>(2,399)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,483</td>
<td>1,792</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>402</td>
<td>1,108</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>24,046</td>
<td>12,135</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>8,562</td>
<td>10,004</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of short-term investments</td>
<td></td>
<td>(203,479)</td>
</tr>
<tr>
<td>Maturities of short-term investments</td>
<td></td>
<td>47,397</td>
</tr>
<tr>
<td>Sales of short-term investments</td>
<td></td>
<td>29,160</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td></td>
<td>(2,075)</td>
</tr>
<tr>
<td>Purchase of intangible asset</td>
<td>(1,000)</td>
<td></td>
</tr>
<tr>
<td>Payments related to business combination, net of cash acquired</td>
<td></td>
<td>(20,860)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(3,075)</td>
<td>(138,845)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of convertible preferred shares, net of issuance costs</td>
<td>114,454</td>
<td></td>
</tr>
<tr>
<td>Proceeds from exercise of share options</td>
<td>270</td>
<td>1,221</td>
</tr>
<tr>
<td>Payments related to prior year business or asset acquisition</td>
<td>(247)</td>
<td>(293)</td>
</tr>
<tr>
<td>Payments of deferred offering costs</td>
<td></td>
<td>(132)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>114,477</td>
<td>736</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash, cash equivalents, and restricted cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in cash, cash equivalents, and restricted cash—beginning of period</td>
<td>119,964</td>
<td>(138,845)</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash—end of period</td>
<td>59,624</td>
<td>179,788</td>
</tr>
<tr>
<td><strong>Supplemental disclosures of cash flow information:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for income taxes</td>
<td>$ 2,966</td>
<td>$ 2,073</td>
</tr>
<tr>
<td><strong>Supplemental disclosures of noncash investing and financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment during the period included in accounts payable</td>
<td>$ 404</td>
<td>$ 268</td>
</tr>
<tr>
<td>Purchase of intangible asset during the period included in accrued expenses</td>
<td>$ 586</td>
<td>$ —</td>
</tr>
<tr>
<td>Fair value of ordinary shares issued as consideration for business combination</td>
<td>$ —</td>
<td>$ 11</td>
</tr>
<tr>
<td>Deferred offering costs incurred during the period included in accounts payable and accrued expenses</td>
<td>$ —</td>
<td>$ 349</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
1. Organization and Description of Business

JFrog Ltd. (together with its subsidiaries, “JFrog”, or the “Company”) was incorporated under the laws of the State of Israel in 2008. JFrog provides an end-to-end, hybrid, universal DevOps Platform to achieve Continuous Software Release Management platform enabling organizations to continuously deliver software updates across any system. JFrog’s platform is the critical bridge between software development and deployment of that software, paving the way for the modern DevOps paradigm. The Company enables organizations to build and release software faster and more securely while empowering developers to be more efficient. The Company’s solutions are designed to run on-premise, in public or private clouds, or in hybrid environments.

2. Summary of Significant Accounting Policies

   Basis of Presentation

   The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of JFrog Ltd. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

   Reclassifications

   Certain prior period amounts have been reclassified in order to conform to the current period presentation.

   Issuance of Bonus Shares

   On July 31, 2018, the Company’s board of directors and shareholders approved the amendment and restatement of the Company’s articles of association to effect a five-for-one share split of the Company’s ordinary shares and convertible preferred shares (collectively, the “Capital Shares”) in the form of bonus shares. Accordingly, (i) for each one share of outstanding Capital Shares, four additional shares of Capital Shares of the same class and series, as applicable, were issued and distributed to the holder thereof; (ii) the number of shares of ordinary shares issuable upon the exercise of each outstanding option to purchase ordinary shares was proportionately increased by four additional ordinary shares; (iii) the exercise price of each outstanding option to purchase ordinary shares was proportionately adjusted; (iv) the authorized number of each class and series of Capital Shares was increased in order to reflect the said issuance of bonus shares; and (v) the par value of each class of Capital Shares was not adjusted as result of this issuance of bonus shares. All the share numbers, share prices, and exercise prices have been adjusted retroactively within these consolidated financial statements to reflect the issuance of the bonus shares.

   Use of Estimates

   The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods and accompanying notes. Significant items subject to such estimates and assumptions include, but are not limited to, the allocation of transaction price among various performance obligations, the estimated customer life on deferred contract acquisition costs, the allowance for doubtful accounts, the fair value of financial assets and liabilities; including accounting and fair value of derivatives, the fair value of acquired intangible assets and goodwill, the useful lives of acquired intangible assets and property and equipment, share-based compensation including the determination of the fair value of the Company’s ordinary shares, and the valuation of deferred tax assets and uncertain tax positions. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates.
The novel coronavirus ("COVID-19") pandemic has created, and may continue to create, significant uncertainty in macroeconomic conditions, and the extent of its impact on the Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Company’s customers and its sales cycles, as discussed in more detail in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments”. The Company considered the impact of COVID-19 on the estimates and assumptions and determined that there were no material adverse impacts on the consolidated financial statements for the period ended June 30, 2020. As events continue to evolve and additional information becomes available, the Company’s estimates and assumptions may change materially in future periods.

**Foreign Currency**

The functional currency of the Company is the U.S. dollar. Accordingly, foreign currency assets and liabilities are remeasured into U.S. dollars at the end-of-period exchange rates except for non-monetary assets and liabilities, which are measured at historical exchange rates. Revenue and expenses are remeasured each day at the exchange rate in effect on the day the transaction occurred. Foreign currency transaction gains and losses have been immaterial in the periods presented.

**Unaudited Interim Consolidated Financial Information**

The accompanying interim consolidated balance sheet as of June 30, 2020, the interim consolidated statements of operations, comprehensive income (loss), convertible preferred shares and shareholders’ deficit, and cash flows for the six months ended June 30, 2019 and 2020, and the related notes to such interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with GAAP and are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. In management’s opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company’s financial position as of June 30, 2020 and the Company’s consolidated results of operations and cash flows for the six months ended June 30, 2019 and 2020. The results for the six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the full year ending December 31, 2020 or any other future interim or annual period.

**Unaudited Pro Forma Shareholders’ Equity**

The Company has presented unaudited pro forma shareholders’ equity as of June 30, 2020 in order to show the assumed effect on the balance sheet of the automatic conversion of the outstanding convertible preferred shares upon the consummation of a qualified initial public offering ("IPO"). Upon the consummation of an IPO, all of the outstanding convertible preferred shares will automatically convert into 52,063,647 shares of ordinary shares. The unaudited pro forma shareholders’ equity does not give effect to any proceeds from the assumed IPO.

**Concentration of Risks**

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and derivative instruments. The Company maintains its cash, cash equivalents, restricted cash, and short-term investments with high-quality financial institutions mainly in the U.S. and Israel, the composition and maturities of which are regularly monitored by the Company. The Company grants credit to its customers in the normal course of business.
As of December 31, 2018 and 2019, and June 30, 2020, no single customer represented 10% or more of accounts receivable. No single customer accounted for more than 10% of total revenue for the periods presented.

**Cash, Cash Equivalents, and Restricted Cash**

Cash and cash equivalents consist of cash in banks, bank deposits, and money market funds. The Company considers all highly liquid investments, with an original maturity of three months or less at the date of purchase, to be cash equivalents. The Company maintains certain cash amounts restricted as to its withdrawal or use. The Company’s restricted cash primarily consists of a money market fund and security deposits collateralizing the Company’s operating leases.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2018</th>
<th>December 31, 2018</th>
<th>June 30, 2019 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 57,922</td>
<td>$ 177,878</td>
<td>$ 39,150</td>
</tr>
<tr>
<td>Restricted cash included in prepaid expenses and other current assets</td>
<td>280</td>
<td>296</td>
<td>14</td>
</tr>
<tr>
<td>Restricted cash included in other assets, noncurrent</td>
<td>1,622</td>
<td>1,614</td>
<td>1,779</td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents, and restricted cash</strong></td>
<td><strong>$ 59,824</strong></td>
<td><strong>$ 179,788</strong></td>
<td><strong>$ 40,943</strong></td>
</tr>
</tbody>
</table>

**Short-Term Investments**

Short-term investments consist of bank deposits and marketable securities. The Company classifies its marketable securities as available-for-sale at the time of purchase and reevaluates such classification at each balance sheet date. The Company may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, the Company classifies its marketable securities, including those with maturities beyond 12 months, as current assets in the consolidated balance sheets. The Company carries these securities at fair value and records unrealized gains and losses, net of taxes, in accumulated other comprehensive income, which is reflected as a component of shareholders’ (deficit) equity. The Company periodically evaluates its marketable securities to assess whether those with unrealized loss positions are other-than-temporarily impaired. If the cost of an individual security exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than the cost basis, and the Company’s intent and ability to hold the security. If the Company believes that a decline in fair value is determined to be other-than-temporary, the Company writes down the security to fair value. Realized gains and losses and declines in fair value judged to be other than temporary on available-for-sale marketable securities are reported in interest and other income, net in the consolidated statements of operations.

**Fair Value Measurements**

Fair value is defined as the exchange price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures financial assets and liabilities at
fair value at each reporting period using a fair value hierarchy which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments consist of cash equivalents, restricted cash, short-term investments, accounts receivables, derivative financial instruments, accounts payables, and accrued liabilities. Short-term investments, derivative financial instruments, and restricted money market fund are stated at fair value on a recurring basis. Cash equivalents, restricted security deposits, accounts receivable, accounts payable, and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

**Accounts Receivable, Net**

Accounts receivable are recorded at the invoiced amount and amounts for which revenue has been recognized but not invoiced, net of allowance for doubtful accounts. The allowance for doubtful accounts is based on the Company’s assessment of the collectability of accounts. The Company regularly reviews the adequacy of the allowance for doubtful accounts based on a combination of factors, including an assessment of the current customer’s aging balance, the nature and size of the customer, the financial condition of the customer, and the amount of any receivables in dispute. Accounts receivable deemed uncollectable are charged against the allowance for doubtful accounts when identified. The allowance of doubtful accounts was not material for the periods presented.

**Derivative Financial Instruments**

The Company enters into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks, mainly the exposure to changes in the exchange rate of the New Israeli Shekel (“NIS”) against the U.S. dollar that are associated with forecasted future cash flows and certain existing assets and liabilities for up to twelve months. The Company’s primary objective in entering into these contracts is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. The Company’s derivative instruments expose the Company to credit risk to the extent that the counterparties may be unable to meet the terms of the contract. The Company seeks to mitigate such risk by limiting its counterparties to major financial institutions and by spreading the risk across several major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. The Company does not use derivative instruments for trading or speculative purposes.

The Company accounts for its derivative instruments as either assets or liabilities and carries them at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. Derivative instruments that hedge the exposure to variability in expected future cash flows that are designated as cash flow hedges, are recorded as either prepaid expenses and other current
assets or accrued expenses and other current liabilities in the consolidated balance sheets. The Company records changes in the fair value of these derivatives in accumulated other comprehensive income in the consolidated balance sheets, until the forecasted transaction occurs. Upon occurrence, the Company reclassifies the related gain or loss on the derivative to the same financial statement line item in the consolidated statements of operations to which the derivative relates. Derivative instruments that hedge the exposure to variability in the fair value of assets or liabilities that are not currently designated as hedges for financial reporting purposes, are recorded as either prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated balance sheets. The Company records changes in the fair value of these derivatives in interest and other income, net in the consolidated statements of operations.

**Property and Equipment, Net**

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Expenditures for maintenance and repairs are expensed as incurred.

The estimated useful lives of the Company’s property and equipment are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer and software</td>
<td>3 years</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>3–7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Shorter of remaining lease term or estimated useful life</td>
</tr>
</tbody>
</table>

**Capitalized Software Costs**

Software development costs for software to be sold, leased, or otherwise marketed are expensed as incurred until the establishment of technological feasibility, at which time those costs are capitalized until the product is available for general release to customers and amortized over the estimated life of the product. Technological feasibility is established when all planning, designing, coding and testing necessary to meet the product’s design specifications have been completed. Once technological feasibility is established, costs are capitalized until the product is made available for general release to the Company’s customers. Maintenance costs are expensed as incurred. To date, costs have not been capitalized as the general release process is essentially completed concurrently with the establishment of technological feasibility.

Costs related to software acquired, developed, or modified solely to meet the Company’s internal requirements, with no substantive plans to market such software at the time of development are capitalized. Costs incurred during the preliminary planning and evaluation stage of the project and during the post implementation operational stage are expensed as incurred. Costs incurred during the application development stage of the project are capitalized. Maintenance costs are expensed as incurred. The amount of qualifying costs for capitalization incurred was immaterial for the periods presented.

**Leases**

Leases are reviewed and classified as either capital or operating leases at their inception. In certain lease agreements, the Company may receive renewals or expansion options, rent holidays, and other incentives. For operating leases, the Company recognizes lease costs on a straight-line basis once control of the space is achieved, without regard to deferred payment terms such as rent holidays that defer the commencement date of required payments. Additionally, incentives received are treated as a reduction of costs over the term of the agreement.
Business and Asset Acquisitions

When the Company acquires a business, the purchase price is allocated to the tangible and identifiable intangible assets, net of liabilities assumed. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company’s consolidated statements of operations.

The Company accounts for a transaction as an asset acquisition pursuant to the provisions of ASU No. 2017-01, Clarifying the Definition of a Business, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, or otherwise does not meet the definition of a business. Asset acquisition-related costs are capitalized as part of the asset or assets acquired.

Goodwill and Intangible Assets

Goodwill is not amortized but rather tested for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. The Company has determined that it has one operating segment and one reporting unit. Goodwill impairment is recognized when the quantitative assessment results in the carrying value exceeding the fair value, in which case an impairment charge is recorded to the extent the carrying value exceeds the fair value. There were no impairment charges to goodwill during the periods presented.

Intangible assets are amortized on a straight-line basis over the estimated useful life of the respective asset. Each period the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization.

The estimated useful lives of the Company’s intangible assets are as follows:

Developed technology 3–6 years
Customer relationships 6 years
Other intangible assets 3 years

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, including property and equipment and intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. Such events and changes may include significant changes in performance relative to expected operating results, significant changes in asset use, significant negative industry or economic trends, and changes in the Company’s business strategy. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to
generate. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. There were no impairment charges to long-lived assets during the periods presented.

**Deferred Offering Costs**

Deferred offering costs consist primarily of accounting, legal, and other fees related to the Company’s proposed IPO. Upon consummation of the IPO, the deferred offering costs will be reclassified to shareholders’ (deficit) equity and recorded against the proceeds from the offering. In the event the offering is aborted, deferred offering costs will be expensed. The Company capitalized $0.5 million and $3.1 million of deferred offering costs within other assets, noncurrent in the consolidated balance sheets as of December 31, 2019 and June 30, 2020, respectively. No offering costs were capitalized as of December 31, 2018.

**Revenue Recognition**

The Company’s revenues are comprised of revenue from self-managed subscriptions and SaaS subscriptions. Subscriptions to the Company’s self-managed software include license, support, and upgrades and updates on a when-and-if-available basis. The Company’s SaaS subscriptions provide access to the Company’s latest managed version of its product hosted in a public cloud. The Company’s self-managed subscriptions are offered on an annual and multi-year basis, and SaaS subscriptions are offered on an annual basis, with the exception of certain SaaS subscriptions, which are also offered on a monthly basis. The Company’s annual and multi-year subscriptions are typically invoiced and collected at the time of entering into the contract for the full contract amount. The Company’s monthly SaaS subscriptions are typically billed in arrears. For SaaS subscriptions with a minimum usage commitment, the Company typically invoices and collects the commitment amount at the time of entering into the contract, with any usage in excess of the committed contracted amount billed monthly in arrears.

The Company elected to adopt Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), effective as of January 1, 2018, utilizing the full retrospective method of adoption. Accordingly, the consolidated financial statements for the years ended December 31, 2018 and 2019 and the unaudited interim consolidated financial statements for the six months ended June 30, 2019 and 2020 are presented under ASC 606. The impact of the adoption of ASC 606 is related to the timing of revenue recognition for self-managed subscriptions involving licenses and sales commissions. Under ASC 606, the Company recognizes self-managed license revenue upon the delivery of the license to the customer. Additionally, the Company is required to capitalize and amortize incremental costs of obtaining a contract, over the remaining contractual term or an estimated period of benefit. The Company recorded a cumulative effect adjustment to the opening accumulated deficit of $4.9 million as of January 1, 2018, of which $3.7 million related to an increase in revenue that would have been recognized during the prior periods compared to previous guidance and $1.2 million related to the reduction in commission expenses of prior periods that the Company capitalized under ASC 606, net of taxes.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services are delivered. The amount of revenue recognized reflects the consideration that the Company expects to receive in exchange for these goods or services. To achieve the core principle of this standard, the Company applied the following five steps:

1. **Identification of the contract, or contracts, with the customer**

   The Company determines that it has a contract with a customer when each party’s rights regarding the products or services to be transferred can be identified, the payment terms for the services can be identified, the
Company has determined the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation.

2. Identification of the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the products or services either on their own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products and services is separately identifiable from other promises in the contract.

For self-managed subscriptions, the Company’s performance obligations include license for proprietary features of software, support, and upgrades and updates to the software on a when-and-if-available basis. The license provides standalone functionality to the customer and is therefore deemed a distinct performance obligation. Performance obligations related to support as well as upgrades and updates to the software on a when-and-if-available basis generally have a consistent continuous pattern of transfer to a customer during the contract period.

For SaaS subscriptions, the Company provides access to its cloud-hosted software, without providing the customer with the right to take possession of its software, which the Company considers to be a single performance obligation.

3. Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring products or delivery of services to the customer. Payment terms and conditions vary by contract type, although terms generally include a requirement to pay within 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts generally do not include a significant financing component. The primary purpose of the Company’s invoicing terms is to provide customers with simplified and predictable ways of purchasing its products and services, not to receive financing from its customers or to provide customers with financing. The Company applied the practical expedient in ASC 606 and did not evaluate payment terms of one year or less for the existence of a significant financing component. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities (e.g., sales tax and other indirect taxes). The Company does not offer right of refund in its contracts.

4. Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, the Company allocates the transaction price for each contract to each performance obligation based on the relative standalone selling price (“SSP”) for each performance obligation. The Company uses judgment in determining the SSP for its products and services. The Company typically assesses the SSP for its products and services on a periodic basis or when facts and circumstances change. To determine SSP, the Company maximizes the use of observable standalone sales and observable data, where available. In instances where performance obligations do not have observable standalone sales, the Company utilizes available information that may include market conditions, pricing
5. Recognition of the revenue when, or as, a performance obligation is satisfied

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or delivery of service to the customer. Revenue is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. For self-managed subscriptions, the revenue related to the license for proprietary features is recognized upfront, when the license is delivered. This revenue is presented in the Company’s consolidated statements of operations as license–self-managed. The revenue related to support, and upgrades and updates, are recognized ratably over the contract period and is included in the Company’s consolidated statements of operations as subscription–self-managed and SaaS. For SaaS subscriptions, revenue is recognized based on usage as the usage occurs over the contract period and is included in the Company’s consolidated statements of operations as subscription–self-managed and SaaS.

Disaggregation of Revenue

The following table presents revenue by category:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage of</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-managed</td>
<td>53,858</td>
<td>85%</td>
<td>85,596</td>
</tr>
<tr>
<td>Subscription</td>
<td>46,380</td>
<td>73%</td>
<td>75,486</td>
</tr>
<tr>
<td>License</td>
<td>7,478</td>
<td>12%</td>
<td>10,110</td>
</tr>
<tr>
<td>SaaS</td>
<td>9,674</td>
<td>15%</td>
<td>19,120</td>
</tr>
<tr>
<td>Total subscription</td>
<td>$63,332</td>
<td>100%</td>
<td>$104,716</td>
</tr>
</tbody>
</table>

The following table summarizes revenue by region based on the shipping address of customers:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage of</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$40,374</td>
<td>63%</td>
<td>$64,951</td>
</tr>
<tr>
<td>Israel</td>
<td>1,140</td>
<td>2%</td>
<td>1,927</td>
</tr>
<tr>
<td>Rest of world</td>
<td>22,018</td>
<td>35%</td>
<td>37,838</td>
</tr>
<tr>
<td>Total subscription</td>
<td>$63,532</td>
<td>100%</td>
<td>$104,716</td>
</tr>
</tbody>
</table>

Contract Balances

Contract assets consist of unbilled accounts receivable, which occur when a right to consideration for the Company’s performance under the customer contract occurs before invoicing to the customer. The amount of unbilled accounts

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receivable included within accounts receivable, net on the consolidated balance sheets was immaterial for the periods presented.

Contract liabilities consist of deferred revenue. Revenue is deferred when the Company invoices in advance of performance under a contract. The current portion of the deferred revenue balance is recognized as revenue during the 12-month period after the balance sheet date. The noncurrent portion of the deferred revenue balance is recognized as revenue following the 12-month period after the balance sheet date. Of the $46.1 million and $70.2 million of deferred revenue as of January 1, 2018 and 2019, respectively, the Company recognized $30.9 million and $51.9 million as revenue during the years ended December 31, 2018 and 2019, respectively. Of the $70.2 million and $82.3 million of deferred revenue as of January 1, 2019 and 2020, respectively, the Company recognized $32.8 million and $48.5 million as revenue during the six months ended June 30, 2019 and 2020, respectively.

Remaining Performance Obligation

The Company’s remaining performance obligations are comprised of product and services revenue not yet delivered. As of December 31, 2019 and June 30, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations was $85.5 million and $87.6 million, respectively, which consists of both billed consideration in the amount of $82.3 million and $82.9 million, respectively, and unbilled consideration in the amount of $3.2 million and $4.7 million, respectively, that the Company expects to recognize as revenue. As of December 31, 2019, the Company expects to recognize 86% of its remaining performance obligations as revenue in the year ending December 31, 2020, and the remainder thereafter. As of June 30, 2020, the Company expects to recognize 86% of its remaining performance obligations as revenue over the next 12 months, and the remainder thereafter.

Cost to Obtain a Contract

The Company capitalizes sales commissions and associated payroll taxes paid to sales personnel that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on its sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions for the renewal of a contract are not considered commensurate with the sales commissions paid for the acquisition of the initial contract given a substantive difference in commission rates in proportion to their respective contract values. Sales commissions paid for the renewal of a contract to sales personnel are amortized over the contractual term of the renewals. Sales commissions paid upon the initial acquisition of a customer contract for sales personnel are amortized over an estimated period of benefit of four years. The Company determines the period of benefit for sales commissions paid for the acquisition of the initial customer contract by taking into consideration the estimated customer life and the technological life of the Company’s software and other factors.

Amortization of sales commissions are consistent with the pattern of revenue recognition of each performance obligation and are included in sales and marketing expense in the consolidated statements of operations. The Company has applied the practical expedient in ASC 606 to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

The Company periodically reviews these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. There were no impairment losses recorded during the periods presented.
The following table represents a rollforward of deferred contract acquisition costs:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Beginning balance</strong></td>
<td>$1,488</td>
<td>$3,590</td>
<td>$3,590</td>
</tr>
<tr>
<td><strong>Additions to deferred contract acquisition costs</strong></td>
<td>2,947</td>
<td>4,212</td>
<td>2,024</td>
</tr>
<tr>
<td><strong>Amortization of deferred contract acquisition costs</strong></td>
<td>(845)</td>
<td>(1,813)</td>
<td>(749)</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$3,590</td>
<td>$5,989</td>
<td>$4,865</td>
</tr>
<tr>
<td><strong>Deferred contract acquisition costs (to be recognized in next 12 months)</strong></td>
<td>$1,299</td>
<td>$2,348</td>
<td>$1,867</td>
</tr>
<tr>
<td><strong>Deferred contract acquisition costs, noncurrent</strong></td>
<td>2,291</td>
<td>3,641</td>
<td>2,998</td>
</tr>
<tr>
<td><strong>Total deferred contract acquisition costs</strong></td>
<td>$3,590</td>
<td>$5,989</td>
<td>$4,865</td>
</tr>
</tbody>
</table>

**Cost of Revenue**

Cost of revenue primarily consists of expenses related to providing support to the Company’s customers, cloud-related costs, such as hosting and managing costs, the amortization of acquired intangible assets, and allocated overhead. Overhead is allocated to cost of revenue based on applicable headcount.

**Research and Development**

Research and development costs include personnel-related expenses associated with the Company’s engineering personnel responsible for the design, development and testing of its products, cost of development environments and tools, and allocated overhead. Research and development costs are expensed as incurred.

**Advertising Costs**

Advertising costs are expensed as incurred and include direct marketing, events, public relations, sales collateral materials and partner programs. Advertising costs amounted to $0.6 million, $1.1 million, $0.5 million, and $1.0 million for the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020, respectively, and are included in sales and marketing expense in the consolidated statements of operations.

**Share-Based Compensation**

Share-based compensation expense related to share awards is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected term of the option, the expected volatility of the price of the Company’s ordinary shares, risk-free interest rates, and the expected dividend yield of ordinary shares. The assumptions used to determine the fair value of the option awards represent management’s best estimates. These estimates involve inherent uncertainties and the application of management’s judgment. The related share-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, including awards with graded vesting and no additional conditions for vesting other than service conditions. Forfeitures are accounted for as they occur instead of estimating the number of awards expected to be forfeited.
Income Taxes

The Company is subject to income taxes in Israel, the U.S., and other foreign jurisdictions. These foreign jurisdictions may have different statutory rates than in Israel. Income taxes are accounted in accordance with ASC 740, Income Taxes (“ASC 740”). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company recognizes income tax benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such uncertain tax positions are then measured based on the largest benefit that is more likely than not to be realized upon the ultimate settlement. Although the Company believes that it has adequately reserved for its uncertain tax positions (including net interest and penalties), it can provide no assurance that the final tax outcome of these matters will not be materially different. The Company makes adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

Net Loss Per Share Attributable to Ordinary Shareholders

The Company computes net loss per share using the two-class method required for participating securities. The two-class method requires income available to ordinary shareholders for the period to be allocated between ordinary shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company considers its convertible preferred shares to be participating securities as the holders of the convertible preferred shares would be entitled to dividends that would be distributed to the holders of ordinary shares, on a pro-rata basis assuming conversion of all convertible preferred shares into ordinary shares. These participating securities do not contractually require the holders of such shares to participate in the Company’s losses. As such, net loss for the periods presented was not allocated to the Company’s participating securities.

The Company’s basic net loss per share is calculated by dividing net loss attributable to ordinary shareholders by the weighted-average number of shares of ordinary shares outstanding for the period, without consideration of potentially dilutive securities. The diluted net loss per share is calculated by giving effect to all potentially dilutive securities outstanding for the period using the treasury share method or the if-converted method based on the nature of such securities. Diluted net loss per share is the same as basic net loss per share in periods when the effects of potentially dilutive shares of ordinary shares are anti-dilutive.

Unaudited Pro Forma Net Loss Per Share Attributable to Ordinary Shareholders

Unaudited pro forma basic and diluted net loss per share attributable to ordinary shareholders for the year ended December 31, 2019 and the six months ended June 30, 2020 has been computed to give effect to the conversion of convertible preferred shares into ordinary shares as of the beginning of the period or the original date of issuance, if later.
Segment Information

The Company operates in one operating and reportable segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the Company’s chief executive officer (“CEO”), in deciding how to allocate resources and assessing performance. The Company’s chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level.

Revenue by geographical region can be found in the revenue recognition disclosures in Note 2 above. The following table presents the Company’s property and equipment, net of depreciation and amortization, by geographic region:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018 (in thousands)</th>
<th>December 31, 2019 (in thousands)</th>
<th>December 31, 2020 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$1,689</td>
<td>$1,544</td>
<td>$1,353</td>
</tr>
<tr>
<td>Israel</td>
<td>985</td>
<td>1,500</td>
<td>2,070</td>
</tr>
<tr>
<td>Rest of world</td>
<td>472</td>
<td>488</td>
<td>496</td>
</tr>
<tr>
<td>Total property and equipment, net</td>
<td><strong>$3,146</strong></td>
<td><strong>$3,532</strong></td>
<td><strong>$3,919</strong></td>
</tr>
</tbody>
</table>

Recently Adopted Accounting Pronouncements

As an “emerging growth company,” the Jumpstart Our Business Startups Act (“JOBS Act”) allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging* (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*, which simplifies the designation and measurement requirements of hedge accounting in certain situations and allows companies to better align their hedge accounting with their risk management activities. The guidance also eases certain hedge effectiveness assessment requirements, expands the eligibility of hedging strategies that may qualify for hedge accounting and modifies certain presentation and disclosure requirements. The guidance will be effective beginning January 1, 2021, and interim periods in fiscal years beginning January 1, 2022. Early adoption is permitted. The Company early adopted the guidance as of January 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which would require lessees to put all leases on their balance sheets, whether operating or financing, while continuing to recognize the expenses on their income statements in a manner similar to current practice. The guidance states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 for non-public entities to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The guidance will be effective for the Company beginning January 1, 2022, and interim periods in fiscal years beginning January 1, 2023. The
Company is currently evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The guidance will be effective for the Company beginning January 1, 2023, and interim periods therein. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard requires capitalized costs to be amortized on a straight-line basis generally over the term of the arrangement, and the financial statement presentation for these capitalized costs would be the same as that of the fees related to the hosting arrangements. The guidance will be effective for the Company beginning January 1, 2021, and interim periods in fiscal years beginning January 1, 2022. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2018-15 will have on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing a variety of exceptions within the framework of ASC 740. These exceptions include the exception to the incremental approach for intraperiod tax allocation in the event of a loss from continuing operations and income or a gain from other items (such as other comprehensive income), and the exception to using general methodology for the interim period tax accounting for year-to-date losses that exceed anticipated losses. The guidance will be effective for the Company beginning January 1, 2022, and interim periods in fiscal years beginning January 1, 2023. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2019-12 will have on its consolidated financial statements and related disclosures.
### 3. Short-Term Investments

Short-term investments consisted of the following:

**December 31, 2019**

<table>
<thead>
<tr>
<th></th>
<th>Amortized Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>$ 26,722</td>
<td>$</td>
<td>$</td>
<td>$ 26,722</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>5,267</td>
<td>3</td>
<td>—</td>
<td>5,270</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>4,762</td>
<td>—</td>
<td>(3)</td>
<td>4,759</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>59,832</td>
<td>20</td>
<td>(16)</td>
<td>59,836</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>483</td>
<td>—</td>
<td>—</td>
<td>483</td>
</tr>
<tr>
<td>Government and agency debt</td>
<td>30,230</td>
<td>32</td>
<td>(1)</td>
<td>30,261</td>
</tr>
<tr>
<td><strong>Marketable securities</strong></td>
<td><strong>100,574</strong></td>
<td><strong>55</strong></td>
<td><strong>(20)</strong></td>
<td><strong>100,609</strong></td>
</tr>
<tr>
<td><strong>Total short-term investments</strong></td>
<td><strong>$127,296</strong></td>
<td><strong>55</strong></td>
<td><strong>(20)</strong></td>
<td><strong>$127,331</strong></td>
</tr>
</tbody>
</table>

**June 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th>Amortized Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>$ 35,486</td>
<td>$</td>
<td>—</td>
<td>$ 35,486</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>10,832</td>
<td>71</td>
<td>—</td>
<td>10,903</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>7,472</td>
<td>19</td>
<td>(1)</td>
<td>7,490</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>61,523</td>
<td>184</td>
<td>(3)</td>
<td>61,704</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>8,411</td>
<td>6</td>
<td>(4)</td>
<td>8,413</td>
</tr>
<tr>
<td>Government and agency debt</td>
<td>20,128</td>
<td>59</td>
<td>(1)</td>
<td>20,186</td>
</tr>
<tr>
<td><strong>Marketable securities</strong></td>
<td><strong>108,366</strong></td>
<td><strong>339</strong></td>
<td><strong>(9)</strong></td>
<td><strong>108,696</strong></td>
</tr>
<tr>
<td><strong>Total short-term investments</strong></td>
<td><strong>$143,852</strong></td>
<td><strong>339</strong></td>
<td><strong>(9)</strong></td>
<td><strong>$144,182</strong></td>
</tr>
</tbody>
</table>

Based on the available evidence, the Company concluded that the gross unrealized losses on the marketable securities as of December 31, 2019 and June 30, 2020 are temporary in nature. See Note 11, *Accumulated Other Comprehensive Income*, for the realized gains or losses from available-for-sale marketable securities that were reclassified out of accumulated other comprehensive income during the periods presented. As of December 31, 2019 and June 30, 2020, the contractual maturities of the Company’s marketable securities were all less than one year. There were no short-term investments as of December 31, 2018.
4. Fair Value Measurements

The following table presents information about the Company’s financial instruments that are measured at fair value on a recurring basis:

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts included in prepaid expenses and other current assets</td>
<td>$15</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restricted money market fund included in other assets, noncurrent</td>
<td>1,500</td>
<td>1,500</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$1,515</td>
<td>$1,500</td>
<td>$15</td>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank deposits</td>
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<td>$ —</td>
<td>$26,722</td>
<td>$ —</td>
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<td>—</td>
<td>5,270</td>
<td>—</td>
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<tr>
<td>Commercial paper</td>
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<td>—</td>
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<td>—</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>59,836</td>
<td>—</td>
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<td>—</td>
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<tr>
<td>Municipal securities</td>
<td>483</td>
<td>—</td>
<td>483</td>
<td>—</td>
</tr>
<tr>
<td>Government and agency debt</td>
<td>30,261</td>
<td>—</td>
<td>30,261</td>
<td>—</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>127,331</td>
<td>—</td>
<td>127,331</td>
<td>—</td>
</tr>
<tr>
<td>Restricted money market fund included in other assets, noncurrent</td>
<td>1,500</td>
<td>1,500</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$128,831</td>
<td>$1,500</td>
<td>$127,331</td>
<td>$ —</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts included in accrued expenses and other current liabilities</td>
<td>$69</td>
<td>—</td>
<td>$69</td>
<td>—</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>$69</td>
<td>—</td>
<td>$69</td>
<td>—</td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

June 30, 2020

<table>
<thead>
<tr>
<th>Financial Assets:</th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>$35,486</td>
<td>—</td>
<td>$35,486</td>
<td>—</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>10,903</td>
<td>—</td>
<td>10,903</td>
<td>—</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>7,490</td>
<td>—</td>
<td>7,490</td>
<td>—</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>61,704</td>
<td>—</td>
<td>61,704</td>
<td>—</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>8,413</td>
<td>—</td>
<td>8,413</td>
<td>—</td>
</tr>
<tr>
<td>Government and agency debt</td>
<td>20,186</td>
<td>—</td>
<td>20,186</td>
<td>—</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>144,182</td>
<td>—</td>
<td>144,182</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>designated as hedging instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in prepaid expenses and other current assets</td>
<td>461</td>
<td>—</td>
<td>461</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not designated as hedging instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in prepaid expenses and other current assets</td>
<td>219</td>
<td>—</td>
<td>219</td>
<td>—</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$144,862</td>
<td>—</td>
<td>$144,862</td>
<td>—</td>
</tr>
</tbody>
</table>

Financial Liabilities:

<table>
<thead>
<tr>
<th>Financial Liabilities:</th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>designated as hedging instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in accrued expenses and other current liabilities</td>
<td>$2</td>
<td>—</td>
<td>$2</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not designated as hedging instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in accrued expenses and other current liabilities</td>
<td>1</td>
<td>—</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>$3</td>
<td>—</td>
<td>$3</td>
<td>—</td>
</tr>
</tbody>
</table>

The Company classifies its restricted money market fund within Level 1 of the fair value hierarchy because it is valued based on quoted market prices in active markets. The Company classifies its bank deposits, certificates of deposit, commercial paper, corporate debt securities, municipal securities, government and agency debt, and derivative financial instruments within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded.

F-25
5. Derivative Financial Instruments and Hedging

**Notional Amount of Foreign Currency Contracts**

The gross notional amounts of the Company’s foreign currency contracts are NIS denominated. The notional amounts of outstanding foreign currency contracts in U.S. dollars as of the periods presented were as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Notional Amount</strong></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$—</td>
<td>$—</td>
<td>$9,436</td>
</tr>
<tr>
<td>Total derivative instruments</td>
<td>$7,465</td>
<td>$9,672</td>
<td>$3,021</td>
</tr>
</tbody>
</table>

**Effect of Foreign Currency Contracts on the Consolidated Statements of Operations**

The effect of foreign currency contracts on the consolidated statements of operations during the periods presented were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Derivatives Designated as Hedging Instruments</th>
<th>Derivatives Not Designated as Hedging Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year Ended December 31, 2018</td>
<td>Six Months Ended June 30, 2019</td>
</tr>
<tr>
<td>Cost of revenue: subscription–self-managed and SaaS</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Research and development</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>General and administrative</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest and other income, net</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total (gains) losses recognized in earnings</td>
<td>$—</td>
<td>$—</td>
</tr>
</tbody>
</table>

F-26
Effect of Foreign Currency Contracts on Accumulated Other Comprehensive Income

The following table represents the net unrealized gains of foreign currency contracts designated as hedging instruments, net of tax, that were recorded in accumulated other comprehensive income as of June 30, 2020, and their effect on other comprehensive income for the six months ended June 30, 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2020 (in thousands, unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2019</td>
<td>$—</td>
</tr>
<tr>
<td>Amount of net gains recorded in other comprehensive income</td>
<td>421</td>
</tr>
<tr>
<td>Amount of net losses reclassified from other comprehensive income to earnings</td>
<td>38</td>
</tr>
<tr>
<td>Balance as of June 30, 2020</td>
<td>$459</td>
</tr>
</tbody>
</table>

There were no foreign currency contracts designated as hedging instruments for the year ended December 31, 2018 and 2019. As of June 30, 2020, net deferred gains totaled $0.5 million and are expected to be recognized as operating expenses in the same financial statement line item in the consolidated statements of operations to which the derivative relates over the next twelve months. See the table above for the amounts recorded in each financial statement line item during the periods presented.

6. Consolidated Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2020 (in thousands)</th>
<th>June 30, 2020 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer and software</td>
<td>$2,202</td>
<td>$3,107</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>854</td>
<td>1,097</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,715</td>
<td>2,234</td>
</tr>
<tr>
<td>Property and equipment, gross</td>
<td>4,771</td>
<td>6,438</td>
</tr>
<tr>
<td>Less: accumulated depreciation and amortization</td>
<td>(1,625)</td>
<td>(2,906)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$3,146</td>
<td>$3,532</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense were $0.7 million, $1.3 million, $0.6 million, and $1.0 million for the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2020 (in thousands)</th>
<th>June 30, 2020 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued compensation and benefits</td>
<td>$4,325</td>
<td>$5,333</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,248</td>
<td>3,002</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>$6,573</td>
<td>$8,335</td>
</tr>
</tbody>
</table>
7. Business Combination

In February 2019, the Company acquired 100% of the share capital of Shippable Inc. ("Shippable"), a privately held company in the United States. Shippable is a cloud-based continuous integration and delivery platform that developers use to compile code and deliver app and microservices updates. The acquisition has been accounted for as a business combination and the Company has included the financial results of Shippable in the consolidated financial statements from the date of the acquisition. The effects on the Company’s consolidated total revenue and net loss were immaterial. As a result, pro forma results of operations for this acquisition have not been presented.

The total purchase price was $21.2 million, comprised of $20.9 million in cash paid, net of $0.3 million of cash acquired, and issuance of 1,488 ordinary shares, paid and issued upon closing of the transaction. In addition, there are contingent considerations that are not included within the total purchase price, comprising of total aggregate cash payments of $4.1 million and the issuance of 308,080 shares of the Company’s ordinary shares, subject to the attainment of certain employee retention and performance targets, and are recognized over three years as acquisition-related costs and share-based compensation expense, respectively. The Company recognized $1.1 million, $0.5 million, and $0.7 million in acquisition-related costs and $1.1 million, $0.4 million, and $0.4 million in share-based compensation expense related to these contingent considerations for the year ended December 31, 2019 and the six months ended June 30, 2019 and 2020, respectively. As of December 31, 2019 and June 30, 2020, the unrecognized share-based compensation cost related to the issuable ordinary shares was $1.2 million and $0.8 million, respectively.

The following table summarizes the components of the Shippable purchase price and the allocation of the purchase price at fair value:

<table>
<thead>
<tr>
<th>Amount (in thousands)</th>
<th>$ 20,860</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid, net of cash acquired</td>
<td>20,860</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>11</td>
</tr>
<tr>
<td>Total purchase consideration</td>
<td>$ 20,871</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,323</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,000</td>
</tr>
<tr>
<td>Goodwill</td>
<td>15,691</td>
</tr>
<tr>
<td>Net liabilities acquired</td>
<td>(143)</td>
</tr>
<tr>
<td>Total purchase consideration</td>
<td>$ 20,871</td>
</tr>
</tbody>
</table>

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

<table>
<thead>
<tr>
<th>Fair Value (in thousands)</th>
<th>Useful Life (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed technology</td>
<td>$ 2,800</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>1,200</td>
</tr>
<tr>
<td>Total identifiable intangible assets</td>
<td>$ 4,000</td>
</tr>
</tbody>
</table>
The Company incurred transaction costs in connection with the Shippable acquisition of $0.3 million. These transaction costs were included in general and administrative expenses in the consolidated statements of operations.

8. Goodwill and Intangible Assets, Net

Intangible Assets, Net

Intangible assets consisted of the following as of December 31, 2018:

<table>
<thead>
<tr>
<th>Gross Fair Value</th>
<th>Accumulated Amortization</th>
<th>Net Book Value</th>
<th>Weighted-Average Remaining Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>(in thousands)</td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Developed technology</td>
<td>$ 2,056</td>
<td>($398)</td>
<td>$1,658</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>1,586</td>
<td>(107)</td>
<td>1,479</td>
</tr>
<tr>
<td>Total</td>
<td>$3,642</td>
<td>($505)</td>
<td>$3,137</td>
</tr>
</tbody>
</table>

Intangible assets consisted of the following as of December 31, 2019:

<table>
<thead>
<tr>
<th>Gross Fair Value</th>
<th>Accumulated Amortization</th>
<th>Net Book Value</th>
<th>Weighted-Average Remaining Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>(in thousands)</td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Developed technology</td>
<td>$4,856</td>
<td>($1,231)</td>
<td>$3,625</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>1,200</td>
<td>(167)</td>
<td>1,033</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>1,586</td>
<td>(636)</td>
<td>950</td>
</tr>
<tr>
<td>Total</td>
<td>$7,642</td>
<td>($2,034)</td>
<td>$5,608</td>
</tr>
</tbody>
</table>

Intangible assets consisted of the following as of June 30, 2020:

<table>
<thead>
<tr>
<th>Gross Fair Value</th>
<th>Accumulated Amortization</th>
<th>Net Book Value</th>
<th>Weighted-Average Remaining Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands, unaudited)</td>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed technology</td>
<td>$4,856</td>
<td>($1,659)</td>
<td>$3,197</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>1,200</td>
<td>(267)</td>
<td>933</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>1,586</td>
<td>(900)</td>
<td>686</td>
</tr>
<tr>
<td>Total</td>
<td>$7,642</td>
<td>($2,826)</td>
<td>$4,816</td>
</tr>
</tbody>
</table>

Amortization expenses for intangible assets were $0.4 million, $1.5 million, $0.7 million, and $0.8 million for the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020, respectively. Amortization of developed technology is included in cost of revenue: license—self-managed and amortization of customer relationships and other intangible assets are included in sales and marketing expense in the consolidated statements of operations.
The expected future amortization expenses related to the intangible assets as of December 31, 2019 were as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>December 31, 2019 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$1,562</td>
</tr>
<tr>
<td>2021</td>
<td>1,382</td>
</tr>
<tr>
<td>2022</td>
<td>961</td>
</tr>
<tr>
<td>2023</td>
<td>886</td>
</tr>
<tr>
<td>2024</td>
<td>667</td>
</tr>
<tr>
<td>Thereafter</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>$5,608</td>
</tr>
</tbody>
</table>

The expected future amortization expenses related to the intangible assets as of June 30, 2020 were as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>June 30, 2020 (in thousands, unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remainder of 2020</td>
<td>$770</td>
</tr>
<tr>
<td>2021</td>
<td>1,382</td>
</tr>
<tr>
<td>2022</td>
<td>961</td>
</tr>
<tr>
<td>2023</td>
<td>886</td>
</tr>
<tr>
<td>2024</td>
<td>667</td>
</tr>
<tr>
<td>Thereafter</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>$4,816</td>
</tr>
</tbody>
</table>

**Goodwill**

The following table represents the changes to goodwill:

<table>
<thead>
<tr>
<th>Carrying Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2018</td>
</tr>
<tr>
<td>Addition from acquisition</td>
</tr>
<tr>
<td>Balance as of December 31, 2019 and June 30, 2020 (unaudited)</td>
</tr>
</tbody>
</table>

There was no goodwill activity during the year ended December 31, 2018.

**9. Commitments and Contingencies**

**Operating Leases**

The Company leases its office facilities under non-cancelable agreements that expire at various dates through August 2025. Lease expenses during the years ended December 31, 2018 and 2019, and the six months...
ended June 30, 2019 and 2020 were $2.6 million, $3.1 million, $1.6 million, and $2.1 million, respectively. The minimum lease payments under operating leases as of December 31, 2019 were as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>December 31, 2019 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3,638</td>
</tr>
<tr>
<td>2021</td>
<td>2,606</td>
</tr>
<tr>
<td>2022</td>
<td>1,242</td>
</tr>
<tr>
<td>2023</td>
<td>322</td>
</tr>
<tr>
<td>2024</td>
<td>214</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,022</strong></td>
</tr>
</tbody>
</table>

The minimum lease payments under operating leases as of June 30, 2020 were as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>June 30, 2020 (in thousands, unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remainder of 2020</td>
<td>$2,177</td>
</tr>
<tr>
<td>2021</td>
<td>4,184</td>
</tr>
<tr>
<td>2022</td>
<td>2,585</td>
</tr>
<tr>
<td>2023</td>
<td>1,060</td>
</tr>
<tr>
<td>2024</td>
<td>935</td>
</tr>
<tr>
<td><strong>Thereafter</strong></td>
<td><strong>433</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,374</strong></td>
</tr>
</tbody>
</table>

**Non-cancelable Purchase Obligations**

In the normal course of business, the Company enters into non-cancelable purchase commitments with various parties for mainly hosting services, as well as software products and services. As of December 31, 2019, the Company had outstanding non-cancelable purchase obligations with a term of 12 months or longer as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>December 31, 2019 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$8,275</td>
</tr>
<tr>
<td>2021</td>
<td>7,525</td>
</tr>
<tr>
<td>2022</td>
<td>3,141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$18,941</strong></td>
</tr>
</tbody>
</table>
As of June 30, 2020, the Company had outstanding non-cancelable purchase obligations with a term of 12 months or longer as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>June 30, 2020 (in thousands, unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remainder of 2020</td>
<td>$1,503</td>
</tr>
<tr>
<td>2021</td>
<td>8,078</td>
</tr>
<tr>
<td>2022</td>
<td>3,141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,722</strong></td>
</tr>
</tbody>
</table>

**Indemnifications and Contingencies**

The Company enters into indemnification provisions under certain agreements with other parties in the ordinary course of business. In its customer agreements, the Company has agreed to indemnify, defend and hold harmless the indemnified party for third party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party intellectual property infringement claims. For certain large or strategic customers, the Company has agreed to indemnify, defend and hold harmless the indemnified party for non-compliance with certain additional representations and warranties made by the Company.

**Grants from Israeli Innovation Authority**

Between the years 2009 and 2015, the Company received grants from the Israeli Innovation Authority ("IIA"), in a total amount of $1.2 million for certain research and development costs. The grants are subject to repayment in the form of royalties on sales of products developed with the IIA funding. The Company repaid the grants in full in 2017.

As any grant recipient, the Company is subject to the provisions of the Israeli Law for the Encouragement of Research, Development and Technological Innovation in the Industry and the regulations and guidelines thereunder (the "Innovation Law"). Pursuant to the Innovation Law, there are restrictions related to transferring intellectual property outside of Israel. Such transfer requires the IIA's approval. The approval may be subject to a maximum additional payment amount of five times the amount received. The Company recently received an approval from the IIA to perform a limited development of IIA funded know-how outside of Israel, subject to the terms specified in the IIA approval, including that all of its core R&D activities will remain in Israel.

**Legal Proceedings**

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. The Company investigates these claims as they arise. Although claims are inherently unpredictable, the Company is currently not aware of any matters that, if determined adversely to the Company, would individually or taken together, have a material adverse effect on its business, financial position, results of operations, or cash flows.

10. Convertible Preferred Shares, Shareholders’ Deficit and Equity Incentive Plan

**Convertible Preferred Shares**

In September 2018, the Company issued 9,700,272 shares of Series D convertible preferred shares for $11.82 per share for total gross proceeds of $114.6 million. Issuance costs were $0.2 million.
Convertible preferred shares consisted of the following:

<table>
<thead>
<tr>
<th>Series</th>
<th>Designated Shares Authorized (in thousands, except share data)</th>
<th>Shares Issued and Outstanding</th>
<th>Aggregate Liquidation Preference (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>1,252,945</td>
<td>1,252,945</td>
<td>215</td>
</tr>
<tr>
<td>Series A-1</td>
<td>11,880,520</td>
<td>11,880,520</td>
<td>3,500</td>
</tr>
<tr>
<td>Series B</td>
<td>7,712,440</td>
<td>7,712,440</td>
<td>6,600</td>
</tr>
<tr>
<td>Series C</td>
<td>21,517,470</td>
<td>21,517,470</td>
<td>51,474</td>
</tr>
<tr>
<td>Series D</td>
<td>9,700,272</td>
<td>9,700,272</td>
<td>114,642</td>
</tr>
</tbody>
</table>

Total convertible preferred shares: 52,063,647

The holders of the convertible preferred shares have the following rights, preferences and privileges:

**Dividend Rights**—The Company shall not declare, pay or set aside any dividends on shares of any other class or series of share capital unless the holders of the convertible preferred shares then outstanding shall simultaneously receive a dividend on each outstanding convertible preferred shares, on an as-converted basis, in each case calculated on the record date for determination of holders entitled to receive such dividend. To date, no dividends have been declared.

**Conversion Rights**—At any time following the date of issuance, each preferred share is convertible, at the option of its holder, into the number of ordinary shares, calculated by dividing the applicable original issue price per share of each series by the applicable conversion price per share of such series. The initial conversion price of the Series D Preferred shares shall be $11.82, the Series C Preferred shares shall be $2.39, the Series B Preferred shares shall be $0.86, the Series A-1 Preferred shares shall be $0.29, and the Series A Preferred shares shall be $0.17. The conversion price may be adjusted from time to time based on certain events such as share splits, subdivisions, reclassification, dividends or distributions, exchanges, or in connection with anti-dilution on a broad-based weighted-average basis. The convertible preferred shares are subject to mandatory conversion upon (i) the affirmative vote of the holders of at least 60% of the convertible preferred shares then issued, (ii) immediately prior to the closing of an underwritten public offering of the Company’s ordinary shares on the New York Stock Exchange or the Nasdaq Stock Market with aggregate gross proceeds of not less than $50.0 million, or (iii) in connection with a Financing Recapitalization Event (as defined in the Company’s articles of association), at the election of the holders of a majority of the preferred shares voting together as a single class.

**Liquidation Preference**—In the event of any liquidation or certain change of control transactions, the holders of convertible preferred shares then outstanding shall be entitled to be paid out of the Company assets available for distribution, on a pari passu basis. The liquidation preference of convertible preferred shares (Series A, Series A-1, Series B, Series C, and Series D) will be an amount per share equal to the greater of (a) the original issue price minus any distributable proceeds of any kind previously paid in preference on such share, including by way of distribution of dividends, or (b) such amount per share as would have been payable had all shares been converted into ordinary shares immediately prior to liquidation or change of control event. If upon any liquidation or change of control event, the assets of the Company are insufficient to make payment in full to the holders of convertible preferred shares, then such assets shall be distributed among the holders of convertible preferred shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled. After payment has been made to the holders of the convertible preferred shares, the remaining assets available for distribution will be distributed ratably among the holders of ordinary shares.
Voting Rights—Each holder of convertible preferred shares is entitled to the number of votes equal to the number of ordinary shares into which such shares of convertible preferred shares could be converted at the record date.

Redemption—The convertible preferred shares do not contain any date-certain redemption features.

Classification of Convertible Preferred Shares—The deemed liquidation preference provisions of the convertible preferred shares are considered contingent redemption provisions that are not solely within the Company’s control. Accordingly, the convertible preferred shares have been presented outside of permanent equity in the mezzanine section of the consolidated balance sheets.

Ordinary Shares
The Company has the following ordinary shares reserved for future issuance:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion of convertible preferred shares</td>
<td>52,063,647</td>
<td>52,063,647</td>
<td>52,063,647</td>
</tr>
<tr>
<td>Outstanding share options</td>
<td>13,330,940</td>
<td>13,201,986</td>
<td>13,743,426</td>
</tr>
<tr>
<td>Issuable ordinary shares related to business combination</td>
<td>—</td>
<td>308,080</td>
<td>199,295</td>
</tr>
<tr>
<td>Remaining shares available for future issuance under the 2011 Plan</td>
<td>2,526,120</td>
<td>1,119,471</td>
<td>2,138,336</td>
</tr>
<tr>
<td>Total shares of ordinary shares reserved</td>
<td>67,920,707</td>
<td>66,693,184</td>
<td>68,144,704</td>
</tr>
</tbody>
</table>

Equity Incentive Plan
In 2011, the Company adopted the 2011 Israeli Share Option Plan (“2011 Plan”), under which the Company may grant various forms of equity incentive compensation at the discretion of the board of directors, including share options. The awards have varying terms, but generally vest over five years. Share options expire 10 years after the date of grant. The Company issues new ordinary shares upon exercise of share options.

In November 2018, the Company extended the contractual term for all share option grants from 7 years to 10 years. The Company concluded that the extension of the contractual term for all share option grants modified the terms of all outstanding share options held by employees and nonemployees. The modification resulted in total incremental compensation expense of $1.1 million.

As of December 31, 2018 and 2019, and June 30, 2020, the Company’s board of directors had authorized 18,605,700, 18,605,700, and 20,605,700 ordinary shares to be reserved for grant of awards under the 2011 Plan, respectively.

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A summary of share option activity under the Company’s equity incentive plan and related information is as follows:

<table>
<thead>
<tr>
<th>Shares Available for Grant</th>
<th>Outstanding Shares Options</th>
<th>Weighted-Average Exercise Price</th>
<th>Weighted-Average Remaining Contractual Life (Years)</th>
<th>Aggregate Intrinsic Value (in thousands, except share, life and per share data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2018</td>
<td>5,796,015</td>
<td>10,721,175</td>
<td>$ 0.74</td>
<td>6.3 $ 6,710</td>
</tr>
<tr>
<td>Granted</td>
<td>(4,556,975)</td>
<td>4,556,975</td>
<td>$ 2.84</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>—</td>
<td>(660,130)</td>
<td>$ 0.41</td>
<td>2,220</td>
</tr>
<tr>
<td>Forfeited</td>
<td>1,287,080</td>
<td>(1,287,080)</td>
<td>$ 1.47</td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>2,526,120</td>
<td>13,330,940</td>
<td>$ 1.41</td>
<td>7.5 $ 72,714</td>
</tr>
<tr>
<td>Granted</td>
<td>(2,703,594)</td>
<td>2,703,594</td>
<td>$ 7.93</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>—</td>
<td>(1,535,603)</td>
<td>$ 0.79</td>
<td>13,986</td>
</tr>
<tr>
<td>Forfeited</td>
<td>1,296,945</td>
<td>(1,296,945)</td>
<td>$ 2.48</td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>1,119,471</td>
<td>13,201,986</td>
<td>$ 2.71</td>
<td>6.9 $163,876</td>
</tr>
<tr>
<td>Shares authorized</td>
<td>2,000,000</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>(1,405,400)</td>
<td>1,405,400</td>
<td>$ 15.74</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>—</td>
<td>(439,695)</td>
<td>$ 2.07</td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>424,265</td>
<td>(424,265)</td>
<td>$ 5.65</td>
<td></td>
</tr>
<tr>
<td>Balance as of June 30, 2020 (unaudited)</td>
<td>2,138,336</td>
<td>13,743,426</td>
<td>$ 3.97</td>
<td>6.8 $228,703</td>
</tr>
<tr>
<td>Exercisable as of December 31, 2019</td>
<td>5,896,387</td>
<td>$ 0.85</td>
<td>5.3 $ 84,131</td>
<td></td>
</tr>
<tr>
<td>Exercisable as of June 30, 2020 (unaudited)</td>
<td>6,637,522</td>
<td>$ 1.04</td>
<td>5.1 $129,898</td>
<td></td>
</tr>
</tbody>
</table>

The weighted-average grant date fair value of options granted during the years ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020 was $4.58, $6.89, $5.70, and $11.39, respectively. As of December 31, 2019 and June 30, 2020, unrecognized share-based compensation cost related to unvested share options was $25.4 million and $35.2 million, respectively, which is expected to be recognized over a weighted-average period of 3.4 and 3.3 years, respectively.

The Black-Scholes assumptions used to value the employee options at the grant dates are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected term (years)</td>
<td>5.0 - 6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.1 - 6.5</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>60.0% - 64.0%</td>
<td>60.0% - 65.0%</td>
<td>60.0%</td>
<td>65.0% - 80.0%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.6% - 3.0%</td>
<td>1.7% - 2.6%</td>
<td>2.3% - 2.6%</td>
<td>0.5% - 1.7%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

These assumptions and estimates were determined as follows:

- **Fair Value of Ordinary Shares.** As the Company’s ordinary shares are not publicly traded, the fair value was determined by the Company’s board of directors, with input from management and valuation reports prepared by third-party valuation specialists.
• Risk-Free Interest Rate. The risk-free rate for the expected term of the options is based on the Black-Scholes option-pricing model on the yields of U.S. Treasury securities with maturities appropriate for the expected term of employee share option awards.

• Expected Term. The expected term represents the period that options are expected to be outstanding. For option grants that are considered to be “plain vanilla,” the Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

• Expected Volatility. Since the Company has no trading history of its ordinary shares, the expected volatility is derived from the average historical share volatilities of several unrelated public companies within the Company’s industry that the Company considers to be comparable to its own business over a period equivalent to the option’s expected term.

• Expected Dividend Yield. The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

Third-Party Share Transactions

In May and September 2018, the Company recorded $2.1 million and $15.6 million, respectively, of share-based compensation expense associated with two secondary share purchase transactions during the year ended December 31, 2018. The secondary share purchase transactions were executed among certain of the Company’s founders, employees, consultants, and shareholders. The September 2018 secondary share purchase transaction was consummated concurrently with the issuance of the Company’s Series D convertible preferred shares. The Company assessed the impact of these transactions as holders of economic interest in the Company acquired shares from the Company’s employees and founders at a price in excess of fair value of such shares. Accordingly, the Company recognized such excess value as share-based compensation expense. In September 2018, the Company paid a special bonus of $4.2 million to Mr. Ben Haim, its Co-Founder, Chief Executive Officer and Director, to compensate him for certain tax liabilities he incurred in connection with the secondary sale.

In July 2019, the Company recorded $3.3 million of share-based compensation expense associated with a secondary share purchase transaction which was executed among certain of the Company’s employees, consultants, and shareholders. The Company assessed the impact of this transaction as holders of economic interest in the Company acquired shares from the Company’s employees at a price in excess of fair value of such shares. Accordingly, the Company recognized such excess value as share-based compensation expense.
Share-Based Compensation

The share-based compensation expense by line item in the accompanying consolidated statements of operations is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th>Six Months Ended June 30</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue: subscription–self-managed and SaaS</td>
<td>$ 358</td>
<td>$ 536</td>
<td>$ 197</td>
</tr>
<tr>
<td>Research and development</td>
<td>9,876</td>
<td>3,642</td>
<td>1,027</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>6,650</td>
<td>3,089</td>
<td>812</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,283</td>
<td>2,103</td>
<td>610</td>
</tr>
<tr>
<td><strong>Total share-based compensation expense</strong></td>
<td><strong>$20,167</strong></td>
<td><strong>$9,370</strong></td>
<td><strong>$2,646</strong></td>
</tr>
</tbody>
</table>

11. Accumulated Other Comprehensive Income

The following table summarizes the changes in accumulated other comprehensive income by component, net of tax, during the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Net Unrealized Gains on Available-for-Sale Marketable Securities</th>
<th>Net Unrealized Gains on Derivatives Designated as Hedging Instruments</th>
<th>Total (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2018</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Other comprehensive income before reclassifications</td>
<td>38</td>
<td>—</td>
<td>38</td>
</tr>
<tr>
<td>Net realized gains reclassified from accumulated other comprehensive income</td>
<td>(3)</td>
<td>—</td>
<td>(3)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>35</td>
<td>—</td>
<td>35</td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>35</td>
<td>—</td>
<td>35</td>
</tr>
<tr>
<td>Other comprehensive income before reclassifications</td>
<td>282</td>
<td>421</td>
<td>703</td>
</tr>
<tr>
<td>Net realized losses reclassified from accumulated other comprehensive income</td>
<td>13</td>
<td>38</td>
<td>51</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>295</td>
<td>459</td>
<td>754</td>
</tr>
<tr>
<td>Balance as of June 30, 2020 (unaudited)</td>
<td>$ 330</td>
<td>$ 459</td>
<td>$ 789</td>
</tr>
</tbody>
</table>

There was no realized gains or losses on available-for-sale marketable securities during the six months ended June 30, 2019.

12. Income Taxes

Ordinary taxable income in Israel is subject to a corporate tax rate of 23%.

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The Company applies various benefits allotted to it under the revised Investment Law as per Amendment 73, which includes a number of changes to the Investment Law regimes through regulations that have come into effect from January 1, 2017. Applicable benefits under the new regime include:

- Introduction of a benefit regime for “Preferred Technology Enterprises” (“PTE”), granting a 12% tax rate in central Israel on income deriving from Benefited Intangible Assets, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual income derived from exports to large markets. PTE is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion.

- A 12% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, provided that the asset was initially purchased from a foreign resident at an amount of NIS 200 million or more.

- A withholding tax rate of 20% for dividends paid from PTE income (with an exemption from such withholding tax applying to dividends paid to an Israeli company) may be reduced to 4% on dividends paid to a foreign resident company, subject to certain conditions regarding percentage of foreign ownership of the distributing entity.

The Company adopted the PTE status since 2017 and believes it is eligible for its tax benefits.

The Company’s subsidiaries are separately taxed under the domestic tax laws of the jurisdiction of incorporation of each entity.

The components of the net loss before the provision for income taxes were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (in thousands)</td>
<td>2019 (in thousands)</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>$(26,883)</td>
<td>$(6,380)</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>1,338</td>
<td>2,614</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$(25,545)</td>
<td>$(3,766)</td>
<td></td>
</tr>
</tbody>
</table>

The provision for income taxes was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (in thousands)</td>
<td>2019 (in thousands)</td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>$ —</td>
<td>$ —</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>1,356</td>
<td>1,522</td>
<td></td>
</tr>
<tr>
<td>Total current income tax expense</td>
<td>1,356</td>
<td>1,522</td>
<td></td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>(886)</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Total deferred income tax (benefit) expense</td>
<td>(886)</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Total provision for income taxes</td>
<td>$ 470</td>
<td>$1,628</td>
<td></td>
</tr>
</tbody>
</table>
A reconciliation of the Company’s theoretical income tax expense to actual income tax expense is as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tax</td>
<td>Rate</td>
</tr>
<tr>
<td></td>
<td>(in thousands, except percentages)</td>
<td>(in thousands, except percentages)</td>
</tr>
<tr>
<td>Theoretical income tax benefit</td>
<td>$(5,875)</td>
<td>23%</td>
</tr>
<tr>
<td>Preferred enterprise</td>
<td>2,884</td>
<td>(11)</td>
</tr>
<tr>
<td>Foreign tax rate differentials</td>
<td>(354)</td>
<td>1</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>2,376</td>
<td>(9)</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>1,208</td>
<td>(5)</td>
</tr>
<tr>
<td>Unrecognized tax benefits</td>
<td>5</td>
<td>(0)</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>226</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 470</strong></td>
<td><strong>(2)%</strong></td>
</tr>
</tbody>
</table>

The Company’s tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in the period of change.

The Company’s quarterly tax provision, and estimates of its annual effective tax rate, is subject to variation due to several factors, including variability in pre-tax income (or loss), the mix of jurisdictions to which such income relates, tax law developments, as well as non-deductible expenses, such as share-based compensation, and changes in its valuation allowance. The Company had an effective tax rate of (52)% and 213% for the six months ended June 30, 2019 and 2020, respectively.

The provision for income taxes was $0.7 million and $0.8 million for the six months ended June 30, 2019 and 2020, respectively. The provision for income taxes for the six months ended June 30, 2019 and 2020 consisted primarily of income taxes related to the U.S. and other foreign jurisdictions in which the Company conducts business.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.
The following table presents the significant components of the Company’s deferred tax assets and liabilities:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018 (in thousands)</th>
<th>December 31, 2019 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>$2,785</td>
<td>$3,955</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,735</td>
<td>1,412</td>
</tr>
<tr>
<td>Accruals and reserves</td>
<td>302</td>
<td>625</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>—</td>
<td>287</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>2,484</td>
<td>3,007</td>
</tr>
<tr>
<td><strong>Gross deferred tax assets</strong></td>
<td>7,306</td>
<td>9,286</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(4,481)</td>
<td>(4,533)</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td>2,825</td>
<td>4,753</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>—</td>
<td>(242)</td>
</tr>
<tr>
<td>Deferred contract acquisition costs</td>
<td>(553)</td>
<td>(1,067)</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(98)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>Gross deferred tax liabilities</strong></td>
<td>(651)</td>
<td>(1,361)</td>
</tr>
<tr>
<td><strong>Net deferred taxes</strong></td>
<td>$2,174</td>
<td>$3,392</td>
</tr>
</tbody>
</table>

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset certain deferred tax assets at December 31, 2018 and 2019 due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The net change in the total valuation allowance for the years ended December 31, 2018 and 2019 was an increase of $1.2 million and $0.1 million, respectively.

As of December 31, 2019, the Company had $16.0 million in net operating loss carryforwards in Israel that can be carried forward indefinitely.

As of December 31, 2019, the U.S. subsidiary had $4.9 million of federal and $12.4 million of state net operating loss carryforwards available to offset future taxable income. If not utilized, some of its federal and state net operating loss carryforwards will expire in varying amounts between the years ended 2034 and 2037.

The U.S. subsidiary’s utilization of its federal net operating losses is subject to an annual limitation due to a “change in ownership,” as defined in Section 382 of the Code. The annual limitation may result in the expiration of net operating losses before utilization.

As of December 31, 2019, $5.1 million of undistributed earnings held by the Company’s foreign subsidiaries are designated as indefinitely reinvested. If these earnings were re-patriated to Israel, it would be subject to income taxes and to an adjustment for foreign tax credits and foreign withholding taxes. The Company did not recognize deferred taxes liabilities on undistributed earnings of its foreign subsidiaries, as the Company intends to indefinitely reinvest those earnings.

The Company has net operating losses from prior tax periods which may be subjected to examination in future periods. As of December 31, 2019, the Company’s tax years until December 31, 2014 are subject to statutes of limitation in Israel. As of that date, the U.S. subsidiary’s tax years until December 31, 2015 are also subject to statutes of limitation in the U.S.
A reconciliation of the beginning and ending balance of total unrecognized tax positions is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrecognized Tax Benefits (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance–January 1, 2018</td>
<td>$ 525</td>
</tr>
<tr>
<td>Increases related to current year’s tax positions</td>
<td>6</td>
</tr>
<tr>
<td>Balance–December 31, 2018</td>
<td>531</td>
</tr>
<tr>
<td>Increases related to prior year’s tax positions</td>
<td>69</td>
</tr>
<tr>
<td>Increases related to current year’s tax positions</td>
<td>293</td>
</tr>
<tr>
<td>Decreases due to lapses of statutes of limitations</td>
<td>(91)</td>
</tr>
<tr>
<td>Balance–December 31, 2019</td>
<td>$ 802</td>
</tr>
</tbody>
</table>

As of December 31, 2019, the total amount of gross unrecognized tax benefits was $0.8 million, of which $0.4 million, if recognized, would favorably impact the Company’s effective tax rate. The remaining amount would be offset by the reversal of related deferred tax assets which are subject to a full valuation allowance.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2018 and 2019, the Company has accumulated $0.1 million in both interest and penalties related to uncertain tax positions.

The Company currently does not expect uncertain tax positions to change significantly over the next 12 months, except in the case of settlements with tax authorities, the likelihood and timing of which is difficult to estimate.

13. Employee Benefit Plans

The Company has a defined-contribution plan in the U.S. intended to qualify under Section 401 of the Internal Revenue Code (the “401(k) Plan”). The 401(k) Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Prior to January 1, 2020, the Company matched 100% of participating employee contributions to the plan up to 3% of the employee’s eligible compensation. Beginning January 1, 2020, the Company matches 50% of participating employee contributions to the plan up to 6% of the employee’s eligible compensation. During the years ended December 31, 2018 and 2019, the Company recorded $0.3 million and $0.6 million, respectively, of expenses related to the 401(k) plan. During the six months ended June 30, 2019 and 2020, the Company recorded $0.3 million, and $0.4 million, respectively, of expenses related to the 401(k) plan.

Israeli Severance Pay

Pursuant to Israel’s Severance Pay Law, Israeli employees are entitled to severance pay equal to one month’s salary for each year of employment, or a portion thereof. The Company has elected to include its employees in Israel under Section 14 of the Severance Pay Law, under which these employees are entitled only to monthly deposits made in their name with insurance companies, at a rate of 8.33% of their monthly salary. These payments release the Company from any future obligation under the Israeli Severance Pay Law to make severance payments in respect of those employees; therefore, any liability for severance pay due to these employees, and the deposits under Section 14 are not recorded as an asset in the consolidated balance sheets. During the years ended December 31, 2018 and 2019, the Company recorded $1.1 million and $1.6 million, respectively, in severance expenses related to these employees. During the six months ended June 30, 2019 and 2020, the Company recorded $0.7 million and $1.0 million, respectively, in severance expenses related to these employees.
14. Net Loss Per Share Attributable to Ordinary Shareholders

The following table sets forth the computation of basic and diluted net loss per share attributable to ordinary shareholders for the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Numerator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(26,015)</td>
<td>(5,394)</td>
</tr>
<tr>
<td><strong>Denominator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>26,102,551</td>
<td>27,130,209</td>
</tr>
<tr>
<td>Net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>(1.00)</td>
<td>(0.20)</td>
</tr>
</tbody>
</table>

The potential shares of ordinary shares that were excluded from the computation of diluted net loss per share attributable to ordinary shareholders for the periods presented because including them would have been anti-dilutive are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Convertible preferred shares</td>
<td>45,180,440</td>
<td>52,063,647</td>
</tr>
<tr>
<td>Outstanding share options</td>
<td>11,714,028</td>
<td>13,146,117</td>
</tr>
<tr>
<td>Issuable ordinary shares related to business combination</td>
<td>—</td>
<td>259,125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56,894,468</td>
<td>65,468,889</td>
</tr>
</tbody>
</table>

**Unaudited Pro Forma Net Loss Per Share Attributable to Ordinary Shareholders**

The Company has presented the unaudited pro forma basic and diluted net loss per share attributable to ordinary shareholders for the year ended December 31, 2019 and the six months ended June 30, 2020, which has been computed to give effect to the conversion of its convertible preferred shares into ordinary shares (using the if-converted method) as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later. The pro forma net loss per share does not include shares being offered in this offering.
The following table sets forth the computation of the unaudited pro forma basic and diluted net loss per share attributable to ordinary shareholders:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2019</th>
<th>Six Months Ended June 30, 2020 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands, except share and per share data)</td>
<td></td>
</tr>
<tr>
<td><strong>Numerator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (5,394)</td>
<td>$ (426)</td>
</tr>
<tr>
<td><strong>Denominator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>27,130,209</td>
<td>28,247,005</td>
</tr>
<tr>
<td>Weighted-average of convertible preferred shares upon assumed conversion in IPO</td>
<td>52,063,647</td>
<td>52,063,647</td>
</tr>
<tr>
<td>Weighted-average shares used in computing pro forma net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>79,193,856</td>
<td>80,310,652</td>
</tr>
<tr>
<td>Pro forma net loss per share attributable to ordinary shareholders, basic and diluted</td>
<td>$ (0.07)</td>
<td>$ (0.01)</td>
</tr>
</tbody>
</table>

15. Related Party Transactions

For a description of related party transactions, see Note 10, Convertible Preferred Shares, Shareholders’ Deficit and Equity Incentive Plan—Third-Party Share Transactions.

16. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 23, 2020, the date at which the consolidated financial statements were available to be issued.

Subsequent to December 31, 2019, the Company granted share options to purchase up to 445,000 ordinary shares with a weighted-average exercise price of $15.12 per share. Based on the latest fair value per share available, the Company estimates it will recognize approximately $4.4 million of share-based compensation expense related to these share options over the requisite service period of five years.

17. Subsequent Events (Unaudited)

For its interim consolidated financial statements as of June 30, 2020, the Company evaluated subsequent events through August 6, 2020, the date on which the interim consolidated financial statements were available to be issued. The Company identified the following subsequent events:

Subsequent to June 30, 2020, the Company granted share options to purchase up to 1,343,355 ordinary shares with a weighted-average exercise price of $23.00 per share. The Company is currently evaluating the effect of the granted share options on its interim consolidated financial statements.

In July 2020, the Board of Directors approved the Share Incentive Plan (the “2020 Share Incentive Plan”) and an Employee Share Purchase Plan (the “2020 Employee Share Purchase Plan”) each of which will become effective in connection with the IPO, subject to approval by the shareholders.
In July 2020, the Board of Directors approved the grant of an award of restricted share units to the Company’s CEO which will become effective subject to approval by the shareholders. The RSUs shall vest and be settled in Shares as follows: (i) an aggregate of 138,400 RSUs shall vest immediately prior to an IPO, and (ii) 529,195 RSUs shall vest upon the first annual anniversary of the IPO, provided, in each case, that Mr. Ben Haim remains continuously engaged with the Company or its Affiliates throughout each such vesting date.
PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, upon completion of this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

<table>
<thead>
<tr>
<th>Amount to be Paid</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td>$12,980</td>
</tr>
<tr>
<td>FINRA filing fee</td>
<td>$15,500</td>
</tr>
<tr>
<td>Exchange listing fee</td>
<td>$25,000</td>
</tr>
<tr>
<td>Printing and engraving expenses</td>
<td>*</td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Accounting fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Transfer agent and registrar fees</td>
<td>*</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$*</td>
</tr>
</tbody>
</table>

* To be filed by amendment.


**Israeli Law.** Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association to be effective upon the closing of this offering include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, settlement or arbitrator’s award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company’s activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;

- reasonable litigation expenses, including attorneys’ fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent and (2) in connection with a monetary sanction;
• reasonable litigation expenses, including attorneys’ fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and

• expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law, 1968 (the “Israeli Securities Law”).

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company’s articles of association:

• a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

• a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;

• a financial liability imposed on the office holder in favor of a third-party;

• a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding; and

• expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify or insure an office holder against any of the following:

• a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

• a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;

• an act or omission committed with intent to derive illegal personal benefit; or

• a fine, monetary sanction or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the Chief Executive Officer, by shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders shall not require shareholder approval and may be approved by only the compensation committee, if the engagement terms are determined in accordance with the company’s compensation policy, that compensation policy was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company’s profitability, assets or obligations.

Our amended and restated articles of association allow us to indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers’ liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.
The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of $            and     % of our total shareholder’s equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

SEC Position. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2017, we have issued the following unregistered securities:

Convertible Preferred Shares Issuances
In September 2018, we issued an aggregate of 9,700,272 Series D convertible preferred shares to 15 accredited investors at a purchase price of $11.82 per share, for an aggregate purchase price of $114.6 million.

Option and Ordinary Share Issuances
From January 1, 2017 through August 21, 2020, we granted to our officers, directors, employees, consultants and other service providers options to purchase an aggregate of 14,090,574 ordinary shares at exercise prices ranging from $1.37 to $23.00 per share under our 2011 Plan.

From January 1, 2017 through August 21, 2020, we issued and sold to our officers, directors, employees, consultants and other service providers an aggregate of 3,888,573 ordinary shares upon exercise of options under our 2011 Plan at exercise prices ranging from $0.03 to $15.12 per share, for a weighted-average exercise price of $0.69 per share.

Shares Issued in Connection with an Acquisition
In February 2019 and February 2020, we issued an aggregate of 104,180 ordinary shares in connection with our acquisition of a privately-held company and as consideration to individuals and entities who were former service providers and/or shareholders of such company.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

(a) Exhibits

See the Exhibit Index immediately preceding the signature page hereto for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
(4) For the purpose of determining liability of the undersigned Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of securities, in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (a) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424 under the Securities Act; (b) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant; (c) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and (d) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.
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* To be filed by amendment.  
+ Indicates management contract or compensatory plan.
**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Sunnyvale, California, on the 24th day of August, 2020.

**JFrog Ltd.**

By: /s/ Shlomi Ben Haim  
Shlomi Ben Haim  
Chief Executive Officer

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Shlomi Ben Haim, Jacob Shulman, and Eyal Ben David, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) under the Securities Act of 1933 increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Shlomi Ben Haim</td>
<td>Chief Executive Officer and Director (Principal Executive Officer)</td>
<td>August 24, 2020</td>
</tr>
<tr>
<td>Shlomi Ben Haim</td>
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<tr>
<td>/s/ Jacob Shulman</td>
<td>Chief Financial Officer (Principal Financial and Principal Accounting Officer)</td>
<td>August 24, 2020</td>
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<tr>
<td>Jacob Shulman</td>
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<tr>
<td>/s/ Yoav Landman</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Yoav Landman</td>
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<tr>
<td>/s/ Jeff Horing</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Jeff Horing</td>
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<tr>
<td>/s/ Yossi Sela</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Yossi Sela</td>
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<tr>
<td>/s/ Jessica Neal</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Jessica Neal</td>
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<tr>
<td>/s/ Frederic Simon</td>
<td>Director</td>
<td>August 24, 2020</td>
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<td>Frederic Simon</td>
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<tr>
<td>/s/ Elisa Steele</td>
<td>Director</td>
<td>August 24, 2020</td>
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<td>Elisa Steele</td>
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<tr>
<td>/s/ Andy Vitus</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Andy Vitus</td>
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<tr>
<td>/s/ Barry Zwareinstein</td>
<td>Director</td>
<td>August 24, 2020</td>
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<tr>
<td>Barry Zwareinstein</td>
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</tbody>
</table>
AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the undersigned as the duly authorized representative in the United States of the Registrant in Sunnyvale, California, on August 24, 2020.

JFrog, Inc.

By: /s/ Shlomi Ben Haim
    Shlomi Ben Haim
    Chief Executive Officer and Secretary
THE COMPANIES LAW, 5759-1999
A PRIVATE COMPANY LIMITED BY SHARES

NINTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
JFROG LTD.

DULLY ADOPTED BY THE SHAREHOLDERS
ON MARCH 31, 2020
GENERAL

1. These Articles evidence that:

1.1. The name of the Company is “JFrog Ltd.”

1.2. The purpose of the Company is to operate in accordance with business considerations to generate profits; provided however, that the Company may donate reasonable amounts to worthy causes, as the Board may determine in its discretion, even if such donations are not within the framework of business considerations.

1.3. The object of the Company is to engage in any lawful activity or business.

1.4. The liability of each Shareholder is limited to the unpaid portion of the par value of each share held by such Shareholder.

1.5. These Articles entirely amend, restate, supersede and replace those eighth Amended and Restated Articles of Association of the Company as adopted by the Shareholders on September 17, 2018, and any other prior Articles of Association of the Company.

INTERPRETATION; GENERAL

2. In these Articles, unless the context otherwise requires:

2.1. “Affiliate” means with respect to (i) any Person, any other Person, directly or indirectly, through one or more intermediary Persons, Controlling, Controlled by, or under common Control with such Person; (ii) any Preferred Shareholder (as defined below), any entity which Controls, is Controlled by or is under common Control with, such Preferred Shareholder or if the Preferred Shareholder is a partnership its partners and/or affiliated partnerships managed by the same manager or management company or managing partner or managed by an entity which controls, is controlled by, or is under common control with, such manager, management company or managing general partner.

2.2. “Articles” means these Ninth Amended and Restated Articles of Association of the Company, as shall be in force from time to time.

2.3. “As Converted Basis” means the number of Ordinary Shares into which the Preferred Shares are convertible, at the Conversion Price (as defined below) applicable to such Preferred Shares at the time of the relevant calculation.

2.4. “Battery” means Battery Ventures X, L.P. and Battery Investment Partners X, LLC. and any of its Affiliates.
2.5. “Board” means the Company’s board of directors designated or elected in accordance with these Articles.

2.6. “Bonus Shares” means shares issued by the Company for no consideration to Shareholders entitled to receive them.

2.7. “Business Day” means a day on which commercial banks are open for business in Israel.

2.8. “Companies Law” means the Companies Law, 5759-1999 as shall be in effect from time to time and all the regulations promulgated under it.

2.9. “Companies Ordinance” means the applicable Sections of the Companies Ordinance [New Version], 5743-1983 that remain in effect.

2.10. “Company” means JFrog Ltd.

2.11. “Control” or “control” means direct or indirect ownership of more than 50% of the issued and outstanding equity and voting power of an entity, or possession of the right and power to direct the policy and management of such entity.

2.12. “Director” or “Directors” means a member or members of the Board who have been designated or appointed in accordance with the provisions of these Articles.

2.13. “Dividend” means any asset transferred by the Company to a Shareholder in respect of such Shareholder’s shares, whether in cash or in any other way, including a transfer without valuable consideration, but excluding Bonus Shares.

2.14. “EMC” means EMC Ireland Holdings and any of its Affiliates.

2.15. “Exempted Securities” means: (i) securities issued or issuable to employees, directors, officers, consultants and service providers of the Company or any Affiliate thereof pursuant to an option plan approved by the Board; (ii) Ordinary Shares issued by way of Dividend; (iii) securities issued or issuable to the public in an IPO, (iv) securities issued or issuable in connection with any Recapitalization Event; (v) Ordinary Shares issued or issuable upon the conversion of the Preferred Shares and by virtue thereof; (vi) securities issued or issuable to a strategic partner approved as such by the Board, including at least one Board member appointed by the Preferred Shareholders, provided that all such securities issued pursuant to such transactions, in the aggregate, do not exceed 3% of the Company’s then issued share capital on an As Converted Basis; (vii) securities issued or issuable to parties providing the Company with equipment leases, real property leases, loans, credit lines or guarantees of indebtedness, customers, suppliers or OEM’s; provided that: (a) the issuance of the Company’s securities is not the primary purpose of such transaction; (b) such issuance of securities is approved by the Board, including at least one Board member appointed by the Preferred Shareholders; and (c) the securities issued pursuant to such transactions do not exceed, in the aggregate, 3% of the Company’s then issued share capital; (viii) securities issued or issuable as consideration for an acquisition of another corporation by the Company; provided that such acquisition or transaction has been approved by the Board including at least one Board member appointed by the Preferred Shareholders; (ix) securities issued or issuable pursuant to that certain Series D Preferred Share Purchase Agreement, dated September 17, 2018, and (x) securities issued or issuable which the Preferred Shares Majority resolve will be deemed included within the definition of “Exempted Securities”.

2.17. “Fully Diluted Basis” means all issued and outstanding share capital of the Company, all securities issuable upon the conversion of any existing convertible securities or loans, the exercise of all outstanding warrants, options, options reserved in the Company’s share option pool (whether allocated or unallocated, vested or unvested), and issuance of securities pursuant to any anti-dilution rights of existing shareholders (if any).

2.18. “Gemini” means (i) Gemini Israel V L.P., (ii) Gemini Partners Investors V L.P., (iii) and any of Gemini’s Affiliates.

2.19. “General Meeting” means an annual or special general meeting of the Shareholders.


2.21. “Insight” means Insight Venture Partners X, L.P., a Cayman Islands exempted limited partnership, Insight Venture Partners (Cayman) X, L.P., a Cayman Islands limited partnership, Insight Venture Partners (Delaware) X, L.P., a Delaware limited partnership, Insight Venture Partners X (Co-Investors), L.P., a Cayman Islands exempted limited partnership, and any of their respective Affiliates.

2.22. “IPO” means the offering of the Company’s shares to the public in a bona fide underwriting pursuant to a registration statement under the U.S. Securities Act of 1933, as amended, or similar securities laws of another jurisdiction.

2.23. “Law” means the Companies Law, the Companies Ordinance and any other law that shall be in effect from time to time with respect to companies and that shall apply to the Company.

2.24. “M&A Event” means any of the following events, whether effectuated through a transaction or a series of transactions: (i) a consolidation, merger, reorganization, plan of exchange or any other similar transaction of the Company with or into any other entity or person, other than a wholly-owned subsidiary of the Company; (ii) any Person acquiring, directly or indirectly, more than 50% of the Company’s issued and outstanding shares (other than in the event such shares are acquired as part of a transaction the primary reason of which are newly issued shares of the Company); (iii) sale, transfer or other disposition of all or substantially all the Company’s assets, or a transfer or grant of an exclusive license to all or substantially all of the Company’s intellectual property; and (iv) any transaction resulting in substantially all of the Company’s shares being exchanged for securities of any other entity; provided that in case of (i) and (iv) above, in any event other than in a transaction in which the persons that beneficially owned, directly or indirectly, more than 50% of the voting rights of the Company immediately prior to such transaction, beneficially own, immediately following such transaction, directly or indirectly, more than 50% of the voting rights of the surviving or transferee entity or the right to appoint or elect at least fifty percent (50%) or more of the members of the Board of Directors.
2.25. “Majority Preferred A Shareholders” means the holders of a majority of the issued and outstanding Preferred A Shares (on an As Converted Basis), voting together as a single class.

2.26. “Majority Preferred B Shareholders” means the holders of a majority of the issued and outstanding Preferred B Shares (on an As Converted Basis), voting together as a single class.

2.27. “New Securities” means Ordinary Shares, Preferred Shares, options, warrants or rights to purchase shares of the Company or other securities exercisable or exchangeable for or convertible into shares of the Company, in each case issued after the date hereof, other than Exempted Securities.

2.28. “Office” means the registered office of the Company.

2.29. “Office Holders” as defined in the Companies Law.

2.30. “Ordinary Shares” means ordinary shares of the Company par value NIS 0.01 each.

2.31. “Original Issue Date” means with respect to each Preferred Share, the date on which such Preferred Share was first issued.

2.32. “Original Issue Price” means, reflecting the issuance of Bonus Shares issued by the Company on July 31, 2018, with respect to each Preferred A Share – US$0.1716 subject to appropriate adjustment in the event of any share dividend, bonus shares, share split, combination or other similar recapitalization, with respect to the Preferred A Shares, with respect to each Preferred A-1 Share US$0.2946, subject to appropriate adjustment in the event of any share dividend, bonus shares, share split, combination or other similar recapitalization with respect to the Preferred A-1 Shares, with respect to each Preferred B Share US$0.8558, subject to appropriate adjustment in the event of any share dividend, bonus shares, share split, combination or other similar recapitalization, with respect to the Preferred B Shares, with respect to each Preferred C Share US$2.3922, subject to appropriate adjustment in the event of any share dividend, bonus shares, share split, combination or other similar recapitalization with respect to the Preferred C Shares, and with respect to each Preferred D Share US$11.81836, subject to appropriate adjustment in the event of any share dividend, bonus shares, share split, combination or other similar recapitalization with respect to the Preferred D Shares.

2.33. “Permitted Transferee” means an individual, a partnership, a trust, the beneficiary of a trust, a legal entity, in each case which receives Securities pursuant to one of the following permitted transfers: (a) the transfer of all or any of the Securities held by a shareholder of the Company to: (i) an Affiliate; or (ii) in the case of a corporate body, to its shareholders; (b) the transfer by a shareholder who is an individual pursuant to laws of descent or to his spouse, children, or grandchildren or to trusts for the benefit of the aforementioned (and the transfer back to the beneficiaries) or charitable trusts (c) the transfer by ScaleVP, Sapphire, Qumra Capital, Vintage, Battery, Gemini, Insight, Spark, Geodesic, EMC or VMware to (i) any secondary fund that specializes in purchasing all or partial of the portfolios of investee company investments of an existing venture firm or (ii) any entity which purchases from such shareholders all or part of such shareholders’ shares in the Company as part of a larger sale of such shareholder’s portfolios and (iii) each entity consisting of or Affiliated with ScaleVP,
Sapphire, Qumra Capital, Vintage, Battery, Gemini, Insight, Spark, Geodesic, EMC or VMware shall be deemed a Permitted Transferee of each other and, for the avoidance of doubt, for the purposes hereof, EMC and VMware shall be deemed Permitted Transferees of each other at all times; (d) the Transfer of shares by any Founder to the other Founder pursuant to that certain Share Option Agreement by and between Shlomi Ben Haim, Yoav Landman and Frederic Simon dated February 1, 2010, as amended on May 2012; and (e) the Transfer of shares pursuant to that certain Secondary Purchase Agreement, dated September 17, 2018.

2.34. “Person” means an individual, corporation, partnership, joint venture, trust, and any other corporate entity and any unincorporated corporation or organization.

2.35. “Preferred C Director” as defined in Article 70.1 below.

2.36. “Preferred D Director” as defined in Article 70.2 below.

2.37. “Preferred Shares” means the Preferred A Shares, the Preferred A-1 Shares, the Preferred B Shares, the Preferred C Shares, and Preferred D Shares (as applicable).

2.38. “Preferred A Share” means Preferred A Shares of the Company par value NIS 0.01 each.

2.39. “Preferred A-1 Share” means Preferred A-1 Shares of the Company par value NIS 0.01 each.

2.40. “Preferred B Share” means Preferred B Shares of the Company par value NIS 0.01 each.

2.41. “Preferred C Share” means Preferred C Shares of the Company par value NIS 0.01 each.

2.42. “Preferred D Share” means Preferred D Shares of the Company par value NIS 0.01 each.

2.43. “Preferred A Shareholder” means a holder of Preferred A Shares.

2.44. “Preferred A-1 Shareholder” means a holder of Preferred A-1 Shares.

2.45. “Preferred B Shareholder” means a holder of Preferred B Shares.

2.46. “Preferred C Shareholder” means a holder of Preferred C Shares.

2.47. “Preferred D Shareholder” means a holder of Preferred D Shares.

2.48. “Preferred Shareholder” means a holder of Preferred Shares.

2.49. “Preferred Shares Majority” – means the holders of a majority of the voting power of the then issued and outstanding Preferred Shares voting together as a single class (calculated on an As Converted Basis).

2.50. “QIPO” means an IPO which results in (i) gross proceeds to the Company of not less than US$ 50,000,000 and (ii) the Company’s shares being listed on the New York Stock Exchange or the NASDAQ Stock Market.

2.51. “Qumra Capital” means Qumra Capital and any of its Affiliates.
2.52. “Realization Event” means any of the following events: (i) liquidation, dissolution, bankruptcy, winding up or reorganization of the Company, either voluntary or non-voluntary; and (ii) M&A Event.

2.53. “Recapitalization Event” means any event of share combination or subdivision, stock splits, stock Dividends, distribution of Bonus Shares or any other reclassification, reorganization or recapitalization of the Company’s share capital and the like, where the shareholders retain their proportionate holdings in the Company.

2.54. “Register” means the Register of Shareholders that is to be kept pursuant to Section 127 of the Companies Law, as updated from time to time.

2.55. “Related Person” means any director, officer or shareholder of a Person (other than employees who are shareholders solely by reason of a stock option or similar incentive plans), and any family member or Affiliate of such Person or of any of the above.

2.56. “Requisite Preferred C Shareholders” means the holders of at least sixty percent (60%) of the issued and outstanding Preferred C Shares (on an As Converted Basis), voting together as a single class.

2.57. “Requisite Preferred D Shareholders” means the holders of at least sixty percent (60%) of the issued and outstanding Preferred D Shares (on an As Converted Basis), voting together as a single class.

2.58. “Sapphire” means Sapphire Ventures Fund II, L.P. and any of its Affiliates.

2.59. “ScaleVP” means Scale Venture Partners IV, L.P. and any of its Affiliates.

2.60. “Securities” mean shares, options, warrants or other securities which may be exercised or converted into shares of the Company.

2.61. “Shareholder” means a shareholder of the Company.


2.63. “Transfer” means any sale, transfer, assignment, hypothecation, pledge, mortgage or other disposition, or grant of a security interest in or other disposal of all or any portion of a security, or any interest or rights in a security in consideration for cash as gift, or otherwise. “Transferred” means the accomplishment of a Transfer, and “Transferee” means the recipient of a Transfer.


2.65. “VMware” means VMware International Marketing Limited and any of its Affiliates.

3. The specific provisions of these Articles shall supersede the provisions of the Law to the extent permitted under the Law. In these Articles, all terms used herein and not otherwise defined herein shall have the meanings defined in the Law, as in effect on the day on which these Articles become binding on the Company; words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender. Headings to Articles herein are for convenience only, and shall not affect the meaning or interpretation of any provision hereof.
LIMITATIONS

4. The following limitations shall apply to the Company:
   4.1. The right to transfer shares is restricted in the manner hereinafter provided;
   4.2. The number of Shareholders at any time (exclusive of employees or former employees of the Company who have been Shareholders during their employment and remain Shareholders after termination of their employment with the Company) shall not exceed 50; provided, however, that if two or more individuals hold a share or shares of the Company jointly, they shall be deemed to be one Shareholder for purposes of these Articles;
   4.3. An offer to the public to subscribe for shares or debentures of the Company is prohibited.

CAPITAL

5. Authorized Share Capital

The authorized share capital of the Company is NIS 1,533,780 divided into 153,378,000 shares as follows: (A) 101,314,353 Ordinary Shares of nominal value of NIS 0.01 each, (B) 1,252,945 Preferred A Shares of nominal value of NIS 0.01 each; (C) 11,880,520 Preferred A-1 Shares of nominal value of NIS 0.01 each; (D) 7,712,440 Preferred B Shares of nominal value of NIS 0.01 each; (E) 21,517,470 Preferred C Shares of nominal value of NIS 0.01 each; and (E) 9,700,272 Preferred D Shares of nominal value of NIS 0.01 each.

The Company may alter its share capital in accordance with the Companies Law and these Articles.

Subject to the Companies Law, these Articles, Article 91 and Article 91A, the Company may issue any shares having preferred rights, deferred rights or other special rights, or limited rights in relation to voting, dividend, return of capital, participation in surplus assets or otherwise as the Company shall determine from time to time. For the avoidance of doubt, the creation (or authorization of the creation of), increase or decrease of the authorized, or issue (or authorize the issuance) of any New Securities, including, without limitation, New Securities with any preference or priority as to dividends or assets superior to or on a parity with that of existing securities, shall not in and of itself be deemed to impair or have any adverse effect on any of the rights or obligations of the then existing securities.

6. The Ordinary Shares

The Ordinary Shares shall rank pari passu among them and shall entitle their holders:

6.1. to receive notices of, and to attend, General Meetings where each Ordinary Share shall have one vote for all purposes;
6.2. subject to the rights and privileges of the Preferred Shares, to share equally among them, on a per share basis, Bonus Shares or Dividends as may be declared by the Board and approved by the Shareholders, if required, out of funds legally available therefor; and
6.3. subject to the rights and privileges of the Preferred Shares, upon a Realization Event – to participate in the distribution of the assets of the Company legally available for distribution to Shareholders after payment of all debts and other liabilities of the Company (in each case, proportionally to the number of Ordinary Shares outstanding and the amounts paid by Shareholders on account of their Shares, if not paid in full, before calls for payment were made).
7. **The Preferred Shares**

The Preferred Shares confer on the holders thereof all rights accruing to holders of Ordinary Shares in the Company, and, in addition the following rights:

7.1. **Liquidation and Distribution Preference.**

In the event of a Realization Event, then all the assets or proceeds available for distribution to the Shareholders (excluding any escrow amount, contingent payments, or milestone or earn-out payments, or any other amount not obtained or received at closing, other than amounts placed in escrow solely in order to secure indemnification obligations for breach of representation and warranties, covenants and liabilities (collectively, the "Contingent Consideration Mechanism")) (a "Distribution Event") (the “Distributable Proceeds”) shall be distributed among the Shareholders according to the following order of preference:

7.1.1. The holders of Preferred Shares shall be entitled to receive, from the funds legally available for distribution (in cash, cash equivalent or otherwise), on a pro rata and pari passu basis among themselves, prior and in preference to any other securities of the Company, for each Preferred Share held by them—an amount equal to the Original Issue Price less any Distributable Proceeds of any kind previously paid in preference on such Preferred Share including by way of distribution of any Dividends (collectively, the “Preferred Preference Amount”). In the event that the Distributable Proceeds shall be insufficient for the distribution of the Preferred Preference Amount in full to all of the holders of Preferred Shares for all of the Preferred Shares, all of the Distributable Proceeds shall be distributed among the holders of Preferred Shares on a pro rata and pari passu basis.

7.1.2. After payment in full of the Preferred Preference Amount, the remaining Distributable Proceeds available for distribution, if any, shall be distributed pro-rata and pari passu among all the holders of Ordinary Shares (on a non-converted basis), provided however, that if a conversion of a Preferred Share into Ordinary Share immediately prior to the applicable distribution of the Distributable Proceeds to the holder of such Preferred Share pursuant to Article 7.1.1 would result in the holder of such Preferred Share receiving in respect of such converted Preferred Share a greater payment than the Preferred Preference Amount applicable to such Preferred Share, then the holder of such Preferred Share shall be entitled to participate in such distribution together with the holders of the Ordinary Shares, on a pro-rata, as converted basis, without the need to actually convert such Preferred Share (and in such event, shall not be entitled to the Preferred Preference Amount with respect to such Preferred Share).
7.1.3. **Allocation of Contingent Payments.** In the event of a Distribution Event, if any portion of the consideration payable to the Shareholders is payable to the Shareholders subject to Contingent Consideration Mechanism, then the distribution of all Distributable Proceeds derived from such Distribution Event shall be as follows, and the agreement relating to the Distribution Event (e.g. a merger, share purchase or similar agreement) shall provide that (a) the portion of such consideration that is not subject to any Contingent Consideration Mechanism (the “Initial Consideration”) shall be distributed among the Shareholders in accordance with Article 7.1 as if the Initial Consideration was the only consideration payable in connection with such Distribution Event and (b) any additional consideration which becomes payable to the Shareholders pursuant to the Contingent Consideration Mechanism shall be allocated among the Shareholders in accordance with this Article 7.1 after taking into account the previous payment of the Initial Consideration as part of the same transaction in order to achieve the allocation which would have been made had such additional consideration been paid in its entirety at the closing of such Distribution Event.

7.1.4. Notwithstanding anything to the contrary in these Articles (including Article 7.1A), the proceeds of any Realization Event or Distribution Event, shall be allocated and distributed among the Shareholders in accordance with Article 7.1, whether by Dividend or otherwise, such that at the closing of the transaction at which the Company is deemed for purposes of this Article 7.1 to be wound up, the holders of the Preferred Shares shall be paid in cash, securities or a combination thereof, an amount equal to the amount per share which would be payable to the holders of Preferred Shares, respectively, pursuant to Article 7.1, if all consideration being received by the Company and the holders of the Company’s shares in connection with such transaction were being distributed in a liquidation of the Company.

7.1A **Dividends.**

The Company shall not declare, pay or set aside any Dividends on shares of any other class or series of share capital unless (in addition to the obtaining of any consents required elsewhere in the Articles) the holders of the Preferred Shares then outstanding shall simultaneously receive, a dividend on each outstanding Preferred Share, on As Converted Basis, in each case calculated on the record date for determination of holders entitled to receive such dividend.

7.2. **Conversion.**

The Preferred Shareholders shall have conversion rights as follows (the “Conversion Rights”):

7.2.1. **Right to Convert.**

(i) Each Preferred Share shall be convertible, at the option of the holder of such share, at any time after the respective Original Issue Date of such share, into such number of fully paid and non-assessable Ordinary Shares of the Company as is determined by dividing the applicable Original Issue Price for such share by the Conversion Price (as defined below) applicable for such share at the time in effect for such share.
Each Preferred Share shall automatically be converted into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original Issue Price for such share by the Conversion Price applicable for such share at the time in effect for such share, immediately: (a) upon the consummation of a QIPO; or (b) at the election by vote or written consent of the holders of at least 60% of the voting power of the then issued and outstanding Preferred Shares voting together as a single class (calculated on an As Converted Basis); or (c) in connection with a Financing Recapitalization Event, at the election by vote or written consent of the Preferred Shares Majority. “Financing Recapitalization Event” means any event of share combination or subdivision, share split, share dividend, bonus shares or any other reclassification, reorganization or recapitalization of all (or less than all, in the context of different treatment as a result of participation (or lack thereof) in a pay-to-play or similar transaction; provided that the affected shareholders were first given the opportunity to participate in such pay-to-play or similar transaction on substantially the same terms as the unaffected shareholders) the Company’s share capital and the like which is done as part of (i) an equity financing of not less than $25,000,000; and (ii) which financing is approved by the Board of Directors. Notwithstanding anything herein to the contrary, other than pursuant to Sub-Article 7.2.1(ii)(a) above, the Preferred D Shares shall not be automatically converted into Ordinary Shares without the prior written consent of a majority of the Preferred D Shareholders, provided, that with respect to a conversion pursuant to Sub-Article 7.2.1(ii)(c) or in connection with a Realization Event, such consent of the Preferred D Shareholders should be required only to the extent that the holders of the Preferred D Shares would be adversely affected as a result thereof in a manner different than the holders of the Preferred Shares (other than the Preferred D Shares), it being understood that to the extent that the holders of Preferred C Shares are also economically adversely affected as a result (with respect to the Preferred C Shares) of such a conversion, such conversion shall be deemed to result in the Preferred D Shareholders being adversely affected as a result thereof in the same manner as the holders of the Preferred Shares (other than the Preferred D Shares).

Mechanics of Conversion

Before any Preferred Shareholder shall be entitled to convert any Preferred Share into Ordinary Shares, such Shareholder shall give written notice by registered mail, postage prepaid, to the Company of the election to convert the same. The Company shall, as soon as practicable thereafter, issue and deliver to such Shareholder a certificate or certificates for the number of
Ordinary Shares to which such Preferred Shareholder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Preferred Shares to be converted, and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Ordinary Shares as of such date. In the case of conversion pursuant to Article 7.2.1(ii), such conversion shall be deemed to have been made immediately prior to the close of business on the date of the occurrence of any of the events listed in Article 7.2.1(ii) and subject to the actual occurrence of such event, and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Ordinary Shares as of such date; provided that the event does actually occur.

(i) The initial Conversion Price for the Preferred Shares shall be the Original Purchase Price for each such share (subject to any adjustments under this Article 7.2.2, the “Conversion Price”). If the Company subdivides or combines its Ordinary Shares, the Conversion Price shall be proportionately reduced, in case of subdivision of shares, as at the effective date of such subdivision, or shall be proportionately increased, in the case of combination of shares, as the effective date of such combination.

(ii) Broad Based Weighted Average Adjustment:

(A) Until an IPO, upon each issuance (or deemed issuance, as described below) by the Company of any New Securities at a price per share less than the applicable Conversion Price then in effect with respect to a Preferred Share, the Conversion Price then in effect with respect to such share will be reduced to a price equal to a fraction (i) the numerator of which is the sum of (A) the total number of Ordinary Shares outstanding prior to the issuance of such New Securities (calculated on an As Converted Basis and on a Fully-Diluted Basis) multiplied by the applicable Conversion Price of such Preferred Share, as the case may be, in effect prior to the issuance of such New Securities plus (B) the total amount of the consideration received and/or to be received by the Company for such New Securities and (ii) the denominator of which is the sum of the total number of Ordinary Shares outstanding immediately prior to the issuance of such New Securities (calculated on an As Converted Basis and on a Fully-Diluted Basis) plus the number of such New Securities issued (i.e., a “broad based weighted average” adjustment).

The formula can be expressed algebraically as follows:

\[
P' = \frac{(N \times P) + C}{N + n}
\]

where:

\(P\) = Conversion Price of the applicable Preferred Share prior to the dilutive issuance.

\(P'\) = New Conversion Price of the applicable Preferred Share after the dilutive issuance.
N = Total number of Ordinary Shares (calculated on an As Converted Basis and on a Fully-Diluted Basis) outstanding immediately prior to the dilutive issuance of New Securities.

n = Number of New Securities issued in the dilutive issuance.

C = Total amount of consideration received by the Company for the New Securities issued in the dilutive issuance.

(B) No adjustments of a Conversion Price shall be made in an amount less than one Agura (NIS 0.01) per share. No adjustment of a Conversion Price shall be made if it has the effect of increasing the Conversion Price beyond the applicable Conversion Price in effect for such series of Preferred Shares immediately prior to such adjustment.

(C) The consideration for the issuance of New Securities shall be deemed to be the amount of cash received therefore after giving effect to any discounts or commissions paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof, and shall not include consideration other than cash.

(D) In the case of the issuance of options to purchase or rights to subscribe for Ordinary Shares, or securities, which by their terms are convertible into or exchangeable for Ordinary Shares or options to purchase or rights to subscribe for such convertible or exchangeable securities, other than options to purchase Ordinary Shares granted to the Company’s employees, directors, consultants or officers pursuant to a share incentive plan approved by the Board, the aggregate maximum number of Ordinary Shares deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential anti-dilution adjustments) of such options to purchase or rights to subscribe for Ordinary Shares, or upon the exchange or conversion of such security, shall be deemed to have been issued at the time of the issuance of such options, rights or securities, at a consideration equal to the consideration (determined in the manner provided herein), received by the Company upon the issuance of such options, rights or securities plus any additional consideration payable to the Company pursuant to the term of such options, rights or securities (without taking into account potential anti-dilution adjustments) for the Ordinary Shares covered thereby; provided, however, that if any options as to which an adjustment to the Conversion Price has been made pursuant to this Article 7.2 (i)(D) expire without having been exercised, then the Conversion Price shall be readjusted as if such options had not been issued (without any effect, however, on adjustments to the Conversion Price as a result of other events described in this Article 7.2).

(E) For the purpose of the calculations hereof, the consideration for any New Securities shall be taken into account at the U.S. Dollar equivalent thereof, on the day such New Securities are issued or deemed to be issued pursuant hereto.

(iii) If the Company at any time pays a dividend, with respect to its Ordinary Shares only, payable in New Securities of Ordinary Shares or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional Ordinary Shares, without any comparable payment or distribution to the holders of Preferred Shares (hereinafter referred to as “Ordinary Shares Equivalents”), then the Conversion Price shall be adjusted as at the date of such payment to that price determined by multiplying the applicable Conversion Price in effect immediately prior to such payment by a fraction, the numerator of which shall be the total number of Ordinary Shares outstanding and those issuable with respect to Ordinary Shares.
Equivalents prior to the payment of such dividend, and the denominator of which shall be the total number of shares of Ordinary Shares outstanding and those issuable with respect to such Ordinary Shares Equivalents immediately after the payment of such dividend (plus, in the event that the Company paid cash for fractional shares, the number of additional shares which would have been outstanding had the Company issued fractional shares in connection with such dividend).

(iv) In the event the Company declares a distribution payable in securities of other persons, evidences of indebtedness issued by the Company or other persons, assets (excluding cash dividends) or options or rights not referred to in this Article 7.2, then, in each such case, the holders of the Preferred Shares shall be entitled to receive such distribution, in respect of their holdings on an as-converted basis as of the record date for such distribution.

(v) If at any time or from time to time there shall be a Recapitalization Event (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Article 7.2), provision shall be made so that the Preferred Shareholders shall thereafter be entitled to receive upon conversion of the Preferred Shares the number of Ordinary Shares or other securities or property of the Company or otherwise, to which a holder of Ordinary Shares deliverable upon conversion of the Preferred Shares would have been entitled immediately prior to such Recapitalization Event. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article 7.2 with respect to the rights of the Preferred Shareholders after the recapitalization to the end that the provisions of this Article 7.2 (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Preferred Shares) shall be applicable after that event as nearly equivalent as may be practicable.

(vi) No fractional shares shall be issued upon conversion of the Preferred Shares, and the aggregate number of Ordinary Shares to be issued shall be rounded down to the nearest whole share.

(vii) Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Article 7.2 the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Shares a certificate setting forth each adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall furnish or cause to be furnished to such holder a table setting forth (A) such adjustment or readjustment, (B) the Conversion Price at the time in effect, and (C) the number of shares of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Preferred Share.

(viii) In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (including a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Company shall notify each holder of Preferred Shares, at least fourteen (14) days prior to the date specified therein, of the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.
The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares; and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, then in addition to such other remedies as shall be available to the holders of such Preferred Shares the Company will take such corporate action as may be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

The Company shall pay any and all issue and other taxes (other than income or capital gain taxes) that may be payable in respect of any issue or delivery of Ordinary Shares on conversion of Preferred Shares pursuant hereto. For clarification purposes, the Company shall not be obligated to pay any transfer taxes resulting from any transfer of securities requested by any holder in connection with any such conversion.

7.3. Voting Rights

(i) Except as specifically provided otherwise in these Articles, to the fullest extent permitted by law, the Preferred D Shares, the Preferred C Shares, the Preferred B Shares, the Preferred A-1 Shares and the Preferred A Shares shall vote together as one class.

(ii) Except as specifically provided otherwise in these Articles, to the fullest extent permitted by law, the Preferred Shares shall vote together with the other shares of the Company, and not as a separate class or as separate classes, in all Shareholders meetings, except as required herein or by law, with each Preferred Share having votes in such number as if then converted into Ordinary Shares on an As Converted Basis.

SHARES; PRE-EMPTIVE RIGHTS

8. Subject to the provisions of these Articles, the unissued shares of the Company shall be at the disposal of the Board who may offer, allot, grant options over or otherwise dispose of shares to such Persons, at such times and upon such terms and conditions as the Company may by resolution of Board determine.

9. Subject to the provisions of these Articles, the Company may issue shares having the same rights as the existing shares, or having preferred or deferred rights, or rights of redemption, or restricted rights, or any other special right in respect of dividend distributions, voting, appointment or dismissal of directors, return of share capital, distribution of Company’s property, or otherwise, all as determined by the Company from time to time.

10. Subject to the provisions of the Companies Law and these Articles, the Company may issue redeemable shares and redeem them.

11. Until the consummation of an IPO, each Shareholder (including his or its Permitted Transferees), (i) as long as it holds, together with its Permitted Transferees, at least three and a half percent (3.5%) of the issued and outstanding share capital of the Company on an As Converted Basis and on a Fully Diluted Basis, OR (ii) (A) as long as it holds, together with its Permitted Transferees, at least two percent (2%) of the issued and outstanding share capital of the Company on an As Converted Basis and on a Fully Diluted Basis, AND (B) which has participated in primary investments in the Company in an aggregate amount of at least US$ 17,000,000 (the “Eligible Shareholder”), will have a preemptive right under the following terms:
11.1. If the Company proposes to issue New Securities, it shall give each Eligible Shareholder a written notice thereof (the “Rights Notice”) of its intention to do so, describing the New Securities, the price and the general terms upon which the Company proposes to issue them. Each Eligible Shareholder shall have fourteen (14) days from delivery of the Rights Notice to agree to purchase all or any part of its Pro-Rata Share (as defined below) of such New Securities, which will enable it to maintain its shareholding percentage ownership of the issued and outstanding share capital of the Company for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Company setting forth the quantity of New Securities which the Eligible Shareholder wishes to purchase. There shall not be over allotment rights.

For the purpose of this Article 11, the term “Pro Rata Share” means the ratio of the number of the Ordinary Shares held by each Eligible Shareholder as of the date of the Rights Notice, on an As Converted Basis, to the sum of the total Ordinary Shares of the Company, on an As Converted Basis, outstanding immediately prior to the issuance of the New Securities.

11.2. If the Eligible Shareholders did not exercise in full their Pre-Emptive Right within the period specified in Article 11.1 above, then the Company shall have one hundred and twenty (120) days after delivery of the Rights Notice to sell the New Securities not purchased by Eligible Shareholders at a price and upon general terms no more favorable to the purchasers thereof than specified in the Rights Notice. If the Company has not sold such New Securities within said one hundred and twenty (120) day period, the Company shall not thereafter issue or sell any New Securities without first offering such securities to the Eligible Shareholders in the manner provided above.

11.3. No Preemptive Right under Companies Law. The right of first offer or preemptive right under Section 290 of the Companies Law shall not apply herein and shall not be in force and effect.

12. Subject to the provisions of these Articles (including, without limitation, Article 11), the Company may issue from time to time options, warrants, other rights to subscribe for instruments convertible into, or exchangeable for shares of the Company, the terms and conditions of which shall be determined by the Board in accordance with these Articles.

13. The Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or any other right whatsoever in any share other than an absolute right to the entirety thereof in the registered holder.

14. If two or more Persons are registered as joint holders of a share:

14.1. They shall be jointly and severally liable for any calls or any other liability with respect to such share. However, with respect to voting, powers of attorney and furnishing of notices, the one registered first in the Register shall be deemed to be the sole owner of the share unless all the registered joint holders notify the Company in writing to treat another one of them as the sole owner of the share.

14.2. Each one of them shall be permitted to give receipts binding all the joint holders for Dividends or other moneys or property received from the Company in connection with the share and the Company shall be permitted to pay all the dividend or other moneys or property due with respect to the share to one or more of the joint holders, as it shall choose.
15. Share certificates shall bear the signatures of one (1) director, or of any other person or persons authorized thereto by the Board. Each Shareholder shall be entitled to one numbered certificate for all the shares of any series registered in his or its name, and if the Board so approves, to several certificates, each for one or more of such shares. Each certificate shall specify the serial numbers of the shares represented thereby. A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register. If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board may deem fit.

LIEN

16. The Company shall have a lien and first pledge on every share that was not paid up in full, in respect of money due to the Company on calls for payment or payable at fixed times, whether or not presently payable, or the fulfillment and performance of the obligations and commitments to which the Company is entitled in respect of the share. The lien on a share shall also apply to Dividends and other distributions payable on it. The Board may exempt any share, in full or in part, temporarily or permanently, from the provisions of this Article 16.

17. The Company may sell any share on which it has a lien in any manner the Board sees fit, but such share shall not be sold before the date of payment of the amount in respect of which the lien exists, or the date of fulfillment and performance of the obligations and commitments in consideration of which the lien exists, has arrived, and until fourteen (14) days have passed after written notice has been given to the registered holder at that time of the share, or to whoever is entitled to it upon the registered owner’s death or bankruptcy, demanding payment of the amount against which the lien exists, or the fulfillment and performance of the obligations and commitments in consideration of which the lien exists, and such payment or fulfillment and performance have not been made.

18. The net proceeds of the sale shall be applied in payment of the amount due to the Company or the fulfillment and performance of the obligations and commitments as aforesaid in the preceding Article 17, and the remainder, if any, shall be paid to whoever is entitled to the share on the day of the sale, subject to a lien on amounts the date of payment of which has not yet arrived, similar to the lien on the share before its sale.

19. After the execution of a sale of pledged shares as aforesaid, the Board shall be permitted to sign or to appoint someone to sign a deed of transfer of the sold shares and to register the purchaser’s name in the Register as the owner of the shares so sold, and it shall not be the obligation of the buyer to supervise the application of the purchase price nor will his right in the shares be affected by any fault or error in the procedure of sale. The sole remedy of one who has been aggrieved by the sale shall be in damages only and against the Company exclusively.

CALLS FOR PAYMENT

20. With respect to shares not fully paid for according to their terms of issuance, a Shareholder, whether he is the sole holder of shares or holds the shares together with another Person, shall not be entitled to receive Dividends nor to any other right a Shareholder has unless he has paid all the calls by the Company which shall have been made from time to time.

21. The Board may make calls for payment from Shareholders of the amount not yet paid up on their shares as the Board shall see fit, provided that the Company gives the Shareholders prior notice of at least fourteen (14) days on every call and that the date for payment set forth in such notice be not less than one month after the last call for payment. Each Shareholder shall pay the amount called to the Company on the date and at the place prescribed in the Company’s notice.
22. The joint holders of a share shall be jointly and severally liable to pay the calls for payment on such share in full.

23. If the amount called is not paid by the prescribed date, the Person from whom it is due shall be liable to pay such index linkage differentials and interest as the Board shall determine, from the date on which payment was prescribed until the day on which it is paid, but the Board may forego the payment of such linkage differentials or interest, in whole or in part.

24. Any amount that, according to the conditions of issuance of a share, must be paid at the time of issuance or at a fixed date, whether on account of the par value of the share or premium, shall be deemed for the purposes of these Articles to be a call for payment that was duly made. In the event of non-payment of such amount all the provisions of these Articles shall apply in respect of such amount as if a proper call for its payment has been made and an appropriate notice thereof given.

25. At the time of issuance of shares the Board may make arrangements that differentiate between Shareholders, in respect of the amounts of calls for payment, their dates of payment or the rate of interest.

26. The Board may, if it thinks fit, accept from any Shareholder for his shares any amount of money the payment of which has not yet been called and paid, and to pay him (i) interest for that advance until the day on which payment of that amount would have been due had he not paid it in advance, at a rate agreed between the Company and such Shareholder, and (ii) any Dividends that may be paid for that part of the shares for which the Shareholder has paid in advance.

FORFEITURE OF SHARES

27. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and any expenses that were incurred as a result of such non-payment.

28. The notice shall specify a date not less than seven (7) days from the date of the notice, on or before which the payment of the call or installment or part thereof is to be made together with interest and any expenses incurred as a result of such non-payment. The notice shall also state the place where the payment is to be made and that in the event of non-payment at or before the time appointed, the share in respect of which the call was made will be liable to forfeiture.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. The forfeiture shall apply to those Dividends that were declared but not yet distributed with respect to the forfeited shares.
30. A share so forfeited shall be deemed to be the property of the Company and can be sold or otherwise disposed of, on such terms and in such manner as the Board thinks fit. At any time before a sale or disposition the forfeiture may be canceled on such terms as the Board thinks fit.

31. A Person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares, but shall notwithstanding remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.

32. The forfeiture of a share shall cause, at the time of forfeiture, the cancellation of all rights in the Company and of any claim or demand against the Company with respect to that share, and of other rights and obligations between the share owner and the Company accompanying the share, except for those rights and obligations which these Articles exclude from such a cancellation or which the Law imposes upon former Shareholders.

33. The Person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

34. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the par value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES—GENERAL

35. Any transfer or sale of the Company’s shares shall be in compliance with the provisions of Article 45 below.

36. Any transfer or sale of the Company’s shares shall be conditioned upon an undertaking in writing by the transferee to assume and be bound by all obligations of the transferor under any instrument and agreement involving the transferor and the Company and applicable to such transferred shares, signed by the transferee, which will be delivered to the Company prior to and as a condition to such transfer.

37. No transfer or sale of shares shall be registered unless the Company receives a deed of transfer or other proper instrument of transfer (in form and substance satisfactory to the Board or the corporate secretary of the Company), together with the share certificate(s) and such other evidence of title as the Board or the corporate secretary of the Company may reasonably require. Until the transferee has been registered in the Register in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof.

38. Upon the death of a Shareholder, the Company shall recognize the custodian or administrator of the estate or executor of the will, and in the absence of such, the lawful heirs of the Shareholder, as the only holders of the right for the shares of the deceased Shareholder, after receipt of evidence to the entitlement thereto, as determined by the Board.

39. The Company may recognize the receiver or liquidator of any corporate Shareholder in liquidation or dissolution, or the receiver or trustee in bankruptcy of any Shareholder, as being entitled to the shares registered in the name of such Shareholder, after receipt of evidence to the entitlement thereto, as determined by the Board.
40. A person acquiring a right in shares as a result of being a custodian, administrator of the estate, executor of a will or the heir of a Shareholder, or a receiver, liquidator or a trustee in a bankruptcy of a Shareholder or according to another provision of Law, is entitled, after providing evidence of his right to the satisfaction of the Board, to be registered as the Shareholder or to transfer such shares to another person, subject to the provisions of this Article 40.

41. Upon the death of a Shareholder, the remaining partners, in the event that the deceased was a partner in a share, or the administrators or executors or heirs of the deceased, in the event the deceased was the sole holder of the share or was the only one of the joint holders of the share to remain alive, shall be recognized by the Company as the sole holders of any title to the shares of the deceased. However, nothing aforesaid shall release the estate of a joint holder of a share from any obligation to the Company with respect to the share that he held in partnership.

42. Any Person becoming entitled to a share as a consequence of the death or bankruptcy or liquidation of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Board, have the right either to be registered as a Shareholder in respect of the share, or, instead of being registered himself, to transfer such share to another Person, in either instance subject to the Board’s power hereunder to refuse or delay registration as they would have been entitled to do if the deceased or the bankrupt had transferred his share before his death or before his bankruptcy, and subject to all other provisions hereof relating to transfers of shares.

43. A Person becoming entitled to a share because of the death of a Shareholder shall be entitled to receive, and to give receipts for, Dividends or other payments paid or distributions made, with respect to the share, but shall not be entitled to receive notices with respect to General Meetings or to participate or vote therein with respect to that share, or to use any other right of a Shareholder, until he has been registered as a Shareholder with respect to that share.

FOUNDERS’ NO SALE

44. Notwithstanding anything to the contrary in these Articles, the Founders shall not make any Transfer of all or any of the shares of the Company held by the Founders, of any class or series, as of the date of these Articles, and any shares issued upon exercise of any options, or issuable upon exercise of any option, unless the Preferred Shares Majority have given their written consent for any such Transfer, except with respect to a Transfer by such Founder to any of his Permitted Transferees or Transfer by such Founder of up to fifteen percent (15%) of the shares held by him as of May 17, 2012 (the “Permitted Amount”), provided that any such Transfer, shall be subject to the right of first refusal set forth in Article 45 below, and further provided, that such Permitted Amount shall be in addition to Ordinary Shares sold under that certain Secondary Share Purchase Agreement, dated June 12, 2014, under that certain Secondary Share Purchase Agreement, dated January 5, 2016, under that certain Secondary Share Transfer Agreement, dated January 11, 2017, and under that certain Secondary Share Purchase Agreement, dated September 17, 2018. These limitations as set forth in this Article 44 shall expire upon an IPO or, with respect to each Founder—upon termination of his employment by the Company (otherwise than for Cause) or removal from the Board (expect if such removal is a result of the Founder voluntarily resigning from the Board, his death or “Disability” or upon termination of the Founder for “Good Reason”. “Disability” means the physical or mental
illness or injury as a result of which Founder remains unable to perform his duties for a period of three (3) successive months. Disability and termination therefore shall occur upon the end of such 3-month period, without need for any advance notice on the part of the Company or Founder, other than any advance notice mandated according to applicable law. “Good Reason” means the occurrence, whether or not after a Realization Event, of any of the events or conditions described below: (i) a change in the Founder’s status, title, position or responsibilities (including reporting responsibilities) which represents a material adverse change from his status, title, position or responsibilities as in effect immediately prior to such change; the assignment to the Founder of any duties or responsibilities which are inconsistent with his status, title, position or responsibilities as in effect immediately prior to such change; or any removal of the Founder from any of such offices or positions (except in those cases where a change is either at the request of the Founder, in connection with a general corporate restructuring of officer responsibilities, or as a result of the promotion of the Founder); (ii) the failure by the Company to provide the Founder with benefits, in the aggregate, at least equal (in terms of benefit levels) to those provided for under each employee benefit plan, program and practice in which the Founder was participating at any time prior to such failure (except in connection with a general reduction of salary and benefits to all employees); or (iii) any material breach by the Company of any provision of this Agreement which is not cured within thirty (30) days after the receipt of written notice by the Company of a description of the breach. “Cause” means: (i) the Founder’s breach of trust or fiduciary duties, including but not limited to theft, embezzlement, self-dealing, or breach of the provisions of the confidentiality, proprietary and invention assignment agreement, or his obligation to not to compete pursuant to his employment agreement; (ii) any willful failure to perform or failure to perform competently any of the Founder’s fundamental functions or duties hereunder (including violation of the Company’s policies or procedures), or other breach of his employment agreement, which, if capable of cure, was not cured within seven (7) days of receipt by the Founder of written notice thereof; (iii) an event in which the Founder deliberately or gross negligently causes harm to the Company’s business affairs or reputation; (iv) conviction of, or entry of any plea of guilty or nolo contendere by the Founder of any felony or other lesser crime that would require removal from his or her position at the Company (e.g., any alcohol or drug related misdemeanor); (v) willful misconduct; or (vi) any other cause justifying termination or dismissal without severance payment under applicable law.

RIGHT OF FIRST REFUSAL; CO SALE

45. Without derogating from the provisions of these Articles, each Eligible Shareholder (the “ROFR Offeree”) shall have a right of first refusal with respect to any Transfer by any holder of Shares in the Company, except with respect to a Transfer by such holder to its Permitted Transferees, as follows:

(a) Any holder of Shares proposing to transfer all or any of his Shares (the “Offeror”) to a Person who is not a Permitted Transferee of such Offeror, shall first send to the Company a written notice detailing the number of Shares intended to be transferred or sold (the “Offered Shares”), the price and the other terms of the Transfer (the “Offer”) after which the Company shall deliver in a timely manner (but in any event within no more than seven (7) days) to the ROFR Offeree(s) a written notice describing the Offer. The Offeree(s) shall have a right to purchase such number of the Offered Shares as it may elect (subject to the provisions of...
Article 45(b)) by sending the Offeror a written notice ("Notice of Reply") within a period of 15 (fifteen) days after receipt of Offerors’ notice (the “Offer Period”), and under the terms of the Offer. Each of the ROFR Offerees may accept such Offer as aforesaid in respect of all or part of the Offered Shares (collectively, the “Accepting Offerees”). If a ROFR Offeree does not respond in the abovementioned manner within the Offer Period, such ROFR Offeree shall be regarded as having given a notice of refusal to purchase the Offered Shares or any part thereof.

(b) In the event that the Accepting Offerees, in the aggregate, are in respect of all of, or more than, the Offered Shares, then the ROFR Offerees shall acquire the Offered Shares, on the terms aforementioned, in proportion to their respective holdings among themselves, (calculated on an As Converted Basis), provided that no Accepting Offeree shall be entitled or be forced to acquire under the provisions of this Article 45 more than the number of Offered Shares initially accepted by such Accepting Offeree, and upon the allocation to him/her/it of the full number of Offered Shares so accepted, such Accepting Offeree shall be disregarded in any subsequent computations and allocations hereunder. Any Offered Shares remaining after the computation of such respective entitlements shall be re-allocated among the remaining Accepting Offerees (other than those to be disregarded as aforesaid), in the same manner, until one hundred percent (100%) of the Offered Shares have been allocated as aforesaid.

In such case the Accepting Offerees shall execute an agreement for the sale and purchase of all the Offered Shares at the price and conditions specified in the Offer, and the Offeror shall transfer all the Offered Shares to the Accepting Offeree(s) within 15 days after the expiration of the Offer Period, against the payment of the price, or, if the Offer states other times for delivery and/or other payment terms, in accordance with the conditions of the Offer.

(c) In the event that the Acceptances, in the aggregate, are in respect of less than the full number of Offered Shares, then the Accepting Offerees shall not be entitled to acquire the Offered Shares, and the Offeror, at the expiration of the aforementioned fifteen (15) day period, shall be entitled to transfer all (but not less than all) of the Offered Shares to the proposed transferee(s) identified in the Offer, provided, however, that in no event shall the Offeror transfer any of the Offered Shares to any transferee other than such Accepting Offerees or such proposed transferee(s) or transfer the same on terms more favorable to the buyer(s) than those stated in the Offer, and provided further that any of the Offered Shares not transferred within one hundred and twenty (120) days after the expiration of such fifteen (15) day period, shall again be subject to the provisions of this Article 45.

(d) This Article 45 shall also apply to the sale of Shares by a receiver, liquidator, trustee in bankruptcy, administrator of an estate, executor of a will, etc.

45A. Until an IPO, unless the right of first refusal set forth in Article 45 is exercised in full by the Eligible Shareholders, and in lieu thereof, each Eligible Shareholder shall have the right, during the Offer Period, to participate in sale of Offered Shares by any Offeror and be entitled, upon written notice to the Offeror (the “Participation Notice”) within the Offer Period, to sell to the third party...
purchaser up to such number of shares of the Company owned by such Eligible Shareholder determined by multiplying the total number of Offered Shares by a fraction the numerator of which is the number of shares of the Company held by such Eligible Shareholder (on an As Converted Basis) and the denominator of which is the aggregate shares of the Company held by all issued and outstanding shares of the Company’s share capital (calculated on As Converted Basis). The Participation Notice shall indicate the number of shares that such Eligible Shareholder wishes to transfer to the third party purchaser. If such Eligible Shareholder exercises such right within the Offer Period, the number of Offered Shares that an Offeror may sell pursuant to an Offer shall be correspondingly reduced. The sale of the Offeror shall be conditioned upon the undertaking by the purchaser to purchase from the Eligible Shareholder the number of shares indicated by such Eligible Shareholder in the Participation Notice.

45B. Notwithstanding any provisions of these Article 45 and Article 45B Transfers of shares: (i) effected pursuant to the bring-along mechanism as provided under Article 46 below; (ii) to Permitted Transferees, are exempt from all restrictions on transfer specified in Article 45 and Article 45B; provided, however, that with respect to Permitted Transferee, such transfer shall be so exempted only if as a condition precedent thereto such Permitted Transferee undertake in writing towards the Company and the Shareholders to be bound by all of the undertakings and obligations hereunder; and in the case of a transfer to a wholly owned company, provided, further, that such Permitted Transferee shall remain a Permitted Transferee of the transferor at all times it holds shares in the Company.

STANDSTILL

45C. Any other provision of these Articles to the contrary notwithstanding, except in connection with a Realization Event, and unless otherwise approved by the Board at its sole and absolute discretion (the “Board Approval”), (A) any Shareholder and any Affiliate or Permitted Transferee thereof, shall not be entitled to Transfer onto its name and to its holding and ownership any Securities from the Company or any holder of such securities (e.g. any Shareholder, option holder, warrant holder etc.), if as a result of such Transfer such Shareholder shall hold, together with its Affiliates or Permitted Transferees (beneficially or of record) (i) twenty percent (20%) or more of the Company’s share capital or the voting power represented thereby, or (ii) fifty percent (50%) or more of the shares of any class of shares of the Company or the voting power represented thereby; (B) each of the Company’s Shareholders shall not Transfer to another Shareholder any Affiliate or Permitted Transferee thereof, any Securities held by such shareholder, if as a result of such Transfer such Shareholder shall hold, together with its Affiliates or Permitted Transferees (beneficially or of record) (i) twenty percent (20%) or more of the Company’s share capital or the voting power represented thereby, or (ii) fifty percent (50%) or more of the shares of any class of shares of the Company or the voting power represented thereby; and (C) the Company shall not issue or sell to a Shareholder or any Affiliate or Permitted Transferee thereof, any Securities of the Company, if as a result of such issuance or sale such Shareholder shall hold, together with its Affiliates or Permitted Transferees (beneficially or of record) (i) twenty percent (20%) or more of the Company’s share capital or the voting power represented thereby, or (ii) fifty percent (50%) or more of the shares of any class of shares of the Company or the voting power represented thereby. Such Board Approval (if and to the extent granted) shall specify the terms and conditions pursuant to which a Shareholder may be allowed to Transfer, purchase or otherwise be issued Securities onto his name. For the avoidance of doubt, such Board Approval shall be required for any additional proposed Transfer of Securities to a Shareholder, even if such Shareholder received a Board Approval with respect to the prior Transfer.
46. Subject to Article 91.3, if prior to an IPO, (i) the Preferred Shares Majority; (ii) the Board; and (iii) the holders of at least sixty-six percent (66%) of the Company’s issued and outstanding share capital (on an As Converted Basis) (collectively, the “Sale Requisite Majority”) approve an M&A Event in writing, specifying that this Article 46 shall apply to such transaction (the “Sale Transaction”), then the other shareholders of the Company (such other shareholders, collectively, the “Remaining Holders”) shall be required to participate in such sale on the same terms and conditions; provided however, that:

46.1. At every meeting of the Shareholders of the Company called with respect to any of the following, and at every adjournment or postponement thereof, and on every action or approval by written consent of the shareholders of the Company with respect to any of the following, the Remaining Holders shall vote all shares of the Company that such Remaining Holders then hold or for which such Remaining Holders otherwise then have voting power for (collectively, for the purposes of this Article 46, the “Shares”): (A) in favor of approval of the Sale Transaction and any matter that could reasonably be expected to facilitate the Sale Transaction, and (B) against any proposal for any recapitalization, merger, sale of assets or other business combination (other than the Sale Transaction) between the Company and any person or entity or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the definitive agreement(s) related to the Sale Transaction or which could result in any of the conditions to the Company’s obligations under such agreement(s) not being fulfilled;

46.2. If the Sale Transaction is structured as (A) a merger or consolidation, each Remaining Holder shall waive any dissenting minority or similar rights in connection with such merger or consolidation, or (B) a sale of shares, each Remaining Holder shall agree to sell all of the Shares and rights to acquire shares of the Company held by such Remaining Holder on the terms and conditions approved by the Sale Requisite Majority; and

46.3. Each Remaining Holder shall take all necessary actions in connection with the consummation of the Sale Transaction as requested by the Company or the Sale Requisite Majority and shall, if requested by the Sale Requisite Majority, execute and deliver any agreements prepared in connection with such Sale Transaction which agreements are executed by the Sale Requisite Majority, including without limitation, executing any purchase agreements, indemnity agreements, escrow agreements or related documents (in each case, subject to the terms and limitations set forth in this Article 46), as such Sale Requisite Majority and the Purchaser execute that are reasonably required in order to carry out the terms and provisions of this Article 46 and provided that no Shareholder shall be required to undertake or be obligated to terms and conditions which do not similarly apply to all selling Shareholders.

46.4. Not less than fifteen (15) days prior to the date proposed for the closing of any Sale Transaction, the Company shall give notice to each of the Shareholders setting forth in reasonable detail the name or names of the Purchaser, the terms and conditions of the Sale Transaction, including the purchase price, and the proposed closing date. In furtherance of the provisions of this Article 46, each of the Remaining Holders (i) irrevocably appoints the designee of the Sale Requisite Majority as its agent and attorney-in-fact (the “Agent”) (with full power of substitution) to execute all agreements, instruments and certificates and take all actions necessary or desirable to effectuate any sale in accordance with the provisions of this Article 46; and (ii) grants to the Agent a proxy to vote the shares held by such Remaining Holder in favor of any Sale Transaction hereunder in compliance with the provisions of this Article 46.
The aforesaid Sale Requisite Majority (or such approval threshold which may be required in the event that the provisions of Article 91.3 apply) is hereby determined also for the purposes of Section 341 of the Companies Law, and the procedure set forth in Section 341 of the Companies Law regarding the method by which shareholders who do not sign all related documentation shall be forced to sell their securities shall apply, mutatis mutandis. Notwithstanding Section 341 of the Companies Law to the contrary: (i) the price and other terms and conditions of a Sale Transaction shall be considered to apply equally as to all Shareholders, if the application of such price and all such other terms and conditions to the respective Shares of the Company held by each Shareholder is made based upon and in accordance with the respective rights, preferences and privileges applicable to such Shares under these Articles; and (ii) any good faith bonus, retention payment, monetary incentive, management compensation and/or any similar payment or arrangement, payable or offered in connection with the Sale Transaction by either the Company or by the purchaser in the Sale Transaction to any Shareholder of the Company in his capacity as an employee or service provider of the Company and separately from any payment or distribution to which such Shareholder is entitled by virtue of his ownership of Shares in the Company, shall not be deemed contrary to the provisions of Section 341 of the Companies Law and Shareholders not receiving any such separate payment shall not be deemed, for purposes of Section 341 of the Companies Law, to be treated unequally compared to any Shareholders receiving such payment.

Notwithstanding the provisions of Article 46 above, the Remaining Holders shall not be required to vote or sell their shares of the Company, take any action in connection with the consummation of a Sale Transaction or execute any agreement unless:

46.6.1. any representations, warranties or covenants to be made by the Shareholders in connection with the Sale Transaction are limited to customary representations and warranties in the context of a Sale Transaction that are related to (A) corporate power and authority and consents, (B) enforceability, (C) ownership of shares and the ability to convey title to its shares free and clear of all liens and third party rights, (D) no finders’ fee (E) non contravention and no breach of any applicable law or agreement applicable to, or binding upon, such Shareholder, and (F) to the extent that the consideration in the Sale Transaction is partially in securities, standard accredited investor representations;

46.6.2. the Shareholders are not liable for the inaccuracy of any representation, warranty or covenant made by any other person in connection with the Sale Transaction, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breaches of representations, warranties and covenants of the Company as well as breach by any shareholder of any of identical representations, warranties and covenants provided by all Shareholders);

46.6.3. each Shareholders’ liability for indemnification, if any, in the Sale Transaction, including for the inaccuracy of any representations, warranties and covenants made by the Company in connection with the Sale Transaction, is several and not joint with any other Person (except (i) to the extent that funds may be paid out of an escrow established or deducted from any amount (such as earn-outs) to be paid by such Purchaser, to cover breaches of representations, warranties and covenants of the Company as well as breaches by any shareholder of any identical representations, warranties and covenants provided by all shareholders, and (ii) the liability of any shareholder with respect to breaches by such shareholder of any identical representations, warranties and covenants provided by all shareholders shall be solely borne by such breaching shareholder), and is pro rata in proportion to the amount of consideration paid to each Shareholder, as applicable, in connection with such Sale Transaction (in accordance with the provisions of these Articles) (except for liability of any shareholder with respect to breaches by such shareholder of any identical representations, warranties and covenants provided by all shareholders, which may be solely borne by such breaching shareholder);
46.6.4. each holder of Preferred Shares liability for indemnification, if any, in the Sale Transaction is limited to their applicable share (determined based on the respective proceeds payable to such Shareholder, respectively, in connection with such Sale Transaction in accordance with the provisions of these Articles) of a negotiated aggregate indemnification amount that applies equally to all indemnifying shareholders but that in no event exceeds the amount of consideration actually paid to such Shareholder, as applicable, in connection with such Sale Transaction, except with respect to claims related to fraud or willful misrepresentation by such Shareholders, the liability for which need not be so limited;

46.6.5. upon the consummation of the Transaction, (i) each of ScaleVP, Sapphire, Qumra Capital, Vintage, Battery, Gemini, Insight, Spark, Geodesic, EMC, and VMware will receive the same form of consideration for their shares and if any such holder is given an option as to the form and amount of consideration to be received, all such holders will be given the same option, and (ii) each holder of the same series of Preferred Shares will be entitled to receive the same amount of consideration per share of such series of Preferred Shares as is received by other holders in respect of their Preferred Shares of such same series (except for such differences which arise from interest calculations accruing as of applicable issuance dates or liquidation preference as set forth herein);

46.6.6. each Shareholder (other than Shareholders who are also current or former employees of the Company) shall not be required to agree to any covenant not to compete or covenant not to solicit customers, employees or suppliers of any party to the Sale Transaction; and

46.6.7. each Shareholder shall not be required to amend, extend or terminate any contractual or other relationship between the Company and the Shareholders, among the Shareholders, or any of their respective Affiliates (with the exception of the termination of any agreement, contracts, or rights granted to any such Shareholder derived from the shareholdings of such Shareholder which may be amended, extended or terminated at the consummation of the Sale Transaction), on the one hand, and the Company or the proposed purchaser, or their respective Affiliates, on the other hand.

The provisions of this Article 46.6 may not be amended or waived with respect to EMC and VMware or ScaleVP, Sapphire, Insight, Spark, Geodesic, Qumra Capital Vintage and Battery without the prior written consent of EMC and VMware or ScaleVP, Sapphire, Insight, Spark, Geodesic, Qumra Capital, Vintage and Battery, respectively. The provisions of this Article 46.6 shall terminate and shall be deemed cancelled and of no further force and effect upon the closing of an IPO.

46.7. For the avoidance of doubt, in the event of a Sale Transaction, the right of first refusal (ROFR), the right of co-sale and the Founder Sale Limitation provisions contained in these Articles shall not be operative as between the Company’s shareholders with respect to the sale and transfer of their shares in such Sale Transaction.

46.8. Notwithstanding the foregoing, no Shareholder will be required to comply with this Article 46, in connection with any proposed Sale Transaction of the Company (a “Proposed Sale”) unless upon the consummation of the Proposed Sale, the aggregate consideration receivable under the terms of the Proposed Sale by all Shareholders will be allocated in accordance with Article 7.1.
CHANGING SHARE RIGHTS

47. Subject to the provisions of these Articles, if at any time the share capital is divided into different classes of shares, the Company may change, convert, broaden, add or vary in any other manner the rights, preferences or privileges attached to such classes by a resolution of the General Meeting of the respective class of shares without the need for a separate class vote, except that an adverse change to the rights attached to a certain class of shares under these Articles which does not apply proportionately to all classes of shares who have such rights shall require the consent of the holders of the majority of the shares of such adversely affected class(es) on an As Converted Basis or by a simple majority vote thereof; provided, however, that the consent of the Majority Preferred A Shareholders, the Majority Preferred B Shareholders, the Requisite Preferred C Shareholders, or the Requisite Preferred D Shareholders, shall be required to the extent such change is to the rights of the Preferred A Shares, Preferred B Shares, Preferred C Shares, or the Preferred D Shares, as applicable.

48. Subject to the provisions of Article 91 below, the approval of any proposed change which would adversely affect the rights, preferences, or privileges of any one class of shares under these Articles shall require the affirmative vote of the Shareholders of that class, obtained at a class meeting or by written consent of all Shareholders of that class, and affirmed by the majority required for the amendment of these Articles. Subject to the provisions of the Articles, for the prevention of any doubt, it is hereby clarified that for the purpose of this Article 48 the alteration of the rights, preferences or privileges attached to any class of Shares, which results merely from the issuance of additional Shares of such class, or from the creation of new class of shares (or any other securities convertible into equity securities of the Company) ranking senior to or in parity with the Shares of such class, including (without limitation) with respect to voting, Dividends or upon liquidation, shall not be deemed an alteration or change of the rights, preferences, or privileges attached to the Shares of such class. It is hereby further clarified that, the holders of shares of any class shall be entitled to participate in any class meeting or adopt any resolution required to be adopted pursuant to these Articles, whether by way of a separate General Meeting of such class or by way of written consent, and no holder of shares of a certain class shall be banned from voting or consenting by virtue of being a holder of more than one class of shares of the Company, irrespective of any conflicting interests that may exist between such different classes of shares. A shareholder shall not be required to refrain from participating in the discussion, voting and/or consenting on any shareholder resolution concerning an amendment to any class of shares held by such shareholder, due to the fact that such shareholder may benefit in one way or another from the outcome of such resolution.

MODIFICATION OF CAPITAL

49. Subject to the provisions of Article 91 below and the applicable law, the Company may, from time to time, by a resolution duly adopted according to these Articles:

49.1. consolidate and divide its share capital or a part thereof into shares of greater value than its existing shares;

49.2. cancel any shares which have not been purchased or agreed to be purchased by any Person;

49.3. by subdivision of its existing shares, or any of them, divide the whole, or any part, of its share capital into shares of lesser value than is fixed by these Articles, and in a manner so that with respect to the shares created as a result of the division it will be possible to grant to one or more shares a right of priority, preference or advantage with respect to dividend, capital, voting or otherwise over the remaining or similar share;

49.4. reduce its share capital, and any fund reserved for capital redemption, in the manner that it shall deem to be desirable under the provisions of Section 287 of the Companies Law;
49.5. increase its share capital, regardless of whether or not all of its shares have been issued, or whether the shares issued have been paid in full, by the creation of new shares, divided into shares in such par value, and with such preferred or deferred or other special rights (subject always to the provisions of these Articles), and subject to any conditions and restrictions with respect to Dividends, return of capital, voting or otherwise, as shall be directed by the resolution; or

49.6. convert part of its issued and paid-up shares into deferred shares.

GENERAL MEETINGS

50. A General Meeting shall be held at least once every year, at such place and time as may be prescribed by the Board but in any event not more than fifteen (15) months after the preceding General Meeting. The annual General Meetings shall be called Annual General Meetings; all other General Meetings shall be called Special General Meetings. Notwithstanding the above, the Company may, by a resolution adopted at a General Meeting, determine that it shall not be obliged to hold an annual meeting, except as may be required for the appointment of an auditor. Should such a resolution be adopted, the Company may refrain from holding an annual meeting except as necessary pursuant to Section 61 of the Companies Law.

51. The Board, whenever it thinks fit, may, and upon a demand in writing by: (i) a director; or (ii) one or more Shareholders holding (together with its/their Permitted Transferees) at least ten percent (10%) of the issued and outstanding share capital and at least one percent (1%) of the voting rights; or (iii) one or more Shareholders holding (together with its/their Permitted Transferees) at least ten percent (10%) of the voting rights in the Company—shall be entitled to convene a Special General Meeting. Any such demand shall include the objects for which the meeting should be convened, shall be signed by those making the demand (the “Petitioners”) and shall be delivered to the Office. The demand may contain a number of documents similarly worded each of which are signed by one or more of the Petitioners. If the directors do not convene a meeting, the Petitioners may convene by themselves a Special General Meeting as provided in Section 64 of the Companies Law.

52. Notices of General Meetings shall be given as follows:

52.1. A prior notice of at least seven (7) days and no more than forty-five (45) days (not including the day of delivery but including the day of the meeting) of any General Meeting shall be given with respect to the place, date and hour of the meeting and the nature of every subject on its agenda.

52.2. The notice shall be given to Shareholders entitled pursuant to these Articles to receive notices from the Company, as hereinafter provided.

52.3. Non-receipt of a notice, given as aforesaid, shall not invalidate the resolution passed or the proceedings held at the relevant Meeting.

52.4. With the consent of all the Shareholders who are entitled at such time to receive notices, the Company shall be permitted to convene Meetings and to resolve any resolution, upon shorter notice or without any notice and in such manner, generally, as shall be approved by the Shareholders.

PROCEEDINGS OF GENERAL MEETINGS

53. The General Meeting shall have the right to discuss and vote on such matters as set forth in these Articles and the Companies Law.
54. No matter shall be discussed at a General Meeting unless a quorum is present at the time when the General Meeting starts its discussions. Subject to the provisions of these Articles, the presence of the majority of the representatives of the Company’s shareholders in person or via telephone, videophone or other means of communication (enabling each of the participating representative to hear and be heard by such other representatives) or by proxy, shall constitute a quorum at all meetings of the shareholders of the Company.

55. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same place and time seven (7) days from the date of the original meeting, or in the event that such a day is not a Business Day, then to the first Business Day thereafter, and in such adjourned meeting if no quorum is present within half an hour of the time arranged, any two Shareholders present personally or by proxy, shall be a quorum, and shall be entitled to deliberate and to resolve in respect of the matters for which the meeting was convened.

56. The Chairman of the Board or a director appointed by the Board for such purpose shall open all General Meetings and shall preside as chairman at the meeting. If there is no Chairman or he is not present within fifteen (15) minutes from the time appointed for the meeting or if he shall refuse to preside at the meeting, the shareholders present shall elect one of the directors to act as Chairman, and if only one director is present he shall act as Chairman. If no directors are present or if they all refuse to preside at the meeting the shareholders present shall elect one of the shareholders present to preside at the meeting. The Chairman shall have no special rights or privileges and no second or casting vote.

57. The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any General Meeting of the holders of a particular class of shares (a “Class Meeting”), provided, however, that the requisite quorum at any such Class Meeting shall be one or more members present in person or proxy and holding not less than a majority of the issued and outstanding shares of such class.

**VOTE BY SHAREHOLDERS**

58. Every resolution put to the vote at a meeting shall be decided by a count of votes. Subject to the provisions of these Articles (including Article 91 below) and to any provision in the Law requiring a higher majority, all resolutions shall be passed upon a simple majority vote (on an As Converted Basis).

59. Subject to the provisions of these Articles, in a count of votes, each Shareholder present at a General Meeting, personally or by proxy, shall be entitled to one vote for each share held by it (on an As-Converted Basis); provided that no Shareholder shall be permitted to vote at a General Meeting or to appoint a proxy to vote thereat unless he has paid all calls for payment and all moneys then due to the Company from him with respect to his shares.

60. If the number of votes for and against is equal the chairman of the meeting shall have no casting vote, and the resolution proposed shall be deemed rejected.

61. In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. The appointment of a proxy to vote on behalf of a share held by joint holders shall be executed by the signature of the senior of the joint holders. For the purposes of this Article, seniority shall be determined by the order in which the names of the joint holders stand in the Register.
An objection to the right of a Shareholder or a proxy to vote in a General Meeting must be raised at such meeting or at such adjourned meeting wherein that Person was supposed to vote, and every vote not disqualified at such a meeting shall be valid for each and every matter. The chairman of the meeting shall decide whether to accept or reject any objection raised at the appointed time with regard to the vote of a Shareholder or proxy, and his decision shall be final, unless a competent court resolves otherwise.

A Shareholder of unsound mind, or in respect of whom an order to that effect has been made by any court having jurisdiction, may vote, whether on a show of hands or by a count of votes, only through his legal guardian or such other Person, appointed by the aforesaid court, who performs the function of a representative or guardian. Such representative, guardian, or other Person may vote by proxy.

A Shareholder which is a corporation shall be entitled, by a decision of its board of directors, or by a decision of a person or other body according to a resolution of its board of directors, to appoint a person who it shall deem fit to be its representative at every meeting of the Company. The representative appointed as aforesaid shall be entitled to perform on behalf of the corporation he represents all the powers that the corporation itself might perform as if it were a person.

In every vote a Shareholder shall be entitled to vote either personally or by proxy. A proxy need not be a Shareholder. Shareholders may participate in a General Meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this Article shall constitute presence in person at such meeting. Shareholders may also vote in writing, by delivery to the Company, prior to a General Meeting, of a written notice stating their affirmative or negative vote on an issue to be considered by such meeting.

A letter of appointment of a proxy, power of attorney or other instrument pursuant to which the appointee is acting shall be in writing. An instrument appointing a proxy, whether for a specific meeting or otherwise, may be in the following form or in any other similar form prescribed by the Board:

“I, ____________, of ________________, a Shareholder holding shares in ________________ hereby appoint ____________ of ________________ as my proxy to vote in my name and place at the [annual, special, adjourned—as the case may be] General Meeting of the Company to be held on _________, and at any adjournment thereof.

In witness whereof signed by me this day of ______, ____

Appointer’s Signature”

Such instrument or a copy thereof shall be deposited at the Office, or at such other place as the Board may direct from time to time, before the time appointed for the meeting or adjourned meeting wherein the person referred to in the instrument is appointed to vote, or presented to the chairman at the meeting in which such person shall vote that share.

A vote pursuant to an instrument appointing a proxy shall be valid notwithstanding the death of the appointer, or the appointer becoming of unsound mind, or the cancellation of the proxy or its expiration in accordance with any law, or the transfer of the shares with respect to which the proxy was given, unless a notice in writing of any such event was received at the Office before the meeting took place.
68. A Shareholder is entitled to vote by a separate proxy with respect to each share held by him, provided that each proxy shall have a separate letter of appointment containing the serial number of share(s) with respect to which such proxy is entitled to vote. If a specific share is included by the holder in more than one letter of appointment, that share shall not entitle any of the proxy holders to a vote.

69. Subject to the provisions of any law, a resolution in writing or a resolution by facsimile or e-mail, shall have the same validity as any resolution, carried in a General Meeting of the Company duly convened and conducted for the purpose of passing such a resolution.

**BOARD**

70. **Board Composition**

70.1. Until the occurrence of an IPO, the Board of Directors of the Company shall consist of up to nine (9) members to be appointed as follows:

70.1.1. So long as Insight holds Shares in the Company, one (1) director to be appointed and removed by Insight, which individual shall initially be Jeff Horing (the “Preferred D Director”);

70.1.2. So long as ScaleVP holds Shares in the Company, one (1) director to be appointed and removed by ScaleVP, which individual shall initially be Andy Vitus (the “Preferred C Director”);

70.1.3. So long as Gemini holds Shares in the Company, one (1) director to be appointed and removed by Gemini (the “Preferred A Director” and, together with the Preferred C Director and the Preferred D Director, the “Preferred Directors”), which individual shall initially be Yossi Sela;

70.1.4. So long as a Founder holds Shares in the Company, the Founders holding a majority of the then issued shares of the Company held by all the Founders (the “Majority Founders”) shall have a right to appoint three (3) directors, which such individuals shall initially be Shlomi Ben Haim, Yoav Landman, and Frederic Simon, and shall have the right to remove the directors appointed by them; and

70.1.5. Three (3) directors that are not otherwise Affiliates of the Company or of any Shareholder shall be appointed and removed by the holders of a majority of the Ordinary Shares, provided that, each of the individuals designated hereunder shall be approved by the Preferred Shares Majority prior to such appointment; provided further, that should a director designated hereunder become an Affiliate of the Company or of any Shareholder, such director shall automatically be removed from the Board at such time and replaced by a non-Affiliate of the Company or of any Shareholder.

70.2. The appointment, removal or replacement of a Director may be effected at any time, including during an initial or extended term of service of a director, by the delivery of a written notice to the Company at its Office, signed by the Shareholder entitled to effect such appointment or removal (or, in the event that such right is granted to a group of Shareholders, by the delivery of a written notice to the Company at its Office, signed by the Shareholders holding a majority of the issued and outstanding shares entitled to effect such appointment or removal).

70.3. Each Preferred Director shall be entitled to be a member of any committee appointed by the Board and the composition of any board of directors of any subsidiary of the Company, for as long as such Director is in office.
71. If any member of the Board is not elected or appointed, or if the office of any member of the Board is vacated for a period of at least seven (7) days, the other members of the Board may act in every way and manner provided for under these Articles and the law as long as their number does not fall below the quorum required by these Articles for a Board meeting.

72. Any person, including a director or an Alternate Director (as defined below), may be an alternate member of the Board (an “Alternate Director”) if such person is qualified to serve as a director of the Company. Any Alternate Director shall have voting power equal to the voting power of the Board member that he substitutes. An Alternate Director shall have, subject to his letter of appointment, all authorities vested to the member of the Board he substitutes. The tenure of office of an Alternate Director shall automatically be terminated upon the dismissal of such member, or upon the office of the member of the Board he substitutes being vacated for any reason, or upon the occurrence of one of the situations stated in Article 75 below in relation with such substitute member. A Director may be appointed as an Alternate Director to a member of committee of the Board, only if such Director does not serve on the same committee already.

73. A director shall not be required to hold qualifying shares in the Company.

74. A director may hold another paid position or function, except as accountant-auditor, in the Company, or in any other company of which the Company is a shareholder or in which the Company has some other interest, or that has an interest in the Company, together with his position as a director, upon such conditions with respect to salary and other matters as determined by the Board and approved by the General Meeting.

75. Subject to the provisions of the Law, of these Articles, or to the provisions of an existing contract, the tenure of office of a director shall automatically be terminated upon the occurrence of one of the following:
   75.1. if he becomes bankrupt;
   75.2. if he is declared insane or becomes of unsound mind;
   75.3. if he resigns by an instrument in writing delivered to the Company;
   75.4. with his death and if it is a corporation or other entity, with the liquidation of such corporation or other entity;
   75.5. if the Shareholder that appointed him no longer holds such percentage of the share capital of the company that is required for the appointment of such director; or
   75.6. if he is convicted of a crime requiring his termination pursuant the Companies Law.

POWERS AND DUTIES OF DIRECTORS

76. Subject to the provisions of the Articles, the Board shall determine and direct the Company’s policy and shall supervise and inspect the performance of the Company’s CEO or General Manager and his or her actions and responsibilities, and it may pay all expenses incurred in connection with the establishment and registration of the Company as it shall see fit. The Board shall be entitled to perform the Company’s powers and authorities pursuant to Section 92 of the Companies Law and subject to any provision in Law, in these Articles, or the regulations that the Company shall adopt by a resolution in its General Meeting (insofar as they do not contradict the Law or these Articles). However, any regulation adopted by the Company in its General Meeting as aforesaid shall not affect the legality of any prior act of the Board that would be legal and valid but for that regulation.
77. Without limiting the generality of the preceding provision, the Board may from time to time, in its discretion, borrow or secure the
payment of any sum of money for the purposes of the Company, and it may raise or secure the repayment of such sum in such manner,
at such times and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or
redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the whole or any part of the property of the
Company, both present and future, including its uncalled capital for the time being and its called but unpaid capital.

FUNCTIONS OF THE DIRECTORS

78. The Board may meet in order to transact business, to adjourn its meetings or to organize them otherwise as it shall deem fit, in
accordance with the Articles herein.

79. The directors shall select a Chairman of the Board. The Chairman shall not have any additional or casting vote.

80. The presence of a majority of the directors then in office at the opening of a meeting shall constitute a quorum for meetings of the
Board. Notwithstanding the aforesaid, if within half an hour of the time arranged for the Board meeting no quorum is present, such
meeting shall stand adjourned to the same day of the following week, at the same hour and in the same place, or in the event that such a
day is not a Business Day, then to the first Business Day thereafter, and in such adjourned meeting if no quorum is present within half
an hour of the time arranged, any number of directors present shall be a quorum, and shall be entitled to deliberate and to resolve in
respect of the matters for which the meeting was convened.

81. The Board may delegate any of its powers to committees and may from time to time revoke such delegation; provided that such
delegation does not contradict Section 112 of the Companies Law. A person who is not a member of the Board shall not serve on a
committee, to which the Board delegated any of its authorities. Each committee to which any powers of the Board have been delegated
shall abide by any regulations enacted by the Board with respect to the exercise of such delegated powers. In the absence of such
regulations or if such regulations are incomplete in any respect, the committee shall conduct its business in accordance with these
Articles.

82. Members of the Board or a committee thereof may participate in a meeting of the Board or the committee by means of a conference
telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other, and
participation in a meeting pursuant to this Article shall constitute presence in person at such meeting.

83. Members of the Board members shall be entitled to reimbursement of reasonable expenses related to Board-related travel pursuant to
the Board approved reimbursement policy.

84. Every director may at any time request that a Board meeting be called and the Chairman shall call such a meeting upon such request.

85. Any notice of a Board meeting can be given in writing, or by courier, electronic mail or facsimile and shall include reasonable detail of
the issues of such meeting. Notice shall be given at least three (3) Business Days before the time appointed for the meeting, unless all of
the members of the Board at that time agree to a shorter notice, or waive notice altogether. To the extent practicable, meetings on a short
notice will be made in a way that will allow participation through telephonic means.
Subject to the provisions of Article 91A below, issues raised before all meetings of the Board shall be decided by the majority of the directors present at the meeting of the Board.

A resolution in writing, signed or agreed to in writing (including by facsimile) by all of the directors entitled to participate and vote on the issue at stake, shall be valid for any purpose as a resolution adopted at a Board meeting that was duly convened and held. In place of a director the aforesaid resolution may be signed and delivered by an Alternate Director. In addition, the Board may reach a resolution without actual meeting, according to the provisions of Section 103 of the Companies Law and subject to the terms provided therein.

Subject to the provisions of applicable law, all actions performed bona fide by the Board or by any person acting as director or as an Alternate Director shall be as valid as if each and every such person were duly and validly appointed and fit to serve as a director or an Alternate Director, as the case may be, even if at a later date a flaw shall be discovered in the appointment of such a director or such a person acting as aforesaid, or in his qualifications so to serve.

The Board shall cause minutes to be taken of all General Meetings of the Company, of the appointments of officers of the Company, and of Board’s meetings, which minutes shall include the following items, if applicable: the names of the persons present; the matters discussed at the meeting; the results of votes taken; resolutions adopted at the meeting; and directives given by the meeting. The minutes of any meeting, signed or appearing to be signed by the chairman of the meeting, shall serve as a prima facie proof of the truth of the contents of the minutes.

The directors shall comply with all provisions of the Companies Law, and especially with the provisions in respect of -

registration in the Company’s books of all liens that affect the Company’s assets;
keeping a register of Shareholders;
keeping a register of directors; and
delivery to the Registrar of Companies of all notices and reports that are required to be so delivered.

**SPECIAL RESOLUTIONS**

**Shareholders’ Veto.**

Notwithstanding anything to the contrary in these Articles, until the earlier to occur of an IPO, consent of the Requisite Preferred D Shareholders shall be required for the approval of any action which:

91(a).1. alters or changes the rights, preferences, or privileges of the Preferred D Shares whether through an amendment of these Articles or otherwise;
91(a).2. issues or authorizes to issue any additional Preferred D Shares; or
91(a).3. involves the declaration or payment of any dividend or other distribution of cash, shares, or other assets, except in connection with any dividend payable in respect of the Preferred Shares in accordance with the provisions of these Articles.

The provisions of this Article 91(a) shall not be amended without the consent of the Requisite Preferred D Shareholders, whether through an amendment of these Articles or otherwise.
Notwithstanding anything to the contrary in these Articles, until the earlier to occur of an IPO, consent of the Requisite Preferred C Shareholders shall be required for the approval of any action which:

91(b).1. alters or changes the rights, preferences, or privileges of the Preferred C Shares whether through an amendment of these Articles or otherwise; or
91(b).2. issues or authorizes to issue any additional Preferred C Shares.

The provisions of this Article 91(b) shall not be amended without the consent of the Requisite Preferred C Shareholders, whether through an amendment of these Articles or otherwise.

Notwithstanding anything to the contrary in these Articles, until the earlier to occur of an IPO, consent of the Majority Preferred B Shareholders shall be required for the approval of any action which:

91(c).1. alters or changes the rights, preferences, or privileges of the Preferred B Shares whether through an amendment of these Articles or otherwise; and
91(c).2. issues or authorizes to issue any additional Preferred B Shares.

The provisions of this Article 91(c) shall not be amended without the consent of the Majority Preferred B Shareholders, whether through an amendment of these Articles or otherwise.

Notwithstanding anything to the contrary in these Articles, until the earlier to occur of an IPO, consent of the Majority Preferred A Shareholders shall be required for the approval of any action which:

91(d).1. alters or changes the rights, preferences, or privileges of the Preferred A Shares whether through an amendment of these Articles or otherwise;
91(d).2. issues or authorizes to issue any additional Preferred A Shares.

The provisions of this Article 91(d) shall not be amended without the consent of the Majority Preferred A Shareholders, whether through an amendment of these Articles or otherwise.

Until the earlier to occur of an IPO, consent of the holders of the Preferred Shares Majority shall be required for the approval of:

91.1. altering or changing the rights, preferences, or privileges of the Preferred Shares;
91.2. creating or issuing any class or series of shares or other securities having rights or a preference superior to the Preferred Shares;
91.3. consummation of a merger, reorganization, sale of the Company or all or substantially all of the Company’s shares or assets, reflecting valuation of less than US $80,000,000 (“Non Qualified Merger”), (it being clarified that a transaction in which the assets or proceeds available for distribution to the Shareholders, equal or exceed US $80,000,000 shall not be deemed a Non Qualified Merger);
91.4. declaration or payment of any dividend or other distribution of cash, shares, or other assets, except in connection with any dividend payable in respect of the Preferred Shares in accordance with the provisions of these Articles;
91.5. approval of any interested party transaction;
91.6. making any loans or advances to employees, in excess of US$10,000, other than in the ordinary course of business as travel advances;

91.7. making any guarantee for an indebtedness of any non affiliated third party, in the amount exceeding US$100,000;

91.8. creating any mortgage, pledge or other security interest in all or substantially all of the property of the Company or a subsidiary;

91.9. amending, waiving or otherwise modifies these Articles that materially adversely affects the rights of the Preferred Shares;

91.10. transferring or granting an exclusive license to all or substantially all of its intellectual property, with gross proceeds actually received by the Company being less than US $80,000,000;

91.11. effecting any dissolution, liquidation or other winding up of the Company or any subsidiary or the cessation of all or a substantial part of the business of the Company or any subsidiary, that is not the context of the transaction described in Subsection 91.3, at a valuation of less than US $80,000,000 ("Non Qualified Liquidation") (it being clarified that a transaction in which the assets or proceeds available for distribution to the Shareholders, equal or exceed US $80,000,000 shall not be deemed a Non Qualified Liquidation").

For the avoidance of doubt, it is clarified that, (i) the increase of an authorized or issued number of shares of an existing class of shares; (ii) the creation of a new class of shares or the issuance of shares thereof (whether with rights subordinate, pari-passu or senior to existing classes of shares); and (iii) a waiver or a change, in whole or in part, to a right, preference or privilege of a class of shares set forth in the Articles, whether applied on a one-time or permanent basis and whether applied in connection with a current or a future event, which waiver or change is applied in the same manner to on all classes of shares which hold such right and therefore to which such waiver or change may be applicable, shall not be deemed to be a change or alter to the rights preferences, or privileges attached to any one class of shares which requires the separate vote or consent of such class.

91A. Board Veto. Notwithstanding the foregoing, until an IPO, in addition to any approval requirements under applicable law, the Company shall not, without the Board approval, which approval, must include the majority of the Directors elected, and the affirmative vote or written consent of each of the Preferred Directors, take any action which results in the following:

91A.1. makes any loans or advances to employees, in excess of US$10,000, other than in the ordinary course of business as travel advances;

91A.2. makes any guarantee for an indebtedness of any non affiliated third party, in the amount exceeding US$50,000;

91A.3. vary or make any binding decision relating to the terms of employment or benefits of any of the Founders;

91A.4. make any loan or advance or give any credit (other than in the ordinary course of business and other than de minimis loans to employees on terms approved by the Board) to any person or acquire any loan capital of any corporate body (wherever incorporated), in an amount exceeding US$50,000;

91A.5. take any action to adopt or vary signatory rights;

91A.6. approve any transaction with a Related Person in excess of US$100,000;
91A.7 appoint or replace the Company’s auditors, and
91A.8. approve or make any material deviation from the business plan and annual budget of the Company.

The provisions of this Article 91(a)(c)(A) shall not be amended without the consent of the Majority Preferred Shareholders, whether through an amendment of these Articles or otherwise.

92. Notwithstanding anything to the contrary, the amendment of Article 91(c) and Article 91A above and this Article 92 shall require the consent of the Preferred Shares Majority.

ACCOUNTS AND AUDIT

93. The Board shall, to the extent required under applicable law, cause correct accounts to be kept:

93.1. of the assets and liabilities of the Company;
93.2. of moneys received or expended by the Company and the matters for which such moneys are expended or received; and
93.3. of all purchases and sales made by the Company.

The account books shall be kept in the Office or at such other place as the Board deems fit, and they shall be open for inspection by the directors.

94. Accountants-Auditors shall be appointed and their function shall be set out in accordance with the Law.

95. Not less than once a year, the directors shall submit before the Company at a General Meeting a balance sheet and profit and loss statement for the period after the previous statement. The statement shall be prepared in accordance with the relevant provisions of the Companies Law. A report of the auditor shall be attached to the statements, and it shall be accompanied by a report from the Board with respect to the condition of the Company’s business, the amount (if any) they propose as a Dividend, and the amount (if any) that they propose to set aside for the fund accounts.

96. The outside Accountants-Auditors of the Company shall be a nationally recognized accountants firm. All financial statements shall be prepared in accordance with generally accepted accounting principles ("GAAP").

NOTICES

97. A notice or any other document may be served by the Company upon any Shareholder either personally or by sending it by mail, telegram, facsimile, electronic mail or telex addressed to such Shareholder at his registered address as appearing in the Register. If the address of a Shareholder is outside of Israel, then any notice sent by mail may be sent by airmail or electronic mail.

98. All notices with respect to any share to which persons are jointly entitled may be given to one of the joint holders, and any notice so given shall be sufficient notice to all the holders of such share.

99. A Shareholder registered in the Register who shall from time to time furnish the Company with an address at which notices may be served, shall be entitled to receive all notices he is entitled to receive according to these Articles at that address. However, except for the aforesaid, no Shareholder whose address is not registered in the Register shall be entitled to receive any notice from the Company.
100. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Shareholder by sending it through the mail in a prepaid airmail letter or telegram or telex or facsimile addressed to them by name, at the address, if any, furnished for the purpose by the persons claiming to be so entitled or, until such an address has been so furnished, by giving the notice in any manner in which the same might have been given if the death or bankruptcy have not occurred.

101. Any notice or other document, (i) if delivered personally, shall be deemed to have been served upon delivery, (ii) if sent by mail, shall be deemed to have been served five (5) days after the delivery thereof to the post office; if sent by airmail, shall be deemed to have been served three (3) days after the delivery thereof to the post office; and (iii) if sent by telex, electronic mail, confirmed facsimile, telegram or electronic mail, shall be deemed to have been served twenty four (24) hours after the time such telex, facsimile or telegram was sent. In proving such service it shall be sufficient to prove that the letter or telegram containing the notice was properly addressed and delivered at the post office, or sent by telex or confirmed facsimile or electronic mail, as the case may be.

OFFICE HOLDERS’ INDEMNITY, INSURANCE AND EXEMPTION

102. Subject to the provisions of the Law, the Company may indemnify its Office Holders with respect to any of the following:

102.1. a financial liability or payment imposed on him/her in favor of a third party in any judgment, including any settlement confirmed as judgment and an arbitrator’s award which has been confirmed by the court, in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company;

102.2. reasonable litigation fees, including attorney’s fees, incurred by an Office Holder due to an investigation or proceeding conducted against him by an authority authorized to conduct such investigation or proceeding, and which concluded without a bill of indictment being filed against him, and without a financial obligation being imposed against him in lieu of criminal proceedings, or which concluded without a bill of indictment being filed against him but with financial obligation being imposed in lieu of criminal proceedings for a crime which does not require a finding of criminal intent, all in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company, or reasonable expenses in connection with monetary fine;

102.3. reasonable litigation expenses, including legal fees paid for by the Office Holder, or which the Office Holder is obligated to pay under a court order, in a proceeding brought against the Office Holder by the Company, or on its behalf, or by a third party, or in a criminal proceeding that has not ended in a criminal charge (as defined in Section 260(a)(1A) of the Companies Law), or in a criminal proceeding in which the Office Holder is found innocent, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent, all in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company, or reasonable expenses in connection with monetary fine;

102.4. a payment to an injured party as set forth in Section 52(54)(a)(1) of the Israeli Securities Law, 5728-1968 (the “Securities Law”), and expenses in connection with a proceeding under Chapters H’3, H’4, or I’1 of the Securities Law, monetary fine, expenses as set forth in Section 50(16)(b)(1) of the Israeli Antitrust Law, 1988, and including in each case reasonable litigation expenses, which term includes attorney’s fees; and
102.5. expenses in connection with administrative proceedings with respect to such person, or monetary fine, including reasonable litigation expenses, and including attorney’s fees.

103. Subject to the provisions of the Law, the Company may undertake to indemnify an Office Holder as aforesaid: (i) prospectively, provided that for the purpose of Article 102.1 the undertaking is limited to categories of events which in the opinion of the Board can be foreseen when the undertaking to indemnify is given, in view of the Company’s current activities at the time and to an amount set by the Board as reasonable under the circumstances, and (ii) retroactively, including to enter retroactive into contract.

104. Subject to the provisions of any Law, the Company may procure, for the benefit of any of its Office Holders, office holders’ liability insurance with respect to any of the following:

104.1. a breach of the duty of care owed to the Company or any other person;
104.2. a breach of the fiduciary duty owed to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that the action would not injure the Company;
104.3. a financial liability imposed on an Office Holder in favor of a third party, in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company;
104.4. a payment to an injured party as set forth in Section 52(54)(a)(1) in the Israeli Securities Law; or
104.5. expenses in connection with a proceeding under Chapters H’3, H’4, or I’1 of the Securities Law, or monetary fine, expenses as set forth in Section 50(16)(b)(1) of the Israeli Antitrust Law, 1988, and including in each case reasonable litigation expenses, which term includes attorney’s fees.

105. Subject to the provisions of any Law, the Company may exempt in advance, by a Board resolution, Office Holders from all or part of their responsibilities for damages due to their violation of their duty of care to the Company. Notwithstanding the foregoing, the Company may not release an Office Holder from his or her duty of care in connection with a Distribution (as such term is defined in the Companies Law).

106. Articles 102 through 105 shall not apply under any of the following circumstances:

106.1. a breach of an Office Holder’s duty of loyalty, except as specified in Article 104.2;
106.2. a reckless or intentional violation of an Office Holder’s duty of care, but not if only committed negligently;
106.3. an action intended to reap a personal gain illegally; and
106.4. a fine or ransom levied on an Office Holder.

107. The provisions of Articles 102 through 106 above are not intended, and shall not be interpreted, to restrict the Company in any manner in respect of the procurement of insurance and/or in respect of indemnification (i) in connection with any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder, and/or (ii) in connection with any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law; provided that the procurement of any such insurance and/or the provision of any such indemnification shall be approved by the Board.
108. Subject to provisions of these Articles to the contrary, and subject to any rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to winding up or liquidation, in the event of a winding up of the Company, the Company’s property distributable among the Shareholders shall be distributed in proportion to the sum paid on account of the nominal value of the shares held by them, of any class, without taking into account premiums paid in excess of the nominal value.

109. Subject to provisions of these Articles to the contrary, if the Company is voluntarily wound up, the liquidators may, with the approval of a resolution in a General Meeting, divide the property as is among the Shareholders, or deposit any part of the Company’s property with trustees in escrow for the benefit of Shareholders, as they deem proper. A resolution approving such a distribution may also approve a distribution in a manner other than in accordance with the legal rights of the Shareholders, and may grant special rights to any class of Shareholders. However, in the event of the adoption of a resolution authorizing a distribution not in accordance with the legal rights of the Shareholders, Shareholders adversely affected thereby shall have the same right to object, and any rights attached thereto, as if such a resolution was a special resolution passed pursuant to Section 334 of the Companies Ordinance.

110. Subject to provisions of these Articles to the contrary, if, at the time of liquidation, the Company’s property available for distribution among the Shareholders shall not suffice to return all the paid up capital, and subject to, and without derogating from, any rights or surplus rights or existing restrictions at that time of any special class of shares forming part of the capital of the Company, such property shall be divided so that the losses shall as much as possible be borne by the Shareholders in proportion to the paid up capital or that which shall have been paid at the commencement of the liquidation on the shares held by each of them. Subject to provisions of these Articles to the contrary, if, at the time of liquidation, the Company’s property designated for distribution among to Shareholders is in excess of the amount necessary for the return of capital paid up at the beginning of the liquidation, it shall belong and be delivered to the Shareholders pro rata to the amount paid on the nominal value of each share held by each of them at the commencement of the liquidation.

CONFLICTING PROVISIONS.

111. In the event that a Hebrew version of these Articles is filed with any regulatory or governmental agency, including the Israeli Registrar of Companies, then whether or not such Hebrew version contains signatures of shareholders, such Hebrew version shall be considered solely as a convenience translation and shall have no binding effect, as between the shareholders of the Company and with respect to any third party. The English version shall be the only binding version of these Articles, and in the event of any contradiction or inconsistency between the meaning of the English version and the meaning of the Hebrew version, the Hebrew version shall be disregarded, shall have no binding effect and shall have no impact on the interpretation of these Articles.

AMENDMENT OF THESE ARTICLES.

112. Subject to applicable law and to Article 91, these Articles may be amended and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively), by resolution adopted by the Holders of the majority of the issued and outstanding Preferred Shares and Ordinary Shares, voting together as a single class on As Converted Basis, except as otherwise provided in the Companies Law.
113. Any amendment to these Articles will become effective on the date of the resolution adopting such amendment, unless the Companies Law or said resolution provides that such amendment will come into force at a later time.

114. Notwithstanding the foregoing, any right granted specifically to the Founders or Gemini in Article 70, or to ScaleVP or Sapphire or Qumra Capital or Insight or Spark, Geodesic, or Vintage or Battery or EMC or VMware under these Articles, may not be adversely amended, or the observance of any specific term under these Articles, may not be waived, without the written consent of the Majority Founders or Gemini or ScaleVP or Sapphire or Qumra Capital or Insight or Spark, Geodesic, or Vintage or Battery or EMC or VMware, respectively.

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FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “Agreement”), dated as of __________, 2020, is entered into by and between JFrog Ltd., an Israeli company whose address is 3 Hamachshev Street, Netanya 4250465, Israel (the “Company”), and the undersigned Director or Officer of the Company whose name appears on the signature page attached hereto (the “Indemnitee”).

WHEREAS, Indemnitee is an Office Holder (“Nosse Misra”), as such term is defined in the Israel Companies Law, 5759–1999, as amended (the “Companies Law” and “Office Holder” respectively), of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against Office Holders of companies and that highly competent persons have become more reluctant to serve corporations as directors and officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, companies;

WHEREAS, the Amended and Restated Articles of Association of the Company, as may be amended and restated from time to time, (the “Articles”) authorize the Company to indemnify and advance expenses to its Office Holders and provide for insurance and exculpation to its Office Holders, in each case, to the fullest extent permitted by applicable law, and this Agreement is provided to Indemnitee in accordance with applicable law, the Articles and all requisite corporate approvals;

WHEREAS, the Company has determined that (i) the increased difficulty in attracting and retaining competent persons is detrimental to the best interests of the Company’s shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future, and (ii) it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, the Company acknowledges that Indemnitee is relying on the obligations of the Company set forth in this Agreement in agreeing to serve the Company, which obligations are therefore irrevocable; and

WHEREAS, in recognition of Indemnitee’s need for substantial protection against loss arising from the Indemnitee’s liability, including costs and expenses incurred by the Indemnitee due to his or her position as an Office Holder, in order to assure Indemnitee’s continued service to the Company in an effective manner and, in part, in order to provide Indemnitee with specific contractual assurance that the indemnification, insurance and exculpation afforded by the Articles will be available to Indemnitee, the Company wishes to undertake in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by applicable law and as set forth in this Agreement and provide for insurance and exculpation of Indemnitee as set forth in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. INDEMNIFICATION AND INSURANCE.

1.1. The Company hereby undertakes to indemnify Indemnitee to the fullest extent permitted by applicable law and the Articles, as each may be amended from time to time, for any liability and expense specified in Sections 1.1.1 through 1.1.4 below, imposed on Indemnitee due to or in connection with an act performed by such Indemnitee, either prior to or after the date hereof, in Indemnitee’s capacity as an Office Holder, including,
without limitation, as a director, officer, employee, agent, observer or fiduciary of the Company, any subsidiary thereof or any other
corporation, collaboration, partnership, joint venture, trust or other enterprise, in which Indemnitee serves at any time at the request of
the Company (the “Corporate Capacity”). The term “act performed in Indemnitee’s capacity as an Office Holder” shall include, without
limitation, any act, omission and failure to act and any other circumstances relating to or arising from Indemnitee’s service in a Corporate
Capacity. Notwithstanding the foregoing, in the event that the Office Holder is the beneficiary of an indemnification undertaking provided
by a subsidiary of the Company or any other entity, with respect to his or her Corporate Capacity with such subsidiary or entity, then the
indemnification obligations of the Company hereunder with respect to such Corporate Capacity shall only apply to the extent that the
indemnification by such subsidiary or other entity does not actually fully cover the indemnifiable liabilities and expenses relating thereto.
The following shall be hereinafter referred to as "Indemnifiable Events":

1.1.1. a financial liability imposed on Indemnitee in favor of another person by any court judgment, including a judgment given as a result
of a settlement or an arbitrator’s award which has been confirmed by a court in respect of an act performed by the Indemnitee. For
purposes of Section 1 of this Agreement, the term “person” shall include, without limitation, a natural person, firm, partnership,
joint venture, trust, company, corporation, limited liability entity, unincorporated organization, estate, government, municipality, or
any political, governmental, regulatory or similar agency or body;

1.1.2. reasonable Expenses (as defined below) expended by Indemnitee as a result of an investigation or proceeding instituted against him
or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the
Companies Law) was filed against such Indemnitee as a result of such investigation or proceeding; and (2) no financial liability in
lieu of a criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or
proceeding or if such financial liability was imposed, it was imposed with respect to an offence that does not require proof of
criminal intent, or in connection with a financial sanction;

1.1.3. reasonable Expenses expended by Indemnitee or that were imposed on Indemnitee by a court in a proceeding filed against the
Indemnitee by the Company or in its name or by any other person or in a criminal charge in respect of which the Indemnitee was
acquitted or in a criminal charge in respect of which the Indemnitee was convicted for an offence that does not require proof of
criminal intent;

1.1.4. a financial liability imposed upon Indemnitee and reasonable Expenses expended by Indemnitee as a result of an administrative
proceeding instituted against Indemnitee. Without derogating from the generality of the foregoing, such liability or Expense will
include a payment which Indemnitee is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli
Securities Law, 1968 – 5728 (the “Securities Law”) and Expenses that Indemnitee incurred in connection with a proceeding under
Chapters H’3, H’4 or I’1 of the Securities Law; and

1.1.5. any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to,
indemnify the Indemnitee (including, without limitation in accordance with Section 50P of the Israeli Economic Competition Law,
5758-1988 (the “RTP Law”), if and to the extent applicable).

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For the purpose of this Agreement, "Expenses" shall include, without limitation, attorneys’ fees and all other costs, expenses and obligations paid or incurred by Indemnitee in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any claim, action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation relating to any matter for which indemnification hereunder may be provided, and costs and expenses paid or incurred by Indemnitee in successfully enforcing this Agreement. Expenses shall be considered paid or incurred by Indemnitee at such time as Indemnitee is required to pay or incur such cost or expenses, including upon receipt of an invoice or payment demand. The Company shall pay the Expenses in accordance with the provisions of Section 1.3.

1.2. Notwithstanding anything herein to the contrary, the Company’s undertaking to indemnify the Indemnitee in advance under Section 1.1.1 shall only be with respect to events described in Exhibit A hereto. The Board of Directors of the Company (the “Board”) has determined that the categories of events listed in Exhibit A are likely to occur in light of the operations of the Company. The maximum amount of indemnification payable by the Company under Section 1.1.1 of this Agreement with respect to all persons with respect to whom the Company undertook to indemnify under agreements similar to this Agreement (the “Indemnifiable Persons”), for all events described in Exhibit A shall be as set forth in Exhibit A hereto (the “Limit Amount”). If the Limit Amount is insufficient to cover all the indemnity amounts payable with respect to all Indemnifiable Persons, then such amount shall be allocated to such Indemnifiable Persons pro rata according to the percentage of their culpability, as finally determined by a court in the relevant claim, or, absent such determination or in the event such persons are parties to different claims, based on an equal pro rata allocation among such Indemnifiable Persons. The Limit Amount payable by the Company as described in Exhibit A is deemed by the Company to be reasonable in light of the circumstances. The indemnification provided under Section 1.1.1 herein shall not be subject to the limitations imposed by this Section 1.2 and Exhibit A if and to the extent such limits are no longer required by the Companies Law.

1.3. If so requested by Indemnitee, and subject to the Company’s repayment and reimbursement rights set forth in Sections 3 and 5 below, the Company shall pay amounts to cover Indemnitee’s Expenses with respect to which Indemnitee is entitled to be indemnified under Section 1.1 above, as and when incurred. The payments of such amounts shall be made by the Company directly to the Indemnitee’s legal and other advisors, as soon as practicable, but in any event no later than fifteen (15) days after written demand by such Indemnitee therefor to the Company, and any such payment shall be deemed to constitute indemnification hereunder. All amounts paid as indemnification hereunder shall be grossed up to cover any tax payment that Indemnitee may be required to make if the indemnification payments are taxable, subject to the Limit Amount if required by applicable law. As part of the aforementioned undertaking, the Company will make available to Indemnitee any security or guarantee that Indemnitee may be required to post in accordance with an interim decision given by a court, governmental or administrative body, or an arbitrator, including for the purpose of substituting liens imposed on Indemnitee’s assets.

1.4. The Company’s obligation to indemnify Indemnitee and advance Expenses in accordance with this Agreement shall be for such period as Indemnitee shall be subject to any actual, possible or threatened claim, action, suit, demand or proceeding or any inquiry or investigation, whether civil, criminal or investigative, arising out of the
Indemnitee’s service in the Corporate Capacity as described in Section 1.1 above, whether or not Indemnitee is still serving in such position (the “Indemnification Period”).

1.5. The Company undertakes that, subject to the mandatory limitations under applicable law and the Articles, as in effect from time to time, as long as it may be obligated to provide indemnification and advance Expenses under this Agreement, the Company will purchase and maintain in effect directors’ and officers’ liability insurance, which will include coverage for the benefit of the Indemnitee, providing coverage in amounts as reasonably determined by the Board; provided that, the Company shall have no obligation to obtain or maintain directors and officers insurance policy if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, or the coverage provided by such insurance is so limited by exclusions that it provides an insufficient benefit. The Company hereby undertakes to notify the Indemnitee thirty (30) days prior to the expiration or termination of such directors’ and officers’ liability insurance.

1.6. The Company undertakes to give prompt written notice of the commencement of any claim hereunder to the insurers in accordance with the procedures set forth in each of the policies. The Company shall thereafter diligently take all actions reasonably necessary under the circumstances to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, proceeding, inquiry or investigation in accordance with the terms of such policies. The above shall not derogate from Company’s authority to freely negotiate or reach any compromise with the insurer which is reasonable at the Company’s sole discretion provided that the Company shall act in good faith and in a diligent manner.

1.7. In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has requested it, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption.

2. SPECIFIC LIMITATIONS ON INDEMNIFICATION.

Notwithstanding anything to the contrary in this Agreement, the Company shall not indemnify or advance Expenses to Indemnitee with respect to (i) any act, event or circumstance with respect to which it is prohibited to do so under applicable law, or (ii) a counter claim made by the Company or in its name in connection with a claim against the Company filed by the Indemnitee.

3. REPAYMENT OF EXPENSES.

3.1. In the event that the Company provides or is required to provide indemnification with respect to Expenses hereunder and at any time thereafter the Company determines, based on advice from its legal counsel, that the Indemnitee was not entitled to such payments, the amounts so indemnified by the Company will be promptly repaid by Indemnitee, unless the Indemnitee disputes the Company’s determination, in which case the Indemnitee’s obligation to repay to the Company shall be postponed until such dispute is resolved by a court of competent jurisdiction in a final and non-appealable order.

3.2. Indemnitee’s obligation to repay the Company for any Expenses or other sums paid hereunder shall be deemed as a loan given to Indemnitee by the Company subject to the minimum interest rate prescribed by Section 3(9) of the Income Tax Ordinance [New Version], 1961, or any other legislation replacing it, which is not considered a taxable benefit.
4. **SUBROGATION.**

In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

5. **REIMBURSEMENT.**

The Company shall not be liable under this Agreement to make any payment in connection with any Indemnifiable Event to the extent Indemnitee has otherwise actually received payment under any insurance policy or otherwise (without any obligation of Indemnitee to repay any such amount) of the amounts otherwise indemnifiable hereunder. Any amounts paid to Indemnitee under such insurance policy or otherwise after the Company has indemnified Indemnitee for such liability or Expense shall be repaid to the Company as soon as practical upon receipt by Indemnitee, in accordance with the terms set forth in Section 3.2.

The Company hereby acknowledges that the Indemnitee has now or may have in the future certain rights to indemnification, advancement of expenses and/or insurance provided by third parties (the “Third Party Indemnitor”), and the Company hereby agrees (i) that the Company is the indemnitor of first resort (i.e., its obligations to the Indemnitee are primary and any obligation of any Third Party Indemnitor to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Indemnitee are secondary), (ii) it shall be required to advance the full amount of expenses incurred by the Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the fullest extent legally permitted and as required by the terms of this Agreement and/or the Articles (or any other agreement between the Company and the Indemnitee), without regard to any rights the Indemnitee may have against the Third Party Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases any Third Party Indemnitor from any and all claims against any Third Party Indemnitor for contribution, subrogation or any other recovery of any kind of respect of the subject matters of this Agreement. Without altering or expanding any of the Company’s indemnification obligations hereunder, the Company further agrees that no advancement or payment by any Third Party Indemnitor on the Indemnitee’s behalf with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and any Third Party Indemnitor shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnitee against the Company. The Company and the Indemnitee agree that the Third Party Indemnitors are express third party beneficiaries of the terms of this Section 5.

6. **EFFECTIVENESS.**

The Company represents and warrants that this Agreement is valid, binding and enforceable in accordance with its terms and was duly adopted and approved by the Company, and shall be in full force and effect immediately upon its execution and shall continue to be in full force for the duration of the Indemnification Period.

7. **NOTIFICATION AND DEFENSE OF CLAIM.**

Indemnitee shall notify the Company of the commencement of any action, suit or proceeding, and of the receipt of any notice or threat that any such legal proceeding has been or shall or may be initiated against Indemnitee (including any proceedings by or against the Company and any subsidiary thereof), promptly upon Indemnitee first becoming so aware; but the omission to so notify the Company will not relieve the Company from any liability which it may have to Indemnitee under this Agreement unless and to the extent that such failure to provide notice materially and adversely impacts the Company’s ability to defend such action. Notice to the Company shall be directed to the Chief Executive Officer or Chief Financial Officer of the
7.1. The Company will be entitled to participate therein at its own expense.

7.2. Except as otherwise provided below, the Company, alone or jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel selected by the Company. Indemnitee shall have the right to employ his or her own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee, unless: (i) the employment of counsel by Indemnitee has been authorized in writing by the Company; (ii) the Company shall have, in good faith, reasonably concluded that there may be a conflict of interest under the law and rules of attorney professional conduct applicable to such claim between the Company and Indemnitee in the conduct of the defense of such action; or (iii) the Company has not in fact employed counsel to assume the defense of such action within reasonable time, in which cases the reasonable fees and expenses of Indemnitee’s counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Company shall have reached the conclusion specified in (ii) above.

7.3. The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts or expenses paid in connection with a settlement of any action, claim or otherwise, effected without the Company’s prior written consent.

7.4. The Company shall have the right to conduct the defense as it sees fit in its sole discretion (provided that the Company shall conduct the defense in good faith and in a diligent manner and that the Company and its counsel shall keep the Indemnitee reasonably notified on a regular basis of all events in the action), including the right to settle or compromise any claim or to consent to the entry of any judgment against Indemnitee without the consent of the Indemnitee, provided that, the amount of such settlement, compromise or judgment does not exceed the Limit Amount (if applicable) and is fully indemnifiable pursuant to this Agreement (subject to Section 1.2 of this Agreement) and/or applicable law, and any such settlement, compromise or judgment does not impose any penalty or limitation on Indemnitee without the Indemnitee’s prior written consent. The Indemnitee’s consent shall not be required if the settlement includes a complete release of Indemnitee, does not contain any admission of wrong-doing by Indemnitee, and includes monetary sanctions only as provided above. In the case of criminal proceedings, the Company and/or its legal counsel will not have the right to plead guilty or agree to a plea-bargain in the Indemnitee's name without the Indemnitee's prior written consent. Neither the Company nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

7.5. Indemnitee shall fully cooperate with the Company and shall give the Company all information and access to documents, files and to his or her advisors and representatives as shall be within Indemnitee's power, in every reasonable way as may be required by the Company with respect to any claim that is the subject matter of this Agreement and in the defense of other claims asserted against the Company (other than claims asserted by Indemnitee), provided that the Company shall cover all expenses, costs and fees incidental thereto such that the Indemnitee will not be required to pay or bear such expenses, costs and fees.
8. **EXCULPATION.**

Subject to the provisions of the Companies Law, the Company hereby releases, in advance, the Office Holder from liability to the Company for any damage that arises from the breach of the Office Holder’s duty of care to the Company (within the meaning of such terms under Sections 252 and 253 of the Companies Law), other than breach of the duty of care towards the Company in a distribution (as such term is defined in the Companies Law).

9. **NON-EXCLUSIVITY.**

The rights of the Indemnitee hereunder shall not be deemed exclusive of any other rights Indemnitee may have under the Articles, applicable law or otherwise, and to the extent that during the Indemnification Period the indemnification rights of the then serving Indemnites are more favorable to such Indemnitees than the indemnification rights provided under this Agreement, Indemnitee shall be entitled to the full benefits of such more favorable indemnification rights to the extent permitted by law.

10. **PARTIAL INDEMNIFICATION.**

If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines or penalties actually or reasonably incurred by Indemnitee in connection with any proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses, judgments, fines or penalties to which Indemnitee is entitled under any provision of this Agreement. Subject to the provisions of Section 5 above, any amount received by Indemnitee (under any insurance policy or otherwise) shall not reduce the Limit Amount hereunder and shall not derogate from the Company’s obligation to indemnify the Indemnitee in accordance with the provisions of this Agreement up to the Limit Amount, as set forth in Section 1.2.

11. **BINDING EFFECT.**

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns and their respective heirs, personal representatives, executors and administrators. In the event of a merger or consolidation of the Company or a transfer or disposition of all or substantially all of the business or assets of the Company, the Indemnitee shall be entitled to the same indemnification and insurance provisions as the most favorable indemnification and insurance provisions afforded to the then-serving Office Holders of the Company. In the event that in connection with such transaction the Company purchases a directors and officers’ “tail” or “run-off” policy for the benefit of its then serving Office Holders, then such policy shall cover Indemnitee and such coverage shall be deemed to be in satisfaction of the insurance requirements under this Agreement. This Agreement shall continue in effect during the Indemnification Period regardless of whether Indemnitee continues to serve in a Corporate Capacity.

Any amendment to the Companies Law, the Israeli Securities Law, the RTP Law or other applicable law adversely affecting the right of the Indemnitee to be indemnified, insured or released pursuant hereto shall be prospective in effect, and shall not affect the Company’s obligation or ability to indemnify or insure the Indemnitee for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

12. **SEVERABILITY.**

The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.
13. NOTICE.

All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed provided if delivered personally, telecopied, sent by electronic facsimile, email, reputable overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses shown in the preamble to this Agreement, or to such other address as the party to whom notice is to be given may have furnished to the other party hereto in writing in accordance herewith. Any such notice or communication shall be deemed to have been delivered and received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of telecopier or an electronic facsimile or email, one business day after the date of transmission if confirmation of receipt is received, (iii) in the case of a reputable overnight courier, three business days after deposit with such reputable overnight courier service, and (iv) in the case of mailing, on the seventh business day following that on which the mail containing such communication is posted.

14. GOVERNING LAW; JURISDICTION.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without giving effect to the conflicts of law provisions of those laws. The Company and Indemnitee each hereby irrevocably consent to the exclusive jurisdiction and venue of the courts of Tel Aviv, Israel for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

15. ENTIRE AGREEMENT AND TERMINATION.

This Agreement represents the entire agreement between the parties and supersedes any other agreements, contracts or understandings between the parties, whether written or oral, with respect to the subject matter of this Agreement. For the avoidance of doubt, it is hereby clarified that nothing contained herein derogates from the Company’s right in its sole discretion, subject to applicable law and the Articles, to indemnify Indemnitee post factum for any amounts the Indemnitee may be obligated to pay.

16. NO MODIFICATION AND NO WAIVER.

No supplement, modification or amendment, termination or cancellation of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. Any waiver shall be in writing. The Company hereby undertakes not to amend its Articles in a manner that will adversely affect the provisions of this Agreement.

17. ASSIGNMENTS; NO THIRD PARTY RIGHTS.

Neither party hereto may assign any of its rights or obligations hereunder except with the express prior written consent of the other party. Nothing herein shall be deemed to create or imply an obligation for the benefit of a third party, except as set forth in Section 5. Without limitation of the foregoing, nothing herein shall be deemed to create any right of any insurer that provides directors’ and officers’ liability insurance, to claim, on behalf of Indemnitee, any rights hereunder.

18. INTERPRETATION; DEFINITIONS.

The obligations of the Company as provided hereunder shall be interpreted broadly and in a manner that shall facilitate its execution, to the extent permitted by law, and for the purposes for which it was intended.
Unless the context shall otherwise require: words in the singular shall also include the plural, and vice versa; any pronoun shall include the corresponding masculine, feminine and neuter forms; the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; the words “herein”, “hereof” and “hereunder” and words of similar import refer to this Agreement in its entirety and not to any part hereof; all references herein to Sections or clauses shall be deemed references to Sections or clauses of this Agreement; any references to any agreement or other instrument or law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to “law” shall include any supranational, national, federal, state, local, or foreign statute or law and all rules and regulations promulgated thereunder; any reference to a “day” or a number of “days” (without any explicit reference otherwise, such as to business days) shall be interpreted as a reference to a calendar day or number of calendar days; reference to month or year means according to the Gregorian calendar; reference to a “company”, “corporate body” or “entity” shall include a, partnership, firm, company, corporation, limited liability company, association, joint venture, trust, unincorporated organization, estate, or a government municipality or any political, governmental, regulatory or similar agency or body, and reference to a “person” shall mean any of the foregoing or a natural person.

19. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument; it being understood that parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in pdf format shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

[SIGNATURE PAGE TO FOLLOW]
IN WITNESS WHEREOF, the parties, each acting under due and proper authority, have executed this Agreement as of the date first mentioned above, in one or more counterparts.

**JFROG Ltd.**

By: ................................................

Name and title: ......................................

**Indemnitee:**

Name: ................................................

Signature: ............................................

Address: .............................................
1. Claims in connection with employment relationships with and/or by employees or consultants of the Company, and in connection with business relations between the Company and its employees, independent contractors, customers, suppliers, partners and various service providers. The greater of (i) an amount equal to [25]% of our shareholders’ equity on a consolidated basis, based on our most recent financial statements made publicly available before the date on which the indemnity payment is made, and (ii) $[XX] million (the “Maximum Amount”).

2. Negotiations, execution, delivery and performance of agreements of any kind or nature, anti-competitive acts, acts of commercial wrongdoing, approval of corporate actions including the approval of and recommendation or information provided to shareholders with respect to corporate actions, the approval of the acts of the Company’s management, their guidance and their supervision, actions concerning the approval of transactions with Office Holders or shareholders, including controlling persons, actions pursuant to or in accordance with the policies and procedures of the Company (whether or not such policies and procedures are published) and claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care or any other applicable standard with respect to the Company’s business.

3. Violation, infringement, misappropriation, dilution and other misuse of copyrights, patents, designs, trade secrets and any other intellectual property rights, acts in connection with the registration, assertion or protection of rights to intellectual property and the defense of claims related to intellectual property, breach of confidentiality obligations, acts in regard of invasion of privacy including with respect to databases or personal information, acts in connection with slander and defamation, and claims in connection with publishing or providing any information, including any filings with any governmental authorities, whether or not required under any applicable laws.

4. Violations of securities laws of any jurisdiction, including without limitation, claims under the U.S. Securities Act of 1933, as amended from time to time, or the U.S. Exchange Act of 1934, as amended from time to time, or under the Israeli Securities Law, as amended from time to time, fraudulent disclosure claims, failure to comply with any securities authority or any stock exchange disclosure or other rules and any other claims relating to relationships with investors, debt holders, shareholders, holders of any other equity or debt instrument of the Company and the investment community and any claims related to the Sarbanes-Oxley Act of 2002, as amended from time to time; claims relating to or arising out of financing arrangements, any breach of financial covenants or other obligations towards lenders or debt holders.

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of the Company, class actions, violations of laws requiring the Company to obtain regulatory and
governmental licenses, permits and authorizations in any jurisdiction; actions taken in connection
with the issuance, purchase, holding or disposition of any type of securities of Company, including,
without limitation, the grant of options, warrants or other rights to purchase any of the same or any
offering of the Company’s securities to private investors or to the public, and listing of such
securities, or the offer by the Company to purchase securities from the public or from private
investors or other holders, and any undertakings, representations, warranties and other obligations
related to any such offering, listing or offer or to the Company’s status as a public company or as an
issuer of securities.

5. Liabilities arising in connection with development of any products or services developed,
distributed, rendered, sold, provided, licensed or marketed by the Company, and any actions or
omission in connection with the distribution, provision, sale, marketing, license or use of such
products or services, including without limitation in connection with professional liability and
product liability claims.

6. The offering of securities by the Company to the public, including the offering of securities by a
shareholder in connection with a secondary offering.

7. The offering of securities by the Company to private investors or the offer by the Company to
purchase securities from the public and/or from private investors or other holders pursuant to a
prospectus, agreements, notices, reports, tenders and/or other proceedings.

8. Events in connection with change in ownership or in the structure of the Company, its
reorganization, dissolution, winding up, any other arrangements concerning creditors rights or any
decision concerning any of the foregoing, including but not limited to, merger, sale or acquisition of
assets, division, spin off, divestiture, change in capital.

9. Any claim or demand made in connection with any transaction not in the ordinary course of
business of the Company, including the sale, lease or purchase of, or the receipt or any grant of any
rights with respect to, any assets or business.

10. Any claim or demand made by any third party suffering any personal injury and/or bodily injury or
damage to business or personal property or any other type of damage through any act or omission
attributed to the Company, its employees, agents or other persons acting or allegedly acting on its
behalf, including, without limitation, failure to make proper safety arrangements for the Company or
its employees and liabilities arising from any accidental or continuous damage or harm to the
Company’s employees, its contractors, its guests and visitors as a result of an accidental or
continuous event, or employment conditions, permanent or temporary, in the Company’s offices.

11. Any claim or demand made directly or indirectly in connection with complete or partial failure, by
the Company or its directors, officers
and employees, to pay, report, keep applicable records or otherwise, of any foreign, federal, state, county, local, municipal or city taxes or other compulsory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.

12. Any administrative, regulatory or judicial actions, orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any governmental entity or other person alleging the failure to comply with any statute, law, ordinance, rule, regulation, order or decree of any governmental entity applicable to the Company or any of its businesses, assets or operations, or the terms and conditions of any operating certificate or licensing agreement.

13. Participation and/or non-participation at the Company’s Board meetings, bona fide expression of opinion and/or voting and/or abstention from voting at the Company’s Board meetings, including, in each case, any committee thereof.

14. Review and approval of the Company’s financial statements and any specific items or matters within, including any action, consent or approval related to or arising from the foregoing, including, without limitations, execution of certificates for the benefit of third parties related to the financial statements.

15. Violation of laws, rules or regulations requiring the Company to obtain regulatory and governmental licenses, permits and authorizations (including without limitation relating to export, import, encryption, antitrust or competition authorities) or laws related to any governmental grants in any jurisdiction.

16. Resolutions and/or actions relating to investments in the Company and/or its subsidiaries and/or affiliated companies and/or the purchase and sale of assets, including the purchase or sale of companies and/or businesses, and/or investment in corporate or other entities and/or investments in traded securities and/or any other form of investment.

17. Liabilities arising out of advertising, including misrepresentations regarding the Company’s products or services and unlawful distribution of emails.

18. An announcement or statement, including a position taken or an opinion or representation made in good faith by the Office Holder in the course of his duties or in conjunction with his duties, whether in public or in private, including during a meeting of the Board of Directors of the Company or any of the committees thereof.
19. Management of the Company’s bank accounts, including money management, foreign currency deposits, securities, loans and credit facilities, credit cards, bank guarantees, letters of credit, consultation agreements concerning investments including with portfolio managers, hedging transactions, options, futures, and the like.

20. Any action or decision in relation to protection of work safety and/or working conditions, including with respect to provisions of the law, procedures or standards as applicable in or outside of Israel with relating to protection of work safety, pertaining, inter alia, to contamination, health protection, production processes, distribution, use, treatment, storage and transportation of certain materials, including in connection with corporal damage, property and environmental damages.

21. Any liability arising under any administrative, regulatory, judicial or civil actions orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation of Section 50P of the RTP Law.

22. Any administrative, regulatory, judicial, civil or criminal, actions orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of violation or breaches alleging potential responsibility, liability, loss or damage (including potential responsibility or liability for costs of enforcement, investigation, cleanup, governmental response, removal or remediation, property damage or penalties, or for contribution, indemnification, cost recovery, compensation or injunctive relief), whether alleged or claimed by customers, consumers, regulators, shareholders or others, arising out of, based on or related to: (a) cyber security, cyber-attacks, data loss or breaches, unauthorized access to databases and use or disclosure of information contained therein, not preventing or detecting the breach or failing to otherwise disclose or respond to the breach; (b) circumstances forming the basis of any violation of any law, permit, license, registration or other authorization required under applicable law governing data security, data protection, network security, information systems, privacy or any cyber environment (including, users, networks, devices, software, processes, information systems, databases, information in storage or transit, applications, services, and systems that can be connected directly or indirectly to networks); (c) failure to implement a reporting system or control, or failure to monitor or oversee the operation of such a system; (d) data destruction, extortion, theft, hacking, and denial of service attacks; losses or liabilities to others caused by errors and omissions, failure to safeguard data or defamation; or (e) security-audit, post-incident public relations and investigative expenses, criminal reward funds, data breach/privacy crisis management (including, management of an incident, investigation, remediation, data subject notification, call management, credit checking for data subjects, legal costs, court
attendance and regulatory fines), extortion liability (including, losses due to a threat of extortion,
professional fees related to dealing with the extortion), or network security liability (including,
losses as a result of denial of access, costs related to data on third-parties and costs related to the
theft of data on third-party systems).

 Aggregate Limit Amount for all events together. The Maximum Amount

* Any reference in this Exhibit A to the Company shall include the Company and any entity in which the Indemnitee serves in a Corporate Capacity.
THE 2011 ISRAELI SHARE OPTION PLAN

PREFACE

This plan, as amended from time to time, shall be known as the Jfrog Ltd. 2011 Israeli Share Option Plan (the “ISOP”).

1. PURPOSE OF THE ISOP

The ISOP is intended to provide an incentive to retain, in the employ of the Company and its Affiliates (as defined below), persons of training, experience, and ability, to attract new employees, officers, directors, consultants and service providers, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company (as defined below), pursuant to the ISOP.

2. DEFINITIONS

For purposes of the ISOP and related documents, including the Option Agreement, the following definitions shall apply:

2.1 “Affiliate” means any “employing company” within the meaning of Section 102(a) of the Ordinance.

2.2 “Approved 102 Option” means an Option granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of the Optionee.

2.3 “Board” means the Board of Directors of the Company.

2.4 “Capital Gain Option” or “CGO” as defined in Section 6.4 below.

2.5 “Cause” means, (i) conviction of any felony involving moral turpitude or affecting the Company; (ii) any failure (as a result of gross negligence or willful misconduct) to carry out, as an employee of the Company or its Affiliates, a reasonable directive of the chief executive officer, the Board or the Optionee’s direct supervisor, which involves the business of the Company or its Affiliates and which was capable of being lawfully performed by Optionee; (iii) embezzlement or theft of funds of the Company or its Affiliates; (iv) any breach of the Optionee’s fiduciary duties or duties of care of the Company; including, without limitation, self-dealing, prohibited disclosure of confidential information of, or relating to, the Company, or engagement in any business competitive to the business of the Company or of its Affiliates; (v) any conduct (other than conduct in good faith) reasonably determined by the Board to be materially detrimental to the Company; (vi) any material breach of the Optionee of any agreement between the Optionee and the Company and (vii) any circumstances that do not entitle Optionee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

2.6 “Chairman” means the chairman of the Committee.
2.7 “Company” means Jfrog Ltd., Company no. 514130491, an Israeli company incorporated under the laws of the State of Israel.

2.8 “Companies Law” means the Israeli Companies Law 5759-1999.

2.9 “Controlling Shareholder” shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

2.10 “Committee” means a share option compensation committee appointed by the Board, which shall consist of no fewer than two members of the Board, or, in the event that no compensation Committee is appointed or that the authority of the Committee, with respect to a specific issue or action, is limited by law, the Board.

2.11 “Date of Grant” means, the date of grant of an Option, as determined by the Board and set forth in the Optionee’s Option Agreement.

2.12 “Employee” means a person who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding Controlling Shareholder.

2.13 “Expiration date” means the date upon which an Option shall expire, as set forth in Section 9.1 of the ISOP.

2.14 “Fair Market Value” means as of any date, the value of a Share determined as follows:

(i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the NASDAQ National Market system, or the NASDAQ SmallCap Market of the NASDAQ Stock Market, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in the Wall Street Journal, or such other source as the Board deems reliable;

(ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination, or;

(iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board.

2.15 “IPO” means the initial public offering of the Company’s shares pursuant to a prospectus or registration statement filed with and declared effective under the Israeli Securities Law, 1968, under the U.S. Securities Act of 1933, as amended, or under any similar law of any other jurisdiction.

2.16 “ISOP” means as defined in the preface hereto.

2.17 “ITA” means the Israeli Tax Authorities.

2.18 “Non-Employee” any person or entity that is not an Employee.
2.19 “Ordinary Income Option” or “OIO” as defined in Section 6.5 below.

2.20 “Option” means an option to purchase one or more Shares of the Company pursuant to the ISOP.

2.21 “102 Option” means any Option granted to Employees in accordance with and subject to Section 102 of the Ordinance.

2.22 “3(i) Option” means an Option granted in accordance with and subject to Section 3(i) of the Ordinance to any person who is Non-Employee.

2.23 “Optionee” means a person who receives or holds an Option under the ISOP.

2.24 “Option Agreement” means the share option agreement between the Company and an Optionee that sets out the terms and conditions of an Option.


2.26 “Exercise Price” means the price to be paid for exercise of the Option with respect to each Share under an Option as set forth in the Option Agreement and as adjusted according to the terms of the ISOP or the Option Agreement.

2.27 “Repurchaser(s)” means (i) the Company, if permitted by applicable law, (ii) if the Company is not permitted by applicable law, then any Affiliate of the Company designated by the Board; or (iii) if no decision is reached by the Board, then the Company’s existing shareholders (save, for avoidance of doubt, for other Optionees who already exercised their Options), pro rata in accordance with their respective shareholdings in the Company’s issued and outstanding share capital, on an as-converted basis.

2.28 “Section 102” means section 102 of the Ordinance as now in effect or as hereafter amended.

2.29 “Share” means the ordinary shares of the Company, NIS 0.01 par value each.

2.30 “Successor Company” means any entity into or with which the Company is merged or by which the Company is acquired, pursuant to a Transaction in which the Company is not the surviving entity.

2.31 “Termination” means, unless otherwise was agreed in the Option Agreement, with respect to termination of employment, services or engagement, the earlier of (i) the date in which the services, as required to be provided under the terms of engagement with such Non-Employee, actually ceased to be provided by such Non-Employee provider; or (ii) the date in which the work, as required to be provided under the terms of employment agreement with such Employee, actually ceased to be provided by such Employee; or (iii) the actual termination of the employee-employer relationship between the Company and the Employee or the contractual engagement between the Company and a Non-Employee; or (iv) the date in which a notice of termination of employment or services was sent by either the Company or the Employee or Non-Employee.
2.32 “Transaction” means (i) merger, acquisition or reorganization of the Company with one or more other entities in which the Company is not the surviving entity including, without limitation a statutory spin-off or an arrangement which economically amounts to a merger or a spin-off, (ii) a sale of all or substantially all of the assets of the Company, (iii) IPO (iv) a change of the Company’s structure and any arrangement between the Company and its shareholders and/or creditors and/or holders of options on the Company’s shares (v) a transaction or a series of consecutive transactions within a period of 12 months, in which 50% or more of the issued and outstanding share capital of the company are sold to a third party.

2.33 “Trustee” means any individual or entity appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102 of the Ordinance.

2.34 “Unapproved 102 Option” means an Option granted pursuant to Section 102(c) of the Ordinance.

2.35 “Vested Option” means any Option that has already become vested and exercisable according to its Vesting Date or otherwise (e.g. acceleration upon certain events).

2.36 “Vesting Dates” means, with respect to any Option, the date as of which the Optionee shall be entitled to exercise such Option, as set forth in section 11 of the ISOP.

2.37 “Exercise Date” The date of receipt by the Company of the Exercise Notice shall for all purposes be deemed as the exercise date.

3. SHARES SUBJECT TO THE ISOP; GRANT OF OPTIONS

3.1. The Company has reserved Shares for the purposes of the ISOP and for the purposes of any other share option plans which have previously been, or may in the future be, adopted by the Company, subject to adjustment as set forth in Section 8 below. Any Shares which remain unissued and which are not subject to the outstanding Options at the termination of the ISOP shall cease to be reserved for the purpose of the ISOP. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, the Shares subject to such Option may again be subjected to an Option under the ISOP or under the Company’s other share option plans.
3.2. The Company shall, under the ISOP, Grant to Optionees, options to purchase Shares, the exact number, Exercise Price and other terms of which shall be determined by the Board from time to time, subject to the terms of the ISOP (the “Options”).

Each Option granted pursuant to the ISOP, shall be evidenced by a written Option Agreement between the Company and the Optionee, in such form as the Board shall from time to time approve. Each Option Agreement shall state, among other matters, the number of Shares to which the Option relates, the type of Option granted thereunder (whether a CGO, OIO, Unapproved 102 Option or a 3(i) Option), the Vesting Dates, the Exercise Price per share, the Expiration Date and such other terms and conditions as the Board in its discretion may prescribe, provided that they are consistent with this ISOP.

4. ADMINISTRATION OF THE ISOP

4.1. The Committee or the Board shall have the power to administer the ISOP, all as subject to applicable law and the Company’s Articles of Association. Notwithstanding the above, for all intents and purposes hereunder, the Board shall automatically have residual authority if no committee shall be constituted or if such committee shall cease or otherwise be unable to operate for any reason.

4.2. The Committee shall have the power to: (i) designate Optionees; (ii) grant Options to the Optionees; (iii) determine the terms and provisions of the respective Option Agreements (which need not be identical), including, but not limited to, the number of Options to be granted to each Optionee, the number of Shares to be covered by each Option, provisions concerning the time and the extent to which the Options may be exercised and the nature and duration of restrictions as to the transferability, or restrictions constituting substantial risk of forfeiture upon occurrence of certain events, and to cancel or suspend awards, as necessary; (iv) determine the Fair Market Value of the Shares covered by each Option; (v) make an Election (as defined in Section 6.6 hereinafter) as to the type of 102 Approved Option; and (vi) designate the type of Options; (vii) alter any restrictions and conditions of any Options or Shares subject to any Options; (viii) accelerate the right of an Optionee to exercise in whole or in part, any previously granted Option; (ix) determine the Exercise Price of the Option; and (x) prescribe, amend and rescind rules and regulations relating to the ISOP in cases specifically set forth hereunder.

4.3. The Committee shall have full power and authority to: (i) interpret the provisions and supervise the administration of the ISOP; and (ii) make all other determinations deemed necessary or advisable for the administration of the ISOP.

4.4. The Board shall have the authority to grant, at its discretion, to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having an Exercise Price equal to, lower than or higher than the Exercise Price of the original Option so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the ISOP.

4.5. Subject to the Company’s Articles of Association, all decisions and selections made by the Board or the Committee pursuant to the provisions of the ISOP shall be made by a majority of its members except that no member of the Board or the Committee shall vote on, or be counted for quorum purposes, with respect to any proposed action of the Committee relating to any Option to be granted to that member. Any decision reduced to writing shall be executed in accordance with the provisions of the Company’s Articles of Association, as the same may be in effect from time to time.

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4.6. The interpretation and construction by the Committee of any provision of the ISOP or of any Option Agreement thereunder shall be final and conclusive unless otherwise determined by the Board.

4.7. Any member of such Committee shall be eligible to receive Options under the ISOP while serving on the Committee, unless otherwise specified herein.

5. **DESIGNATION OF PARTICIPANTS**

5.1. The persons eligible for participation in the ISOP as Optionees shall include any Employees and/or Non-Employees of the Company or of any Affiliate thereof; provided, however, that (i) Employees and office holders may only be granted 102 Options; and (ii) Non-Employees may only be granted 3(i) Options.

5.2. The grant of an Option hereunder shall neither entitle the Optionee to participate nor disqualify the Optionee from participating in, any other grant of Options pursuant to the ISOP or any other option or share plan of the Company or any of its Affiliates.

5.3. Anything in the ISOP to the contrary notwithstanding, all grants of Options to directors and office holders shall be authorized and implemented in accordance with the provisions of the Companies Law or any successor act or regulation, as in effect from time to time.

6. **DESIGNATION OF OPTIONS PURSUANT TO SECTION 102**

6.1. The Company may grant Options to Employees and office holders pursuant to Section 102 as Unapproved 102 Options or Approved 102 Options.

6.2. The grant of Approved 102 Options shall be made under this ISOP adopted by the Board, and shall be conditioned upon the approval of this ISOP by the ITA.

6.3. Approved 102 Option may either be classified as Capital Gain Option (or as CGO) or Ordinary Income Option (or as OIO).

6.4. Approved 102 Option elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance shall be referred to herein as CGO.

6.5. Approved 102 Option elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance shall be referred to herein as OIO.

6.6. The Company’s election of the type of Approved 102 Options as CGO or OIO granted to Employees (the “Election”), shall be appropriately filed with the ITA before the Date of Grant of an Approved 102 Option under such Election. Such Election shall become effective.
of Grant of an Approved 102 Option under such Election and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Options under such Election. The Election shall obligate the Company to grant only the type of Approved 102 Option it has elected, and shall apply to all Optionees who were granted Approved 102 Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Options simultaneously.

6.7. All Approved 102 Options must be held in trust by a Trustee, as described in Section 7 below.

6.8. For the avoidance of doubt, the designation of Unapproved 102 Options and Approved 102 Options shall be subject to the terms and conditions set forth in Section 102 of the Ordinance and the regulations promulgated thereunder.

7. **TRUSTEE**

7.1. Approved 102 Options which shall be granted under the ISOP and/or any Shares allocated or issued upon exercise of such Approved 102 Options and/or other shares received subsequently following any realization of rights including, without limitation, bonus shares and shares issued pursuant to a stock split, shall be allocated or issued to the Trustee (and registered in the Trustee’s name in the register of members of the Company) and held for the benefit of the Optionees for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the "Holding Period"). All certificates, if issued, representing Shares issued to the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Shares are released from the aforesaid trust as herein provided. In the case the requirements for Approved 102 Options are not met, then the Approved 102 Options may be treated as Unapproved 102 Options, all in accordance with the provisions of Section 102 and regulations promulgated thereunder.

7.2. Notwithstanding anything to the contrary, the Trustee shall not release any Shares allocated or issued upon exercise of Approved 102 Options prior to the full payment of the Optionee’s tax liabilities arising from Approved 102 Options, which were granted to such Optionee and/or any Shares allocated or issued upon exercise of such Options.

7.3. With respect to any Approved 102 Option, subject to the provisions of Section 102 and any rules or regulations or orders or procedures promulgated thereunder, an Optionee shall not sell or release from trust any Share received upon the exercise of an Approved 102 Option and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the provisions of Section 102 of the Ordinance and any applicable rules, regulations, orders or procedures promulgated thereunder shall apply to and shall be borne by such Optionee.
7.4. Upon receipt of Approved 102 Option, the Optionee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with the ISOP, or any Approved 102 Option or Share granted to him thereunder.

7.5. The execution of any instructions given to the Trustee by an Optionee shall, unless such right is waived by the Company, be subject to approval of such order by the Company. The Company shall not approve instructions given by an Optionee to the Trustee within if such instructions are in full compliance with the terms of the Plan, the Company’s Articles and any law. The approval by the Company of any instructions given to the Trustee by an Optionee shall not constitute proof of the Company’s recognition or acknowledgement or acceptance of any right of such Optionee.

8. **CHANGES IN THE PLAN; ADJUSTMENTS**

8.1. The Company shall be entitled, from time to time, to update and/or change the terms of this Plan, in whole or in part, at its sole discretion, provided that such change shall not substantially financially derogate from the rights attached to the Options (whether vested or unvested) as of the date of such modification. The Company shall be entitled to update and/or change the rights attached to the Shares.

8.2. Upon the occurrence of a Transaction, the Committee shall be entitled, at its sole discretion, to adjust the rights of an Optionee under the Plan, such as providing an Optionee with substitute securities of the Successor Company and/or other substitute compensation, as is reasonable in the opinion of the Committee, as long as the substitute securities and/or the compensation are calculated to be reasonable as compared to the compensation or substitute securities (or their financial equivalent) received by all or some of the holders of Ordinary Shares, as the case may be, in the Company other than the Optionee (the “Substitute Compensation”). Such opinion of the Committee shall be delivered to the Optionees and shall be final and conclusive. The Committee shall be entitled, at its sole discretion, to decide that upon the occurrence of a Transaction, every unvested Option shall expire automatically, and shall have no value whatsoever.

8.3. Without derogating from the rights of the Company under sections 8.2 and 8.1 above, upon the occurrence of any of the following described events, Optionee’s rights to purchase Shares under the ISOP shall be adjusted as provided hereafter:

8.3.1. In the event of Transaction, the unexercised Options then outstanding under the ISOP may, according to the sole and absolute discretion of the Committee, be assumed or substituted for options to purchase an appropriate number of shares of each class of shares, or other securities of the Successor Company (or a parent or subsidiary of the Successor Company), per each Share underlying the assumed or substituted Option, as were distributed to the holders of Shares of the Company per each Share held, in connection with and pursuant to the Transaction. In the case of such assumption and/or substitution of Options, appropriate adjustments shall be made to the Exercise Price so as to reflect such action and all other terms and conditions of the Option Agreements shall remain unchanged, including but not limited to the vesting schedule, all subject to the determination of the Committee, which determination shall be in their discretion and final.
8.3.2. If, in any such Transaction, the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute any unexercised Options underlying such Option Agreement, the Vesting Dates of such Options may, according to the Committee’s discretion, be accelerated so that any such unexercised Options that are then unvested shall be immediately vested and exercisable as of the date that is ten (10) days prior to the effective date of the Transaction for a 10-day thereafter (upon expiration of which period the Options shall expire).

8.3.3. If the Company is voluntarily liquidated or dissolved while unexercised Options remain outstanding under the ISOP, the Company shall immediately notify all unexercised Option holders of such liquidation, and the Option holders shall then have ten (10) days to exercise any unexercised Vested Option held by them at that time, in accordance with the exercise procedure set forth herein. Upon the expiration of such ten-day period, all remaining unexercised Options will terminate immediately.

8.3.4. If the outstanding shares of the Company shall at any time be changed or exchanged due to exchange of shares, recapitalization, or any other like event by or of the Company, other than stock split, stock combination or bonus shares issuance, and as often as the same shall occur, then the number, class and kind of the Shares subject to the ISOP or subject to any Options therefore granted, and the Exercise Prices, shall be appropriately and equitably, as shall be determined by the Committee, adjusted, provided, however, that the Exercise Price shall not be less than the par value of the Share underlying any such Options, and provided further, that no adjustment shall be made by reason of the distribution of subscription rights (rights offering) on outstanding shares. Upon occurrence of any of the foregoing, the class and aggregate number of Shares issuable pursuant to the ISOP (as set forth in Section 3.1 hereof), in respect of which Options have not yet been exercised, shall be appropriately adjusted, all as will be determined by the Committee.

8.3.5. In the event of issuance of bonus shares to the Company’s shareholders which is not in the manner of a stock split, the terms of the Options shall be adjusted by way of (i) increasing the number of Exercise Shares to which the Offerees shall be entitled upon exercising the Option, by the same number of shares to which they would have been entitled as bonus shares had they exercised the Option prior to the effective date for being entitled to receive such bonus shares or (ii) reducing the exercise price or (iii) any combination of the above, all as shall be determined by the Committee.

8.3.6. In the event of a stock split or consolidation of the Company’s share capital, the number of shares to which Offeree(s) shall be entitled under their Option(s) shall be adjusted accordingly.

8.3.7. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.
9. **TERM OF OPTIONS; TERMINATION OF EMPLOYMENT OR SERVICES**

9.1. Options, to the extent not previously exercised, shall terminate forthwith upon the earlier of: (i) unless otherwise determined in accordance with the provisions of this ISOP with respect to any Option(s), such date shall be seven (7) years from the respective Date of Grant; (ii) the date set forth in the Option Agreement; (iii) unless otherwise resolved by the Committee, upon the occurrence of a Transaction; and (iv) the expiration of any extended period in any of the events set forth in section 9.3 below.

9.2. Subject to the provisions of section 9.3 below, in the event of Termination of Optionee’s employment or services, with the Company or any of its Affiliates, all unexercised Options granted to such Optionee will immediately expire. For the avoidance of doubt, in case of such Termination of employment or service, and on the date of the Termination, the unvested portion of the Optionee’s Option shall not vest and shall not become exercisable and any unvested portion of the Optionee’s Option shall revert to the ISOP.

9.3. Unless otherwise determined in the Optionee’s Option Agreement and subject to the provisions of section 9.1(i), 9.1(ii) and 9.1(iii) above, an Option may be exercised after the date of Termination of Optionee’s employment or service with the Company or any Affiliates during an additional period of time beyond the date of such Termination, but only with respect to the number of Vested Options at the time of such Termination according to the Vesting Dates, in the event of:

9.3.1. termination is by the Company and without Cause, in which event any Vested Option still in force and unexpired may be exercised within a period of ninety (90) days after the date of such Termination; or-

9.3.2. termination is the result of death, Retirement or Disability (each, as hereinafter defined) of the Optionee, in which event any Vested Option still in force and unexpired may be exercised within a period of twelve (12) months after the date of such Termination; or—

9.3.3. prior or subsequent to such termination, the Committee shall authorize an extension of the terms of all or part of the Vested Options beyond the date of such termination for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

9.3.4. Anything herein to the contrary, if termination of employment or service is for Cause, any outstanding unexercised Option (whether vested or non-vested) will immediately expire and terminate, and the Optionee shall not have any right in connection to such outstanding Options.

9.3.5. As used herein: (i) the term “Disability” means an Optionee’s inability to perform his/her duties to the Company, or to any of its Affiliates, for a consecutive period of at least 90 days, by reason of any medically determinable physical or mental impairment, as determined by a physician selected by the Optionee and acceptable to the Company; and (ii) the term “Retirement” means an Optionee’s retirement pursuant to applicable law or in accordance with the terms of any tax-qualified retirement plan maintained by the Company or any of its Affiliates in which the Optionee participates.
10. **EXERCISE OF OPTIONS**

10.1. The Options may be exercised by the Optionee in whole at any time or in part from time to time, to the extent that the Options become vested and exercisable, prior to the Expiration Date, and provided that, subject to the provisions of section 9.3 above, the Optionee is employed by or providing services to the Company or any of its Affiliates, at all times during the period beginning with the granting of the Option and ending upon the date of exercise.

10.2. Options shall be exercised by the Optionee by giving written notice to the Company and/or to any third party designated by the Company (the “Representative”), in such form and method as may be determined by the Company and when applicable, by the Trustee in accordance with the requirements of Section 102, which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the payment of the Exercise Price at the Company’s or the Representative’s principal office. The notice shall specify the number of Shares with respect to which the Option is being exercised.

10.3. The Exercise Price shall be payable upon the exercise of the Option in a form satisfactory to the Committee, including without limitation, by cash or check. The Committee shall have the authority to postpone the date of payment on such terms as it may determine.

10.4. The Exercise Price shall be denominated in the currency of the primary economic environment of, either the Company or the Optionee (that is the functional currency of the Company or the currency in which the Optionee is paid), as determined by the Company.

11. **VESTING OF OPTIONS**

11.1. Subject to the provisions of the ISOP, each Option shall vest and become exercisable commencing on the Vesting Date thereof, as determined by the Committee, for the number of Shares as shall be provided in the Option Agreement. However, no Option shall be exercisable after the Expiration Date. Unless otherwise determined in the Option Agreement, with respect to any, some or all Options, each Option shall vest and become exercisable according to the following schedule: twenty percent (20%) of the Shares under the Option shall vest on the first anniversary as of the Date of Grant of the Option and additional twenty percent (20%) of the Shares under the Option at the end of each subsequent year thereafter.

11.2. An Option may be subject to such other terms and conditions on the time or times when it may be exercised, as the Committee may deem appropriate. The vesting provisions of individual Options may vary.

12. **SHARES SUBJECT TO PROXY, RIGHT OF FIRST REFUSAL, CO-SALE AND REPURCHASE OPTION**

12.1. Until the consummation of an IPO, any Shares issued upon exercise of Options (and securities of the Company issued with respect thereto), whether held by the Trustee or the
Optionee, shall be voted (including the execution of any written consents) by an irrevocable proxy to the Chairman of the Board of Directors, in the form attached hereto as Schedule A or any other form approved by the Committee (the "Proxy"). Pursuant to the directions of the Chairman of the Board, such Proxy may be assigned to the person or persons designated by the Board to provide for the power of such designated person(s) to act, instead of the Optionee and on its behalf (the "Designee(s)"), with respect to any and all aspects of the Optionee’s shareholdings in the Company. The Proxy may be contained in the Option Agreement of an Optionee or otherwise as the Committee determines. If contained in the Option Agreement, no further document shall be required to implement such Proxy, and the signature of the Optionee on the Option Agreement shall indicate approval of the Proxy thereby granted. On each and every issue brought before the shareholders of the Company for their resolution, the Chairman of the Board of Directors of the Company, or any of its Designee(s), as the case may be, shall vote in accordance with the resolution that would have been adopted by all shareholders of the Company actually voting on such issue other than the shareholders represented by such proxy or similar proxies.

12.2. Notwithstanding anything to the contrary in the Articles of Association of the Company, none of the Optionees shall have a right of first refusal in relation with any Sale (as hereinafter defined) of shares in the Company.

12.3. Sale, transfer, assignment or other disposal (collectively, "Sale") of Shares issuable upon the exercise of an Option shall be subject to the rights of first refusal and co-sale rights of other shareholders of the Company as set forth in the Articles of Association of the Company or in any agreement among the Company and all or substantially all of its shareholders. In the event that neither the Articles of Association of the Company nor any such agreement shall provide for applicable rights of first refusal or co-sale rights, then, unless otherwise determined by the Board, until such time as the Company shall complete an IPO, the Sale of Shares issuable upon the exercise of an Option shall be subject to a right of first refusal on the part of the Repurchaser(s), as follows:

12.3.1. The Optionee shall give a notice of sale (hereinafter the "Notice") to the Company in order to offer the Shares to the Repurchaser(s). The Company will forward the Notice to the applicable Repurchaser(s).

12.3.2. The Notice shall specify the name of each proposed purchaser or other transferee (hereinafter the “Proposed Transferee”), the number of Shares offered for Sale, the price per Share and the payment terms. The Repurchaser(s) will be entitled for thirty (30) days from the day of receipt of the Notice (hereinafter the "Notice Period"), to purchase all or part of the offered Shares (if the Repurchaser(s) are shareholders of the Company, then such entitlement shall be on a pro rata basis, based on their respective holdings in the Company’s issued and outstanding share capital, on an as-converted basis).

12.3.3. If, by the end of the Notice Period, not all of the offered Shares have been purchased by the Repurchaser(s), the Optionee shall be entitled to Sell the Shares so remained unpurchased, at any time during the ninety (90) days following the end of the Notice Period on terms not more favorable to the Proposed Transferee than those set out in the Notice, provided that the Proposed Transferee agrees in writing that the provisions of this section shall continue to apply to the Shares in the hands of such Proposed Transferee. Any Sale of Shares issued under the ISOP by the Optionee that is not made in accordance with the ISOP or the Option Agreement shall be null and void.
12.3.4. If the consideration to be paid for the Shares is not cash, the value of the consideration shall be determined in good faith by the Board, and if the Company cannot for any reason pay for the Shares in the form of non-cash consideration, the Company may pay the cash equivalent thereof, as determined by the Board.

12.3.5. Prior to an IPO, and in addition to the right of first refusal, any transfer of Shares by an Optionee shall require the Board’s approval as to the identity of the transferee and as required under the Company’s Articles of Association. The Board may refuse to approve the transfer of Shares to any competitor of the Company or to any other person or entity the Board determines, in its discretion, may be detrimental to the Company.

12.3.6. All Shares issued upon exercise of Options shall be subject to repurchase by the Repurchaser(s).

Repurchase by the Repurchaser(s) shall be made at the Fair Market Value of the Shares at the date of repurchase; in the event of termination of employment or services of the Optionee for Cause, repurchase by the Repurchaser(s) shall be made at the nominal value of the Shares.

The repurchase rights may be exercised by the Repurchaser(s) during a period of sixty (60) days, commencing upon the last date of exercise of Options by the Optionee, as set forth in Section 9.3 above.

12.4. To avoid doubt, the Optionees shall not be deemed owners of the Shares issuable upon the exercise of Options and shall not have any of the rights or privileges of shareholders of the Company in respect of any Shares purchasable upon the exercise of any Option, nor shall they be deemed to be a class of shareholders of the Company for purpose of the operation of sections 350 and 351 of the Companies Law or any successor to such section, until registration of the Optionee as holder of such Shares in the Company’s register of shareholders upon exercise of the Option in accordance with the provisions of the ISOP, but in case of Options and Shares held by the Trustee, subject to the provisions of Section 6 of the ISOP. Anything herein to the contrary notwithstanding, in no event shall the Optionees be deemed a class of creditors of the Company for purpose of the operation of sections 350 and 351 of the Companies Law or any successor to such section.

13. **PURCHASE FOR INVESTMENT; LIMITATIONS UPON IPO; REPRESENTATIONS**

13.1. The Company’s obligation to issue or allocate Shares upon exercise of an Option granted under the ISOP is expressly conditioned upon:
(a) the Company’s completion of any registration or other qualifications of such Shares under all applicable laws, rules and regulations or
(b) representations and undertakings by the Optionee (or his legal representative, heir or legatee, in the event of the Optionee’s death) to assure that the sale of the Shares complies with any registration exemption requirements which the Company in its sole discretion shall deem
necessary or advisable. Such required representations and undertakings may include representations and agreements that such Optionee (or his legal representative, heir, or legatee): (a) is purchasing such Shares for investment and not with any present intention of selling or otherwise disposing thereof; and (b) agrees to have placed upon the face and reverse of any certificates evidencing such Shares a legend setting forth (i) any representations and undertakings which such Optionee has given to the Company or a reference thereto and (ii) that, prior to effecting any sale or other disposition of any such Shares, the Optionee must furnish to the Company an opinion of counsel, satisfactory to the Company, that such sale or disposition will not violate the applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee.

13.2. The Optionee acknowledges that in the event that the Company’s shares shall be registered for trading in any public market, Optionee’s rights to sell the Shares may be subject to certain limitations (including a lock-up period), as will be requested by the Company or its underwriters, and the Optionee unconditionally agrees and accepts any such limitations.

13.3. Upon the grant of Options to an Optionee or the issuance of Shares upon the exercise thereof, the Company shall obtain from such the representations and undertakings as follows, and by virtue of receipt of such Options, Optionee shall be deemed to have made such representation to the Company:

13.3.1. That the Optionee is familiar with the Company, its activity, and that the Optionee knows that there is no certainty that the exercise of the Options will be financially worthwhile. The Optionee hereby undertakes not to have any claim against the Company or any of its directors, employees, stockholders or advisors if it emerges, at the time of exercising the Options, that the Optionee’s investment in the Company’s Shares was not worthwhile, for any reason whatsoever.

13.3.2. That the Optionee knows that his rights regarding the Options and the Shares are subject for all intents and purposes to the instructions of the Company’s documents of incorporation and to the agreements of the stockholders in the Company.

13.3.3. That the Optionee knows that in addition to the allocations set forth above, the Company has allocated and/or is entitled to allocate Options and Shares to other employees and other people, and the Optionee shall have no claim regarding such allocations, their quantity, the relationship among them and between them and the other stockholders in the Company, exercising of the options or any matter related to or stemming from them.

13.3.4. That the Optionee acknowledges that neither the ISOP nor the grant of Option or Shares thereunder shall impose any obligation on the Company to continue the engagement of the Optionee, and nothing in the ISOP or in any Option or Shares granted pursuant thereto shall confer upon any Optionee any right to continue being engaged by the Company, or restrict the right of the Company to terminate such engagement at any time.
14. **DIVIDENDS**

With respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Options) allocated or issued upon the exercise of Options purchased by the Optionee and held by the Optionee or by the Trustee, as the case may be, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, subject to the provisions of the Company’s Articles of Association (and all amendments thereto) and subject to any applicable taxation on distribution of dividends, and, when applicable, subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

15. **RESTRICTIONS ON ASSIGNABILITY AND SALE OF OPTIONS**

15.1. No Option or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to it given to any third party whatsoever, except as specifically allowed under the ISOP, and during the lifetime of the Optionee each and all of such Optionee’s rights to purchase Shares hereunder shall be exercisable only by the Optionee.

15.2. Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void. As long as Options and/or Shares are held by the Trustee on behalf of the Optionee, all rights of the Optionee over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or pursuant to the laws of descent and distribution.

16. **EFFECTIVE DATE AND DURATION OF THE ISOP**

The ISOP shall be effective as of the day it was adopted by the Board and shall terminate at the end of ten (10) years from such day of adoption, unless terminated earlier in accordance with Section 9 hereof. Notwithstanding the foregoing, and unless otherwise determined, with respect to outstanding Options only, the provisions of the ISOP shall survive its termination, and for that purpose only, the ISOP shall be in full force and effect.

17. **TERMINATION OF ISOP**

The Board may at any time, but when applicable, terminate the ISOP provided that no termination of the ISOP shall substantially financially derogate from the rights attached to the Options (whether vested or unvested) as of the date of such modification. Termination of the ISOP shall not affect the Board or the Committee’s ability to exercise the powers granted to it hereunder with respect to Options granted under the ISOP prior to the date of such termination.

18. **GOVERNMENT REGULATIONS**

The ISOP, and the grant and exercise of Options hereunder, and the obligation of the Company to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee, including, without limitation, the United States Securities Act of 1933, the Companies Law, the Securities Law, 1968, and the Ordinance, and to such approvals by any governmental agencies or national securities exchanges as may be required. Nothing herein shall be deemed to require the Company to register the Shares under the securities laws of any jurisdiction.
19. CONTINUANCE OF EMPLOYMENT OR HIRED SERVICES

Neither the ISOP nor the Option Agreement with the Optionee shall impose any obligation on the Company or an Affiliate thereof, to continue any Optionee in its employ or service, and nothing in the ISOP or in any Option granted pursuant thereto shall confer upon any Optionee any right to continue in the employ or service of the Company or an Affiliate thereof or restrict the right of the Company or an Affiliate thereof to terminate such employment or service at any time.

20. GOVERNING LAW & JURISDICTION

The ISOP shall be governed by and construed and enforced solely in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to the ISOP.

21. INTEGRATION OF SECTION 102 AND TAX COMMISSIONER’S PERMIT

21.1. With regards to Approved 102 Options, the provisions of the ISOP and/or the Option Agreement shall be subject to the provisions of Section 102 of the Ordinance and the Income Tax Rules (Tax Relieves for Grants of Shares to Employees), 2003-5763 and the Income Tax Assessor’s permit, and the said provisions and permit shall be deemed an integral part of the ISOP and of the Option Agreement.

21.2. Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the ISOP or the Option Agreement, shall be considered binding upon the Company and the Optionees.

22. TAX CONSEQUENCES

22.1. Any tax or compulsory payment consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act (of the Company and/or its Affiliates, the Trustee or the Optionee), hereunder, including but not limited to National Insurance payments and income tax, shall be borne solely by the Optionee. The Company and/or its Affiliates and/or the Trustee shall withhold taxes or compulsory payments according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee shall indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax or other compulsory payment deriving from any payment made to the Optionee.

22.2. The ramifications of any future modification of all applicable laws regarding the taxation of Options and/or Shares granted to Optionees shall apply to the Optionees accordingly and such Optionees shall bear the full cost thereof, unless such modified laws expressly provide otherwise. For the avoidance of doubt, should the applicability of such taxing arrangements to the ISOP or to securities issued in the framework thereof be stipulated by an application by the Company or by the Trustee that same shall apply, the Company shall be entitled to decide, at its absolute discretion, whether to apply such taxing arrangements and to instruct the Trustee to act accordingly.
22.3. The Company and/or, when applicable, the Trustee shall not be required to release any Share certificate to an Optionee until all required payments have been fully made.

23. **PROVISIONS OF ISOP PREVAIL.**

23.1. The ISOP (together with the Option Agreement) supersedes all of the agreements and/or understandings reached prior to the date of granting of Options to such Optionee between the Company or any subsidiary thereof and any of the Optionees in connection with issuance of shares of the Company or options on shares of the Company. Any representation and/or promise and/or undertaking made and/or given by the Company and/or by any subsidiary thereof or by whomsoever on their behalf, which have not been expressed herein, shall have no force and effect.

23.2. In the event of contradiction between the provisions of the ISOP and any agreement between the Company and the Optionee, including, without limitation, the Option Agreement, the provisions of the ISOP shall prevail.

24. **MULTIPLE AGREEMENTS**

The terms of each Option may differ from other Options granted under the ISOP at the same time, or at any other time. The Board may also grant more than one Option to a given Optionee during the term of the ISOP, either in addition to, or in substitution for, one or more Options previously granted to that Optionee.
FIRST AMENDMENT TO
JFROG LTD.

2011 ISRAELI SHARE OPTION PLAN

Pursuant to the authority reserved to the Board of Directors (the “Board”) of JFrof Ltd., an Israeli company (the “Company”), under Section 4 of the ‘2011 Israeli Share Option Plan’ (the “Plan”), the Board hereby amends the Plan as follows:

1. Section 9.1(i) of the Plan shall be deleted in its entirely and replaced with the following:
   “unless otherwise determined in accordance with the provisions of this ISOP with respect to any Option(s), such date shall be ten (10) years from the respective Date of Grant”

2. Section 12.3.5 of the Plan shall be deleted in its entirely and replaced with the following:
   “Reserved.”

3. The following shall be added to the beginning of Section 12.3.6 of the Plan:
   “The following shall only become effective, solely with respect to holders of 102 Options, upon the receipt of the applicable tax ruling from the ITA and will have no effect until such tax ruling is obtained, and the provisions of the applicable tax ruling issued by the ITA shall be deemed an integral part of this Plan and shall prevail over any term contained in this Plan that is not consistent therewith:”

I hereby further certify that the foregoing Amendment to the Plan was duly adopted by the Board of Directors of the Corporation, effective as of November 27, 2018.

Executed on this 27th day of November, 2018.

/s/ Shlomi Ben Haim
Shlomi Ben Haim, CEO

[Signature Page- JFrog- First Amendment to the 2011 Israeli Share Option Plan]
I. NOTICE OF OPTION GRANT

Name of the Optionee: %FIRST_NAME-% %LAST_NAME-%
Address:
  %ADDRESS_LINE_1-%
  %ADDRESS_LINE_2-%
  %ADDRESS_LINE_3-%

The undersigned Optionee has been granted an Option to purchase Shares, subject to the terms and conditions of the “2011 Israeli Share Option Plan” of the Company, in the form attached hereto as Exhibit A (the “Plan”), the U.S. Annex to the Plan applicable to Participants who are United States citizens or who are resident aliens of the United States of America for United States federal income tax purposes, in the form attached hereto as Exhibit B (the “U.S. Annex”), and this Option Agreement (the “Agreement”), as follows:

Grant Number: %OPTION_NUMBER-%
Date of Grant: %OPTION_DATE,'Month DD, YYYY'
Exercise Price per Share: US %OPTION_PRICE,’$999,999,999.99’
Total Number of Shares subject to Option: %TOTAL_SHARES_GRANTED,’999,999,999’
Total Exercise Price: US%TOTAL_OPTION_PRICE,’$999,999,999.99’
Designation under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”): Incentive Stock Option
Term/Expiration Date: %EXPIRE_DATE_PERIOD1,’Month DD, YYYY’,

Vesting Dates: The Option shall vest in numbers of whole shares, subject to Optionee’s continuing to be an Employee or service provider of the Company or an Affiliate through the applicable vesting date, according to the following vesting schedule (the “Vesting Schedule”): The option underlying the shares (the “Option”) will become vested and exercisable with respect to 20% Options per annum every anniversary, commencing as of %VEST_BASE_DATE,’Month DD, YYYY’ (“the Vesting Commencement Date”) for a period of five consecutive years, such that 100% of the Options will become vested and exercisable at the end of the fifth anniversary of the Vesting Commencement Date.

II. OPTION AGREEMENT

(a) Any terms used in this Agreement, except where stated otherwise, will have the same meanings as contained in the Plan and the U.S. Annex.
The undersigned Optionee has been granted an award of an Option to purchase Shares. The Option is granted in accordance with the terms and conditions hereby specified and attached in the notice of Option grant (the "Notice of Grant"), and subject to the terms and conditions of the Plan, the U.S. Annex, this Agreement, the Code and any Applicable Law, as set forth herein.

2. **Grant of Option**
   
   (a) Subject to the terms and conditions set forth herein, in the Plan, and in the U.S. Annex, the Company hereby grants to the Optionee, an Option at the terms set forth in the Notice of Grant.
   
   (b) In the event of a conflict between the terms and conditions of the Plan, the U.S. Annex and this Agreement, the terms and conditions of the Agreement shall prevail.
   
   (c) The Optionee is aware that: (i) the Company intends to issue additional awards in the future to various entities and individuals, as the Company in its sole discretion shall determine; and (ii) the Company may increase its share capital by new securities in such amount as it finds expedient; and the Optionee hereby waives any claim and/or demand it has or may have regarding such issuance or increase.
   
   (d) The Optionee further represents, it is familiar with the Company’s business and financial condition, and has acquired sufficient information regarding the Company in order to reach an informed and knowledgeable decision to participate in the Plan and to be granted with the Option.
   
   (e) As condition to the grant of the Option, by signing this Agreement, including Exhibit C attached hereto, the Optionee hereby gives an irrevocable proxy to the Company’s Chairman of the Board of Directors in accordance with Section 12 of the Plan, to vote the Shares, all as stipulated in Exhibit C attached hereto.

3. **Exercise of Option**
   
   (a) **Right to Exercise.** Option shall be exercisable from the Grant Date and prior to the expiration date of the terms in accordance with the Vesting Schedule (the "Terms of Option") and with the applicable provisions of the Plan, the U.S. Annex and this Agreement.
   
   (b) **Method of Exercise.** Option shall be exercisable by delivery of an exercise notice in the form attached hereto as Exhibit D to this Agreement (the "Exercise Notice"), and such other representations and agreements, as may be required by the Company. In addition, Optionee hereby agrees to sign any and all documents required by law. The Exercise Notice shall be accompanied by: (i) payment of the aggregate Exercise Price for the number of Shares to be purchased, and (ii) payment of the aggregate withholding taxes due with respect to the exercised Shares, if applicable. Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price and withholding taxes due with respect to the exercised Shares, if applicable.
   
   (c) No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise fully comply with Applicable Law. If any law or regulation requires the Company to take any action with respect to the Shares specified in such notice before the issuance thereof, then the date of their issuance shall be extended for the period necessary to take such action. Assuming such compliance, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.
   
   (d) An Option may be exercised only to purchase whole Shares, and in no case may a fraction of a Share be purchased. If any fractional Shares would be deliverable upon exercise, such fraction shall be rounded down to the nearest whole number.
   
   (e) It is understood and intended that this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code to the extent permitted under Applicable Law. Accordingly, the Optionee understands that in order to obtain the benefits of an Incentive Stock Option under Section 422 of the Code, no sale or other disposition may be made of Shares for which Incentive Stock Option treatment is desired within the one-year period beginning on the day after the day of the transfer of such Shares to him or her, nor within the two-year period beginning on the day after the Grant Date of this Option, and further, that this Option must be exercised within three (3) months after termination of employment as an employee (or twelve (12) months in the case of death or Disability) to qualify as an Incentive Stock Option. If the Optionee disposes (whether by sale, gift, transfer or otherwise) of any such Shares within either of these periods, he will notify the Company within thirty (30) days after such disposition. The Optionee also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. Further, to the extent that this Option and any other Incentive Stock Options of the Optionee having an aggregate Fair Market Value in excess of $100,000 (determined as of the Grant Date) first become exercisable in any year, such options will not qualify as Incentive Stock Options.
4. **Method of Payment.** Payment of the aggregate Exercise Price shall be made, at the sole discretion of the Administrator, by any of the following: (a) cash, (b) check, or (c) wire transfer or as otherwise determined by the Administrator in accordance with Section 10 of the Plan.

5. **Restrictions on Exercise**
   (a) Option may not be exercised until such time as the shareholders of the Company approved the Plan and the U.S. Annex, or if the issuance of Shares upon such exercise or the method of payment of consideration for Shares would constitute a violation of Applicable Law.
   (b) In the event that the Company’s Shares shall be registered for trading in any public market, then, the right to sell Shares may be subject to limitations (including a lock-up period), as will be determined by the Company or its underwriters.

6. **Non-Transferability of Option**
   (a) Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during Optionee’s lifetime only by Optionee. The terms of the Plan, the U.S. Annex, and this Agreement shall be binding upon the executors, the Board, heirs, successors and assigns of Optionee.
   (b) Shares sales would be subject to the Company’s Articles of Association and Sections 12-13 and 15 of the Plan.

7. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Israel without reference to the conflicts of laws principles of any jurisdiction.

8. **Entire Agreement.** The Plan and the U.S. Annex are incorporated herein by reference. The Plan, the U.S. A and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to Optionee’s interest except by means of a writing signed by the Company and Optionee.

9. **Confidentiality.** Optionee agrees and acknowledges that the terms and conditions of this Agreement, including without limitation the number of Shares for which Option has been granted, are confidential. The Optionee agrees that he will not disclose these terms and conditions to any third party, except to the Optionee’s financial or legal advisors, tax advisors or family members, unless such disclosure is required by law.

10. **No Guarantee of Continued Service**
    OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER OR AS AN EMPLOYEE OF THE COMPANY OR ITS AFFILIATES, AS THE CASE MAY BE, AT THE WILL OF THE COMPANY. OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN, DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE’S RIGHT OR THE COMPANY’S, INCLUDING ANY AFFILIATES THEREOF, RIGHT TO TERMINATE OPTIONEE’S EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE.

By affixing his signature hereunder, Optionee acknowledges receipt of a copy of the Plan, the U.S. Annex, and the Agreement, and represents that Optionee: (i) is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof; (ii) reviewed the Plan, the U.S. Annex and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement; (iii) obtained professional tax advice from his own tax advisors, as to any tax consequences, including Section 409A, related to the Option and the Underlying Shares and he does not rely on the Company or any of its Affiliates for any tax advice in connection with the Option; (iv) is aware of the fact that he will have no rights as a shareholder with respect to the Underlying Shares, nor shall the Optionee be deemed to be part of a class of shareholders or creditors of the Company for purposes of Applicable Law, until the Optionee is registered as a holder of such Shares in the Company’s register of shareholders upon exercise of the Option; all in accordance with the provisions of the Plan and the U.S. Annex; (v) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator, the Board or the Committee, upon any questions arising under the Plan, the U.S. Annex or this Agreement; and (vi) further agrees to notify the Company upon any change in the residence address indicated below.
COMPANY:  JFrog Ltd.

OPTIONEE:  

Name: Shlomi Ben Haim
Title: Director
Irrevocable Power of Attorney and Proxy

(the “Proxy”)

The undersigned, %FIRST_NAME%-% %LAST_NAME%-%(the “Holder”), the registered holder of securities of JFrog Ltd., a company incorporated under the laws of the State of Israel (respectively, the “Securities” and the “Company”), does hereby irrevocably appoint Shlomi Ben Haim, Chairman of the Board (the “Attorney-In-Fact”), as a true and lawful attorney-in-fact, in the Holder’s place and stead, to act, as Holder’s proxy, including to vote and exercise all voting and other rights, including without limitation, any contractual rights and rights under applicable law (to the full extent that the Holder is entitled to do so), with respect to all matters arising in connection with any action affecting or relating to the Securities or other securities of the Company’s share capital, which the Holder now holds or hereafter in the future may hold, actually or constructively, directly or indirectly, and any and all other shares or securities of the Company issued or issuable to the Holder in respect thereof, on or after the date hereof, including as a result of any change, by subdivision or combination in any manner of the Company’s share capital or by the making of a share dividend (i.e., bonus shares) on or after the date hereof (collectively, the “Shares”), including, without limitation, the right, on the Holder’s behalf:

(i) to execute any agreement, waiver, amendment, consent or any other document, including without limitation, any shareholders’ agreements, amendment to shareholders’ agreement, waivers of rights of first refusal, waivers of anti dilution, waivers of rights to first offer, waivers of rights of co-sale, waivers of pre-emptive rights, waivers of bring-along rights and such other waivers, all in connection with the Shares;

(ii) to attend and to vote in all shareholders’ meetings of the Company (including the right to receive on behalf of the Holder materials/information provided to shareholders), or execute and deliver written consents pursuant to applicable law, with respect to the Shares, in the same manner and with the same effect as if the Holder was personally present at any such meeting or voting such Shares or personally acting on any matters submitted to the Company’s shareholders for approval or consent, giving and granting to said Attorney-In-Fact full power and authority to do and perform each and every act and thing whether necessary or desirable that may be done as its Attorney-In-Fact in relation to the Shares other than to sell or transfer the Shares without the prior written consent of the Holder, provided however, that no such consent shall be required, and the Attorney-In-Fact shall have the right to sell or transfer the Shares without the prior written consent of the Holder, in the event of a sale of Shares effectuated as a result of an exercise of a “bring along” or in the event of a Transaction (as such term is defined under the Plan).

(iii) To sign such other certificates, documents and agreements and take any and all other actions as the Attorney-In-Fact may deem necessary or desirable in connection with the consummation of the transactions contemplated by this Proxy.

This Proxy shall be interpreted in the widest possible sense, in reliance upon the goals and intentions thereof and shall apply to any Securities currently held or to be held in the future by the Holder, or any permitted transferee, successor and/or assignee to which the Holder may transfer his Securities in the future, as if such transferee, successor and/or assignee had signed this Proxy.

This Proxy is an agency coupled with an interest and all authority conferred hereby shall be irrevocable, and shall not be terminated by any act of the undersigned or by operation of law, or by the occurrence of any other event or events, and it is hereby clarified that the Company shall serve as a third party beneficiary thereof, and no amendment or other modification shall be made to this Proxy or to any of the terms and conditions herein without the prior written consent of the Company.

This Proxy shall expire and cease to be of force and effect immediately after the consummation of the initial public offering of the Company’s shares, pursuant to an effective registration statement, prospectus or similar document in any jurisdiction as is determined by the Board and shall be irrevocable until such time as the rights of the Company and the Company’s shareholders are dependent hereon. The expiration of this Proxy shall in no manner affect the validity of any document (as aforesaid), affidavit or approval which has been signed or given as aforesaid prior to the expiration hereof and in accordance herewith.

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By this Proxy, the Attorney-In-Fact shall vote such Shares on any issue brought before the shareholders of the Company either (i) pro-rata to the vote of the other shareholders of the Company, which are entitled to participate in the vote (such pro-rata vote shall take into account only shareholders participating in the vote, in person, written ballot or proxy, whether voting for, against or abstaining from voting on the issue brought before them); or (ii) in such other manner as shall be prescribed by the Board in accordance with the Plan.

The undersigned hereby ratifies and confirms all that said Attorney-In-Fact shall do or cause to be done by virtue of and in accordance with the terms and conditions of this Proxy. In addition, the Holder hereby confirms and undertakes that he shall not have, and hereby irrevocably waive, any claim or demand against the Company in connection with this Proxy or any action taken or not taken by the Attorney-In-Fact in accordance with the provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney and Proxy as of the date first set forth below.

%\%FIRST\_NAME\%-\%
%\%LAST\_NAME\%-\%

Name:

[Signature Page- JFrog- Optionholder Proxy]
On %OPTION_DATE,’Month DD, YYYY’-%, the board of directors of JFrog Ltd. (the “Board”, and the “Company”, respectively) resolved to grant to ESOP Management and Trust Services Ltd. (the “Trustee”) for the benefit of %FIRST_NAME%-% %LAST_NAME%-%, I.D., no. %ACCOUNT_USER_DEFINED_FIELD_15%-%, an employee of the Company (the “Optionee”) an option to purchase Ordinary Shares of the Company, in accordance with Company’s 2011 Israeli Share Option Plan (the “Option Plan”), attached hereto as Exhibit A (the “ISOP”). Capital terms not otherwise defined herein shall have the meaning ascribed to them in the ISOP. The Optionee has agreed to such grant and the Optionee acknowledges that by signing this Option Grant Deed (the “Deed”) all Options, shares resulting from their exercise (the “Shares”), and any additional rights including Share bonus, that might be distributed to you in connection with the option (the “Additional Rights”), are subject to all the terms and conditions as set forth in the ISOP and as provided herein. Capital terms not otherwise defined herein shall have the meaning ascribed to them in the ISOP;

1. The Company hereby grants to the Optionee the number of Options as set forth below; each Option shall be exercisable into one Share upon payment of the Purchase Price and subject to the terms and conditions as set forth in the ISOP and as provided herein.

2. Subject to the provisions of the ISOP, Options shall vest and become exercisable according to the Vesting Dates set forth herein and provided that the Optionee is an Employee of or providing services to the Company and/or its Affiliates on the applicable Vesting Date. The Optionee is aware of the fact that upon termination of employment in the Company, he/she shall have no right to the Option, except as specified in the ISOP.

3. In order for the Company to issue Shares upon the exercise of any of the Options, the Optionee hereby agrees to sign any and all documents as may be required by the Company and/or by the Trustee, pursuant to the provisions of any applicable law and/or Company’s Articles of Association.

4. For the avoidance of doubt, all tax consequences (including any withholding tax) under any applicable law which may arise from the grant of the Option, from the exercise thereof or from the holding or sale of the Shares deliverable upon exercise (or other securities issued in connection with the Option) shall be borne solely by the Optionee. It is hereby clarified that no shares of the Company will be issued in connection with the exercise of the Option until the Optionee has completely satisfied the tax obligations under this Section 4, to the full satisfaction of the Company.

5. The Company shall not be obligated to issue any Shares upon the exercise of an Option if such issuance, in the opinion of the Company, might constitute a violation by the Company of any provision of law. In addition, the Optionee will not be entitled to receive from the Company and/or the Trustee any Shares allocated or issued upon the exercise of Options prior to the full payments of the Optionee’s tax liabilities arising from Options which were granted to him/her and/or Shares issued upon the exercise of Options.

6. All Options and Shares shall be subject to the limitations set forth in the ISOP and in the Company’s Articles of Association and any shareholders’ agreement to which the holders of ordinary shares of the Company are bound.

7. The Option, Shares and Additional Rights shall be granted on behalf of the Optionee to the Trustee under the provisions of the Capital Gains Tax Track, and will be held by the Trustee for the period stated in Section 102.
of the Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder ("Section 102"). The Optionee understands that this grant of Option is conditioned upon the receipt of all required approvals from the Israeli tax authorities.

8. The Options, Shares and Additional Rights are granted to the Trustee on behalf of the Optionee according to the provisions of the Capital Gains Tax Track under Section 102, the ISOP and the trust agreement signed between the Company and the Trustee, attached hereto as Exhibit B, and made a part of this notice. Defined terms not explicitly defined in this Deed but defined in the ISOP shall have the same definitions as in the ISOP.

9. The Optionee has consulted with a tax expert with respect to the tax consequences of receiving and/or exercising the Options or disposing of the Options and/or Shares. With respect to Approved 102 Options (if applicable), the Optionee hereby acknowledges that he is familiar with the provisions of Section 102 and the ISOP and the regulations and rules promulgated thereunder, and accepts the provisions of the trust agreement signed by the Company and the Trustee, attached hereto as Exhibit B, and agrees to be bound by its terms. The Company agrees to grant the Optionee the Options based on the Optionee’s above confirmation.

10. It is hereby clarified that the Optionee shall not sell nor transfer the Options, Shares or Additional Rights from the Trustee until the end of the Holding Period. If the Optionee shall sell or withdraw the Shares from the Trust before the end of the Holding Period as defined in Section 102 (the "Violation"), either (A) the Optionee shall reimburse the Company within three (3) days of its demand for the employer portion of the payment by the Company to the National Insurance Institute plus linkage and interest in accordance with the law, as well as any other expense that the Company shall bear as a result of the said Violation (all such amounts defined as the “Payment”); or (B) the Optionee agrees that the Company may, in its sole discretion, deduct such amounts directly from any monies to be paid to the Optionee as a result of the Optionee’s disposition of the Shares.

11. Pursuant to Section 12.1 of the ISOP and, when applicable, subject to the provisions of Section 102, until the consummation of an IPO, any Shares acquired upon the exercise of Options shall be voted by an irrevocable proxy, attached hereto as Exhibit C.

12. The Optionee shall regard the information in this Deed and its exhibits attached hereto as confidential information and the Optionee shall not reveal its contents to anyone except when required by law or for the purpose of gaining legal or tax advice.

13. Subject to the provisions of the ISOP, to which this Deed is subject, this Deed together with all exhibits hereto, constitute the entire agreement by and between the Optionee and the Company with respect to Options granted hereunder, and supersedes all prior agreements, understandings and arrangements, oral or written, between the Optionee and the Company with respect to the subject matter hereof. Any interpretation of this Option Agreement will be made in accordance with the ISOP but in the event there is any contradiction between the provisions of this Deed and the ISOP, the provisions of this Deed will prevail.

14. **Terms of the Option (the “Option”)**

| Name of the Optionee: | %FIRST_NAME%- %LAST_NAME%- |
| Date of Grant (i.e., Board approval date): | %OPTION_DATE-'Month DD, YYYY'-% |
| Designation: | Section 102 Options |
| Number of Options Granted: | %TOTAL_SHARES_GRANTED-'999,999,999'-% |
| Exercise Price: | US %OPTION_PRICE-'$999,999,999.99'-% per share |
| Vesting Commencement Date: | %VEST_BASE_DATE-'Month DD, YYYY'-% (the "Vesting Commencement Date") |
The options underlying the shares (the "Options") will become vested and exercisable with respect to 20% Options per annum every anniversary following the Vesting Commencement Date for a period of five consecutive years, such that 100% of the Options will become vested and exercisable at the end of the fifth anniversary of the Vesting Commencement Date.

%EXPIRE_DATE_PERIOD1,'Month DD YYYY', unless otherwise expired earlier or extended in accordance with the provisions of Section 9 of the 2011 Israeli Share Option Plan.
The undersigned, as record holder of securities of JFrog Ltd. (the “Company”) hereby irrevocably appoints and requests ESOP Management & Trust Services Ltd., for as long as they hold the Shares (defined below) in trust under the Plan (defined below), to appoint, Shlomi Ben Haim, Chairman of the Board (the “Attorney-In-Fact”), as a true and lawful attorney-in-fact, in the Holder’s place and stead, to act, as Holder’s proxy, including to vote and exercise all voting and other rights, including without limitation, any contractual rights and rights under applicable law (to the full extent that the Holder is entitled to do so), with respect to all matters arising in connection with any action affecting or relating to the Securities or other securities of the Company’s share capital, which the Holder now holds or hereafter in the future may hold, actually or constructively, directly or indirectly, and any and all other shares or securities of the Company issued or issuable to the Holder in respect thereof, on or after the date hereof, including as a result of any change, by subdivision or combination in any manner of the Company’s share capital or by the making of a share dividend (i.e., bonus shares) on or after the date hereof (collectively, the “Shares”), including, without limitation, the right, on the Holder’s behalf:

(i) to execute any agreement, waiver, amendment, consent or any other document, including without limitation, any shareholders’ agreements, amendment to shareholders’ agreement, waivers of rights of first refusal, waivers of anti dilution, waivers of rights to first offer, waivers of rights of co-sale, waivers of pre-emptive rights, waivers of bring-along rights and such other waivers, all in connection with the Shares;

(ii) to attend and to vote in all shareholders’ meetings of the Company (including the right to receive on behalf of the Holder materials/information provided to shareholders), or execute and deliver written consents pursuant to applicable law, with respect to the Shares, in the same manner and with the same effect as if the Holder was personally present at any such meeting or voting such Shares or personally acting on any matters submitted to the Company’s shareholders for approval or consent, giving and granting to said Attorney-In-Fact full power and authority to do and perform each and every act and thing whether necessary or desirable that may be done as its Attorney-In-Fact in relation to the Shares other than to sell or transfer the Shares without the prior written consent of the Holder, provided however, that no such consent shall be required, and the Attorney-In-Fact shall have the right to sell or transfer the Shares without the prior written consent of the Holder, in the event of a sale of Shares effectuated as a result of an exercise of a “bring along” or in the event of a Transaction (as such term is defined under the Plan).

(iii) To sign such other certificates, documents and agreements and take any and all other actions as the Attorney-In-Fact may deem necessary or desirable in connection with the consummation of the transactions contemplated by this Proxy.

This Proxy shall be interpreted in the widest possible sense, in reliance upon the goals and intentions thereof and shall apply to any Securities currently held or to be held in the future by the Holder, or any permitted transferee, successor and/or assignee to which the Holder may transfer his Securities in the future, as if such transferee, successor and/or assignee had signed this Proxy.

This Proxy is an agency coupled with an interest and all authority conferred hereby shall be irrevocable, and shall not be terminated by any act of the undersigned or by operation of law, or by the occurrence of any other event or events, and it is hereby clarified that the Company shall serve as a third party beneficiary thereof, and no amendment or other modification shall be made to this Proxy or to any of the terms and conditions herein without the prior written consent of the Company.

This Proxy shall expire and cease to be of force and effect immediately after the consummation of the initial public offering of the Company’s shares, pursuant to an effective registration statement, prospectus or similar document in any jurisdiction as is determined by the Board and shall be irrevocable until such time as the rights of the Company and the Company’s shareholders are dependent hereon. The expiration of this Proxy shall in no manner effect the validity of any document (as aforesaid), affidavit or approval which has been signed or given as aforesaid prior to the expiration hereof and in accordance herewith.

By this Proxy, the Attorney-In-Fact shall vote such Shares on any issue brought before the shareholders of the Company either (i) pro-rata to the vote of the other shareholders of the Company, which are entitled to participate
in the vote (such pro-rata vote shall take into account only shareholders participating in the vote, in person, written ballot or proxy, whether voting for, against or abstaining from voting on the issue brought before them); or (ii) in such other manner as shall be prescribed by the Board in accordance with the Plan.

The undersigned hereby ratifies and confirms all that said Attorney-In-Fact shall do or cause to be done by virtue of and in accordance with the terms and conditions of this Proxy. In addition, the Holder hereby confirms and undertakes that he shall not have, and hereby irrevocably waive, any claim or demand against the Company in connection with this Proxy or any action taken or not taken by the Attorney-In-Fact in accordance with the provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney and Proxy as of the date first set forth below.

%%FIRST_NAME%-%

%%LAST_NAME%-%

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COMPENSATION POLICY

JFROG LTD.

Compensation Policy for Executive Officers and Directors

(As Adopted by the Shareholders on ______, 2020)
1. Introduction

This document sets forth the Compensation Policy for Executive Officers and Directors (this “Compensation Policy” or “Policy”) of JFrog Ltd. (“JFrog” or the “Company”), in accordance with the requirements of the Companies Law, 5759-1999 (the “Companies Law”).

Compensation is a key component of JFrog’s overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals that will enhance JFrog’s value and otherwise assist JFrog to reach its business and financial long-term goals. Accordingly, the structure of this Policy is established to tie the compensation of officers and directors to JFrog’s goals and performance.

For purposes of this Policy, “Executive Officers” shall mean “Office Holders” as such term is defined in Section 1 of the Companies Law, excluding, unless otherwise expressly indicated herein, JFrog’s directors.

This policy is subject to applicable law and is not intended and should not be interpreted as limiting or derogating from provisions of applicable law to the extent not permitted by such law.

This Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Policy is adopted and shall serve as JFrog’s Compensation Policy for five (5) years, commencing as of its adoption, unless amended earlier.

The Compensation Committee and the Board of Directors of JFrog (the “Compensation Committee” and the “Board”, respectively) shall review and reassess this Policy from time to time, as required by the Companies Law.

2. Objectives

JFrog’s objectives and goals in setting this Policy are to attract, motivate and retain highly experienced leaders who will contribute to JFrog’s success and enhance shareholder value, while demonstrating professionalism in a highly achievement-oriented culture that is based on merit and rewards excellent performance in the long term, and embedding JFrog’s core values as part of a motivated behavior. To that end, this Policy is designed, among others:

2.1. To closely align the interests of the Executive Officers with those of JFrog’s shareholders in order to enhance shareholder value;

2.2. To align a significant portion of the Executive Officers’ compensation with JFrog’s short and long-term goals and performance;

2.3. To provide the Executive Officers with a structured compensation package, including competitive salaries, performance-motivating cash and equity incentive programs and benefits, and to be able to present to each Executive Officer an opportunity to advance in a growing organization;

2.4. To strengthen the retention and the motivation of Executive Officers in the long term;

2.5. To provide appropriate awards in order to incentivize superior individual excellency and corporate performance; and

2.6. To maintain consistency among Executive Officers in the way Executive Officers are compensated.
3. **Compensation Instruments**

Compensation instruments under this Policy may include the following:

3.1. Base salary;
3.2. Benefits;
3.3. Cash bonuses;
3.4. Equity-based compensation;
3.5. Change of control terms; and
3.6. Retirement and termination terms.

4. **Overall Compensation - Ratio Between Fixed and Variable Compensation**

4.1. This Policy aims to balance the mix of “Fixed Compensation” (comprised primarily of base salary and benefits) and “Variable Compensation” (comprised primarily of cash bonuses and equity-based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet JFrog’s short and long-term goals while taking into consideration the Company’s need to manage a variety of business risks.

4.2. The value of the total annual bonus and equity based compensation opportunity of each Executive Officer shall not exceed 95% of the value of the total compensation package of such Executive Officer on an annual basis, as determined based on the accounting principles used by the JFrog for its financial statements or such other method as determined by the Compensation Committee or the Board.

5. **Inter-Company Compensation Ratio**

5.1. In the process of drafting and updating this Policy, JFrog’s Board and Compensation Committee have examined the ratio between employer cost associated with the engagement of the Executive Officers and directors, and the average and median employer cost associated with the engagement of JFrog’s other employees (including contractor employees as defined in the Companies Law) (the “Ratio”).

5.2. The possible ramifications of the Ratio on the daily working environment in JFrog were examined and will continue to be examined by JFrog from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in JFrog.

B. **Base Salary and Benefits**

6. **Base Salary**

6.1. A base salary provides stable compensation to Executive Officers and allows JFrog to attract and retain competent executive talent and maintain a stable management team. The base salary varies among Executive Officers, and is individually determined according to the educational background, prior vocational experience, qualifications, role at the company, business responsibilities and the past performance of each Executive Officer.

6.2. Since a competitive base salary is essential to JFrog’s ability to attract and retain highly skilled professionals, JFrog will seek to establish a base salary that is competitive with base salaries paid to Executive Officers in a peer group of other companies operating in technology sectors which are similar in their characteristics to JFrog’s, as much as possible, while considering, among others, such companies’ size and characteristics including (but not
limited to) their revenues, profitability rates, growth rates, market capitalization, number of employees and operating arena (in Israel or globally), the list of which shall be reviewed and approved by the Compensation Committee at least every two years. To that end, JFrog shall utilize as a reference, comparative market data and practices, which will include a compensation survey that compares and analyses the level of the overall compensation package offered to an Executive Officer of the Company with compensation packages in similar positions to that of the relevant officer in such companies. Such compensation survey may be conducted internally or through an external independent consultant.

6.3. The Compensation Committee and the Board may periodically consider and approve base salary adjustments for Executive Officers. The main considerations for salary adjustment are similar to those used in initially determining the base salary, but may also include change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends, or such other factors as determined by the Compensation Committee or the Board. The Compensation Committee and the Board will also consider the previous and existing compensation arrangements of the Executive Officer whose base salary is being considered for adjustment.

7. benefits

7.1. The following benefits may be granted to the Executive Officers in order, among other things, to comply with legal requirements:

7.1.1. Vacation days in accordance with market practice;
7.1.2. Sick days in accordance with market practice;
7.1.3. Convalescence pay according to applicable law;
7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to JFrog’s practice and the practice in peer group companies (including contributions on bonus payments);
7.1.5. JFrog may contribute on behalf of the Executive Officer to an insurance policy, a pension fund or retirement fund, as allowed or required by applicable law and with reference to JFrog’s policies and procedures and the practice in similar companies (including contributions on bonus payments); and
7.1.6. JFrog shall contribute on behalf of the Executive Officer towards work disability insurance and life insurance, as allowed or required by applicable law and with reference to JFrog’s policies and procedures and the practice in similar companies (including contributions on bonus payments).

7.2. Non-Israeli Executive Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed. Such customary benefits shall be determined based on the methods described in Section 6.2 of this Policy (with the necessary changes and adjustments).

7.3. In events of relocation or repatriation of an Executive Officer to another geography, such Executive Officer may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which he or she is employed or additional payments to reflect adjustments in cost of living. Such benefits may include reimbursements, stipends or other payments for out-of-pocket one-time payments and other ongoing expenses, such as housing allowance, car allowance, home leave visit, tax equalization payments, and other similar costs.

7.4. JFrog may offer additional benefits to its Executive Officers to the extent such benefits are reasonable and necessary or comparable to customary market practices, such as, but not
limited to: cellular and land line phone benefits, company car and travel benefits, reimbursement of business travel (including a daily stipend when traveling) and other business related expenses, insurances, other benefits (such as newspaper subscriptions, academic and professional studies), etc., provided, however, that such additional benefits shall be determined in accordance with JFrog’s policies and procedures.

C. Cash Bonuses

8. Cash Bonuses - The Objective

8.1. Compensation in the form of an annual or other periodic cash bonus is an important element in aligning the Executive Officers’ compensation with JFrog’s objectives and business goals. Therefore, JFrog’s compensation philosophy reflects a pay-for-performance element, in which bonus payout eligibility and levels are generally determined based on actual financial or operational results, as well as individual performance.

8.2. A cash bonus may be awarded to an Executive Officer upon the attainment of pre-set periodic objectives and individual targets determined by the Compensation Committee (and, if required by law, by the Board) at the beginning of each calendar or fiscal year or bonus period, or upon engagement, in case of newly-hired Executive Officers, or upon establishment of a new bonus program, taking into account JFrog’s short and long-term goals, as well as its compliance and risk management policies. The Compensation Committee and the Board shall also determine applicable minimum thresholds that must be met for entitlement to a cash bonus (all or any portion thereof) and the formula for calculating any such cash bonus payout. In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes, significant changes in JFrog’s business environment, a significant organizational change, a significant merger and acquisition events, or other similar events etc.), the Compensation Committee and the Board may modify the objectives and/or their relative weights and the amount of bonus payouts (including decreasing such amounts to zero) during the applicable bonus period.

8.3. In the event the employment of an Executive Officer is terminated prior to the end of a bonus period, the Company may (but shall not be obligated to) pay such Executive Officer a full cash bonus for the applicable period (based on achievement of bonus targets during such period) or a prorated one, or no bonus.

8.4. The actual cash bonus with respect to a bonus period to be awarded to Executive Officers shall be recommended by the CEO and approved by the Compensation Committee and the Board.

9. Annual Cash Bonuses - The Formula

Executive Officers other than the CEO

9.1. The annual cash bonus opportunity of JFrog’s Executive Officers, other than the chief executive officer (the “CEO”), will generally be based on performance objectives and a discretionary evaluation of the Executive Officer’s overall performance by the CEO and subject to minimum thresholds. The performance objectives will be determined by JFrog’s CEO and approved by the Compensation Committee and the Board at the commencement of each calendar year (or upon engagement, in case of newly hired Executive Officers or in special circumstances as determined by the Compensation Committee and the Board) on the basis of, but not limited to, company, division and individual objectives. The performance objectives and the weight to be assigned to each achievement in the overall evaluation, will be based on overall company performance measures, which may be based on actual financial and operational results, such as (but not limited to) revenues, operating income and cash flow and may further include, divisional or personal objectives which may include operational objectives, such as (but not limited to) market share, initiation of new markets and operational efficiency, customer focused objectives, project milestones objectives and investment in human capital objectives, such as employee satisfaction, employee retention and employee training and leadership programs.
9.2. The maximum annual cash bonus that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 200% of such Executive Officer’s annual base salary.

CEO

9.3. The annual cash bonus opportunity of JFrog’s CEO will be mainly based on performance measurable objectives and subject to minimum thresholds as provided in Section 8.2 above. Such performance measurable objectives will be determined annually by the Compensation Committee and the Board at the commencement of each calendar year (or upon engagement, in case of newly hired CEO or in special circumstances as determined by Compensation Committee the Board). The performance measurable objectives (which include the objectives and the weight to be assigned to each achievement in the overall evaluation, will be based on overall company performance measures, which may be based on, company and personal objectives. Company objectives may include actual financial and operational results, such as (but not limited to) revenues, sales, operating income, cash flow or Company’s annual operating plan and long-term plan.

9.4. In addition, a less significant portion of the annual cash bonus opportunity granted to JFrog’s CEO, and in any event not more than 30% of the annual cash bonus, may be based on a discretionary evaluation of the CEO’s overall performance by the Compensation Committee and the Board based on quantitative and qualitative criteria or such other criteria as determined by the Compensation Committee and the Board.

9.5. The maximum annual cash bonus that the CEO will be entitled to receive for any given calendar year, will not exceed 250% of his or her annual base salary.

10. Other Bonuses

10.1. Special Bonus. JFrog may grant its Executive Officers a special bonus as an award for special achievements (such as in connection with mergers and acquisitions, offerings, achieving target budget or business plan under exceptional circumstances or special recognition in case of retirement) or as a retention award at the CEO’s discretion (and in the CEO’s case, at the Board’s discretion), subject to any additional approval as may be required by the Companies Law (the “Special Bonus”). The Special Bonus will not exceed 150% of the Executive Officer’s annual base salary.

10.2. Signing Bonus. JFrog may grant a newly-recruited Executive Officer a signing bonus at the CEO’s discretion (and in the CEO’s case, at the Board’s discretion), subject to any additional approval as may be required by the Companies Law (the “Signing Bonus”). The Signing Bonus will not exceed 200% of the Executive Officer’s annual base salary.

10.3. Relocation/Repatriation Bonus. JFrog may grant its Executive Officers a special bonus in the event of relocation or repatriation of an Executive Officer to another geography (the “Relocation Bonus”). The Relocation bonus will include customary benefits associated with such relocation and its monetary value will not exceed 200% of the Executive Officer’s annual base salary.

10.4. Periodic Bonus. The Board may grant Executive Officers, other than the CEO, periodic cash bonus opportunities (other than the annual cash bonus opportunity described in Section 9) in accordance with the terms of Section 8, but subject to the ratio limitation described in Section 9.2.
11. **Compensation Recovery (“Clawback”)**

11.1. In the event of an accounting restatement, JFrog shall be entitled to recover from its Executive Officers the bonus compensation or performance-based equity compensation in the amount in which such compensation exceeded what would have been paid under the financial statements, as restated, provided that a claim is made by JFrog prior to the second anniversary of fiscal year end of the restated financial statements.

11.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the following events:

   11.2.1. The financial restatement is required due to changes in the applicable financial reporting standards; or

   11.2.2. The Compensation Committee has determined that Clawback proceedings in the specific case would be impossible, impractical or not commercially or legally efficient.

11.3. Nothing in this Section 11 derogates from any other “Clawback” or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable laws.

D. **Equity Based Compensation**

12. **The Objective**

12.1. The equity-based compensation for JFrog’s Executive Officers is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the Executive Officers’ interests with the long-term interests of JFrog and its shareholders, and to strengthen the retention and the motivation of Executive Officers in the long term. In addition, since equity-based awards are structured to vest over several years, their incentive value to recipients is aligned with longer-term strategic plans.

12.2. The equity-based compensation offered by JFrog is intended to be in a form of share options and/or other equity-based awards, such as restricted stock unit awards, in accordance with the Company’s equity incentive plan in place as may be updated from time to time.

12.3. All equity-based incentives granted to Executive Officers shall be subject to vesting periods in order to promote long-term retention of the awarded Executive Officers. Unless determined otherwise in a specific award agreement approved by the Compensation Committee and the Board, grants to Executive Officers other than non-employee directors shall vest gradually over a period of between one (1) to five (5) years or based on performance. The exercise price of options shall be determined in accordance with JFrog’s policies, the main terms of which shall be disclosed in the annual report of JFrog.

12.4. All other terms of the equity awards shall be in accordance with JFrog’s equity incentive plans and other related practices and policies. Accordingly, the Compensation Committee or Board may, extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any Executive Officer’s awards, including, without limitation, in connection with a corporate transaction involving a change of control, and may otherwise modify or amend outstanding awards in accordance with JFrog’s equity incentive plans and other related practices and policies, subject to any additional approval as may be required by the Companies Law.

13. **General Guidelines for the Grant of Awards**

13.1. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the Executive Officer, and such other criteria as determined by the Compensation Committee and the Board.
In determining the equity-based compensation granted to each Executive Officer, the Compensation Committee and Board shall consider the factors specified in Section 13.1 above, and in any event the total fair market value of any annual equity-based compensation at the time of grant shall not exceed: (i) with respect to the CEO - the higher of (w) 500% of his or her annual base salary or (x) 0.5% of the Company’s fair market value; and (ii) with respect to each of the other Executive Officers - the higher of (y) 300% of his or her annual base salary or (z) 0.35% of the Company’s fair market value.

The fair market value of the equity-based compensation for the Executive Officers will be determined according to acceptable valuation practices at the time of grant.

**E. Retirement and Termination of Service Arrangements**

14. **Advanced Notice Period**

JFrog may (but is not obligated to, unless otherwise required by applicable law) provide an Executive Officer, according to his/her seniority in the Company, his/her contribution to the Company’s goals and achievements and the circumstances of retirement, a prior notice of termination (or equivalent value in cash and other severance benefits) of up to eighteen (18) months in the case of the CEO and twelve (12) months in the case of other Executive Officers, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

15. **Adjustment Period**

JFrog may (but is not obligated to, unless otherwise required by applicable law) provide an additional adjustment period (or equivalent value in cash and other severance benefits) of up to nine (9) months to an Executive Officer, according to his/her seniority in the Company, his/her contribution to the Company’s goals and achievements and the circumstances of retirement, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

16. **Additional Retirement and Termination Benefits**

JFrog may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices.

17. **Non-Compete Grant**

Upon termination of employment and subject to applicable law, JFrog may grant to its Executive Officers a non-compete cash or equity award as an incentive to refrain from competing with JFrog for a defined period of time. The terms and conditions of the non-compete grant shall be decided by the Board and the grant date value of such grant (as determined in accordance with generally accepted accounting principles or such other method as determined by the Board) shall not exceed such Executive Officer’s monthly base salary multiplied by twelve (12).

18. **Limitation Retirement and Termination of Service Arrangements**

The total non-statutory payments under Section 14-17 above shall not exceed the Executive Officer’s monthly base salary multiplied by twenty-four (24).
F. Exculpation, Indemnification and Insurance

19. Exculpation

JFrog may exempt its directors and Executive Officers in advance for all or any of his/her liability for damage in consequence of a breach of the duty of care vis-a-vis JFrog, to the fullest extent permitted by applicable law.

20. Insurance and Indemnification

20.1. JFrog may indemnify its directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the director or the Executive Officer, as provided in the indemnity agreement between such individuals and JFrog, all subject to applicable law and the Company’s articles of association.

20.2. JFrog will provide directors’ and officers’ liability insurance (the “Insurance Policy”) for its directors and Executive Officers as follows:

20.2.1. The limit of liability of the insurer shall not exceed the greater of $150 million or 50% of the Company’s shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and

20.2.2. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering JFrog’s exposures, the scope of coverage and the market conditions and that the Insurance Policy reflects the current market conditions (at the time of extension or renewal, as the case may be), and it shall not materially affect the Company’s profitability, assets or liabilities.

20.3. Upon circumstances to be approved by the Compensation Committee (and, if required by law, by the Board), JFrog shall be entitled to enter into a “run off” Insurance Policy of up to seven (7) years, with the same insurer or any other insurance, as follows:

20.3.1. The limit of liability of the insurer shall not exceed the greater of $150 million or 30% of the Company’s shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee;

20.3.2. The annual premium shall not exceed 500% of the last paid annual premium; and

20.3.3. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering the Company’s exposures covered under such policy, the scope of cover and the market conditions, and that the Insurance Policy reflects the current market conditions and that it shall not materially affect the Company’s profitability, assets or liabilities.

20.4. JFrog may extend the Insurance Policy in place to include cover for liability pursuant to a future public offering of securities as follows:

20.4.1. The additional premium for such extension of liability coverage shall not exceed 200% of the last paid annual premium; and

20.4.2. The Insurance Policy, as well as the additional premium shall be approved by the Compensation Committee (and if required by law, by the Board) which shall determine that the exposures pursuant to such public offering of securities, the scope of cover and the market conditions and that the Insurance Policy reflects the current market conditions, and it does not materially affect the Company’s profitability, assets or liabilities.
G. Arrangements upon Change of Control

21. The following benefits may (but are not required to) be provided to the Executive Officers upon an involuntary termination of service that occurs 3 months prior to or 24 months following a “Change of Control” as shall be defined in the respective incentive plan or employment agreement:

21.1. Up to 100% vesting acceleration of outstanding options or other equity-based awards, including vesting at up to the maximum level possible for performance-based equity-based awards;

21.2. Extension of the exercising period of equity-based compensation for JFrog’s Executive Officers for a period of up to one (1) year in case of an Executive Officer other than the CEO and two (2) years in case of the CEO, following the date of employment termination; and

21.3. Up to an additional six (6) months of continued base salary and benefits following the date of employment termination (the “Additional Adjustment Period”). For avoidance of doubt, such additional Adjustment Period may be in addition to the advance notice (or equivalent value in cash or other severance benefits) and adjustment periods pursuant to Sections 14 and 15 of this Policy, but subject to the limitation set forth in Section 18 of this Policy.

21.4. A cash bonus not to exceed 150% of the Executive Officer’s annual base salary (including the value of any benefits, other than equity) in case of an Executive Officer other than the CEO and 200% in case of the CEO.

H. Board of Directors Compensation

22. The following benefits may be provided to JFrog’s Board members:

22.1. All JFrog’s Board members, excluding the chairman of the Board, may be entitled to an annual cash fee retainer of up to $60,000, JFrog committee membership annual cash fee retainer of up to $20,000 and committee chairperson annual cash fee retainer of up to $40,000. The chairperson of JFrog’s Board may be entitled to an annual cash fee retainer of up to $150,000.

22.2. The compensation of the Company’s external directors, if elected, shall be in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time.

22.3. Notwithstanding the provisions of Sections 22.1 above, in special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director’s compensation may be different than the compensation of all other directors and may be greater than the maximal amount allowed under Section 22.1.

22.4. Each member of JFrog’s Board (excluding the chairman of the Board) may be granted an initial equity-based award in a value of up to $800,000 and annual grants in a value of up to $350,000 each. The equity-based awards shall vest annually over a period of between one (1) to four (4) years.

22.5. The chairperson of JFrog’s Board may be granted an initial equity-based award in a value of up to $900,000 and annual grants in a value of up to $400,000 each. The initial equity-based awards shall vest annually over a period of between three (3) to four (4) years, and the annual grant shall vest on a quarterly basis over a period of one (1) year.
22.6. All other terms of the equity awards shall be in accordance with JFrog’s equity incentive plans and other related practices and policies. Accordingly, the Compensation Committee or the Board may extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any awards, including, without limitation, in connection with a corporate transaction involving a change of control, and may otherwise modify or amend outstanding awards in accordance with JFrog’s equity incentive plans and other related practices and policies, subject to any additional approval as may be required by the Companies Law.

22.7. In addition, members of JFrog’s Board may be entitled to reimbursement of expenses in connection with the performance of their duties.

22.8. It is hereby clarified that the compensation (and limitations) stated under Section H will not apply to directors who serve as Executive Officers.

1. Miscellaneous

23. Nothing in this Policy shall be deemed to grant any of JFrog’s Executive Officers or employees or any third party any right or privilege in connection with their employment by the Company. Such rights and privileges shall be governed by the respective personal employment agreements. The Board may determine that none or only part of the payments, benefits and perquisites detailed in this Policy shall be granted, and is authorized to cancel or suspend a compensation package or part of it.

24. An Immaterial Change in the Terms of Employment of an Executive Officer other than the CEO may be approved by the CEO, provided that the amended terms of employment are in accordance with this Policy. An “Immaterial Change in the Terms of Employment” means a change in the terms of employment of an Executive Officer with an annual total cost to the Company not exceeding an amount equal to two (2) monthly base salaries of such employee.

25. In the event that new regulations or law amendment in connection with Executive Officers’ and directors’ compensation will be enacted following the adoption of this Policy, JFrog may follow such new regulations or law amendments, even if such new regulations are in contradiction to the compensation terms set forth herein.

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This Policy is designed solely for the benefit of JFrog and none of the provisions thereof are intended to provide any rights or remedies to any person other than JFrog.
CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the "Agreement") is made between JFrog, Inc. (the "Company") and Shlomi Ben-Haim (the "Executive"), effective as of , 2020 (the "Effective Date").

This Agreement provides certain protections to the Executive in connection with a change in control of the Company or in connection with the involuntary termination of the Executive’s employment under the circumstances described in this Agreement.

The Company and the Executive agree as follows:

1. **Term of Agreement.** This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied. To the extent the Executive relocates to Israel, the Executive shall be engaged by JFrog Ltd., the Company’s parent company (the "Parent"), and such engagement shall be made in accordance with and under the terms of the Parent’s executive form of employment agreement, and the terms covered by this Agreement shall be adjusted thereby, mutatis mutandis, such that the employer-cost associated therewith shall remain as reflected by this Agreement.

2. **At-Will Employment.** The Company and the Executive acknowledge that the Executive’s employment is and will continue to be at-will, as defined under applicable law.

3. **Severance Benefits.**
   
   (a) **Qualifying Non-CIC Termination.** On a Qualifying Non-CIC Termination (as defined below), the Executive will be eligible to receive the following payments and benefits from the Company:
      
      (i) **Salary Severance.** A single, lump sum payment equal to twelve (12) months of the Executive’s Salary (as defined below), less applicable withholdings.

      (ii) **COBRA Coverage.** Subject to Section 3(d), the Company will pay the premiums for coverage under COBRA (as defined below) for the Executive and the Executive’s eligible dependents, if any, at the rates then in effect, subject to any subsequent changes in rates that are generally applicable to the Company’s active employees (the "COBRA Coverage"), until the earliest of (A) a period of twelve (12) months from the date of the Executive’s termination of employment, (B) the date upon which the Executive (and the Executive’s eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.
(iii) **Relocation Severance.** A single lump sum payment equal to 35,000, less applicable withholdings, to assist with the Executive’s potential relocation from the United States to Israel.

(b) **Qualifying CIC Termination.** On a Qualifying CIC Termination, the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment equal to eighteen (18) months of the Executive’s Salary, less applicable withholdings.

(ii) **Bonus Severance.** A single, lump sum payment equal to the product of (A) the Executive’s target annual bonus as in effect for the fiscal year in which the Qualifying CIC Termination occurs, multiplied by (B) a ratio where the numerator is the number of full days during the fiscal year in which the Qualifying CIC Termination occurs that the Executive was employed by the Company and the denominator is three hundred and sixty five (365), less applicable withholdings.

(iii) **COBRA Coverage.** Subject to Section 3(d), the Company will provide COBRA Coverage until the earliest of (A) a period of eighteen (18) months from the date of the Executive’s termination of employment, (B) the date upon which the Executive (and the Executive’s eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA..

(iv) **Equity Vesting Acceleration.** Vesting acceleration (and exercisability, as applicable) as to 100% of the then-unvested shares subject to each of the Executive’s then-outstanding compensatory equity awards issued by the Parent. In the case of an equity award with performance-based vesting, unless otherwise specified in the applicable equity award agreement governing such award, all performance goals and other vesting criteria will be deemed achieved at target.

(v) **Relocation Severance.** A single lump sum payment equal to 35,000, less applicable withholdings, to assist with the Executive’s potential relocation from the United States to Israel.

(c) **Termination Other Than a Qualifying Termination.** If the termination of the Executive’s employment with the Company Group is not a Qualifying Termination, then the Executive will not be entitled to receive severance or other benefits.

(d) **Conditions to Receipt of COBRA Coverage.** The Executive’s receipt of COBRA Coverage is subject to the Executive electing COBRA continuation coverage within the time period prescribed pursuant to COBRA for the Executive and the Executive’s eligible dependents, if any. If the Company determines in its sole discretion that it cannot provide the COBRA Coverage without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of any COBRA Coverage, the Company will provide to the Executive a taxable monthly payment payable on the last day of a given month (except as provided by the immediately following sentence), in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue his or her group health coverage in effect on the date of his or her Qualifying Termination (which amount will be based on the
premium rates applicable for the first month of COBRA Coverage for the Executive and any of eligible dependents of the Executive (each, a “COBRA Replacement Payment”), which COBRA Replacement Payments will be made regardless of whether the Executive elects COBRA continuation coverage and will end on the earlier of (x) the date upon which the Executive obtains other employment or (y) the date the Company has paid an amount totaling the number of COBRA Replacement Payments equal to the number of months in the applicable COBRA Coverage period. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Executive will not receive the COBRA Replacement Payments or any further COBRA Coverage.

(e) Non-Duplication of Payment or Benefits. For purposes of clarity, in the event of a Qualifying Pre-CIC Termination, any severance payments and benefits to be provided to the Executive under Section 3(b) will be reduced by any amounts that already were provided to the Executive under Section 3(a). Notwithstanding any provision of this Agreement to the contrary, if the Executive is entitled to any cash severance, continued health coverage benefits, or vesting acceleration of any equity awards (other than under this Agreement) by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which any member of the Company Group is a party (“Other Benefits”), then the corresponding severance payments and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to the Executive.

(f) Death of the Executive. In the event of the Executive’s death before all payments or benefits the Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to the Executive’s designated beneficiary, if living, or otherwise to the Executive’s personal representative in a single lump sum as soon as possible following the Executive’s death.

(g) Transfer Between Members of the Company Group. For purposes of this Agreement, if the Executive is involuntarily transferred from one member of the Company Group to another, the transfer will not be a termination without Cause but may give the Executive the ability to resign for Good Reason.

(h) Exclusive Remedy. In the event of a termination of the Executive’s employment with the Company Group, the provisions of this Agreement are intended to be and are exclusive and in lieu of any other rights or remedies to which the Executive may otherwise be entitled, whether at law, tort or contract, or in equity. The Executive will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Agreement.

4. Accrued Compensation. On any termination of the Executive’s employment with the Company Group, the Executive will be entitled to receive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to the Executive under any Company-provided plans, policies, and arrangements.
5. Conditions to Receipt of Severance.

(a) **Separation Agreement and Release of Claims.** The Executive’s receipt of any severance payments or benefits upon the Executive’s Qualifying Termination under Section 3 is subject to the Executive signing and not revoking the Company’s then-standard separation agreement and release of claims (which may include an agreement not to disparage any member of the Company Group, non-solicit provisions, an agreement to assist in any litigation matters, and other standard terms and conditions) (the “Release” and that requirement, the “Release Requirement”), which must become effective and irrevocable no later than the sixtieth (60th) day following the Executive’s Qualifying Termination (the “Release Deadline”). If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 3.

(b) **Payment Timing.** Any lump sum Salary, bonus or relocation payments under Sections 3(a)(i), 3(a)(iii), 3(b)(i), 3(b)(ii) and 3(b)(v) will be provided on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable (the “Severance Start Date”), subject to any delay required by Section 5(d) below. Any taxable installments of any COBRA-related severance benefits that otherwise would have been made to the Executive on or before the Severance Start Date will be paid on the Severance Start Date, and any remaining installments thereafter will be provided as specified in the Agreement. Any restricted stock units, performance shares, performance units, and/or similar full value awards that accelerate vesting under Section 3(b)(iv) will be settled (x) on a date no later than ten (10) days following the date the Release becomes effective and irrevocable, or (y) if later, in the event of a Qualifying Pre-CIC Termination, on a date no later than the Change in Control.

(c) **Return of Company Property.** The Executive’s receipt of any severance payments or benefits upon the Executive’s Qualifying Termination under Section 3 is subject to the Executive returning all documents and other property provided to the Executive by any member of the Company Group (with the exception of a copy of the Company employee handbook and personnel documents specifically relating to the Executive), developed or obtained by the Executive in connection with his or her employment with the Company Group, or otherwise belonging to the Company Group.

(d) **Section 409A.** The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Code and any guidance promulgated under Section 409A of the Code (collectively, “Section 409A”) so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities in this Agreement will be interpreted in accordance with this intent. No payment or benefits to be paid to the Executive, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the “Deferred Payments”) will be paid or otherwise provided until the Executive has a “separation from service” within the meaning of Section 409A. If, at the time of the Executive’s termination of employment, the Executive is a “specified employee” within the meaning of Section 409A, then the payment of the Deferred Payments will be delayed to the extent necessary to avoid the imposition of the additional tax imposed under Section 409A, which generally means that the Executive will receive payment on the first payroll date that occurs on or after the date that is 6 months and 1 day following the Executive’s termination of employment.
The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment, installment, and benefit payable under this Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2). In no event will any member of the Company Group reimburse, indemnify, or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

(e) Resignation of Officer and Director Positions. The Executive’s receipt of any severance payments or benefits upon the Executive’s Qualifying Termination under Section 3 is subject to the Executive resigning from all officer and director positions with all members of the Company Group and the Executive executing any documents the Company may require in connection with the same.


(a) Reduction of Severance Benefits. If any payment or benefit that the Executive would receive from any Company Group member or any other party whether in connection with the provisions in this Agreement or otherwise (the “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Payment will be equal to the Best Results Amount. The “Best Results Amount” will be either (x) the full amount of the Payment or (y) a lesser amount that would result in no portion of the Payment being subject to the Excise Tax, whichever of those amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Executive’s receipt, on an after-tax basis, of the greater amount. If a reduction in payments or benefits constituting parachute payments is necessary so that the Payment equals the Best Results Amount, reduction will occur in the following order: (A) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (B) cancellation of equity awards that were granted “contingent on a change in ownership or control” within the meaning of Section 280G of the Code in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first); (C) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (D) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of Payment reductions. The Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this Agreement, and the Executive will not be reimbursed, indemnified, or held harmless by any member of the Company Group for any of those payments of personal tax liability.

(b) Determination of Excise Tax Liability. Unless the Company and the Executive otherwise agree in writing, the Company will select a professional services firm (the “Firm”) to make all determinations required under this Section 6, which determinations will be conclusive and binding.
upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 6, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 6. The Company will bear the costs and make all payments for the Firm’s services in connection with any calculations contemplated by this Section 6. The Company will have no liability to the Executive for the determinations of the Firm.

7. Definitions. The following terms referred to in this Agreement will have the following meanings:

(a) “Affiliate” means with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person (with the term “control” or “controlled by” within the meaning of Rule 405 of Regulation C under the Securities Act of 1933, as amended).

(b) “Board” means the Parent’s Board of Directors.

(c) “Cause” means the occurrence of any of the following: (i) the Executive’s willful breach of any obligations the Confidentiality Agreement; (ii) the Executive’s willful misconduct that is materially injurious to any member of the Company Group; (iii) the Executive’s conviction of, or plea of nolo contendere to, a crime that constitutes a felony under applicable law or involving fraud, embezzlement or any other act of moral turpitude; provided that, with respect to clause (i) of this Section 7(c), if such conduct is susceptible to cure (as determined by the Board in good faith), the Executive shall have failed to cure such Cause to the Company’s reasonable satisfaction within thirty (30) days of receipt of a written notice setting forth in reasonable detail the nature of such Cause. In the event that the conduct constituting Cause with respect to clause (i) of this Section 7(c) is not subject to cure in the good faith determination of the Board, then the right to cure and applicable notice period will not apply.

(d) “Change in Board Event” means any time at which individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Parent’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

(e) “Change in Control” means the occurrence of any of the events: (i) a sale of all or substantially all of the assets of the Parent, or a sale (including an exchange) of all or substantially all of the shares of the Parent, to any person, or a purchase by a shareholder of the Parent or by an Affiliate of such shareholder, of all the shares of the Parent held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Parent
with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; or (iv) a Change in Board Event. Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Parent’s incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Parent’s securities immediately before such transaction.

(f) “Change in Control Period” means the period beginning three (3) months prior to a Change in Control and ending twelve (12) months following a Change in Control.

(g) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.


(i) “Company Group” means the Parent and any subsidiaries of the Parent (including, but not limited to, the Company).

(j) “Confidentiality Agreement” means the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement executed by the Company and the Executive on .

(k) “Disability” means a total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) “Good Reason” means the termination of the Executive’s employment with the Company Group by the Executive in accordance with the next sentence after the occurrence of one or more of the following events without the Executive’s express written consent: (i) a material reduction of the Executive’s duties, authorities, or responsibilities relative to the Executive’s duties, authorities, or responsibilities in effect immediately prior to the reduction; (ii) a reduction by a Company Group member in the Executive’s rate of annual base salary by more than ten percent (10%); provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company Group members by up to ten percent (10%) will not constitute “Good Reason”; (iii) a material change in the geographic location of the Executive’s primary work facility or location by more than thirty-five (35) miles from the Executive’s then present location; provided, that a relocation to a location that is within thirty-five (35) miles from the Executive’s then-present primary residence will not be considered a material change in geographic location, or (iv) failure of a successor corporation to assume the obligations under this Agreement as contemplated by Section 8. In order for the termination of the Executive’s employment with a Company Group member to be for Good Reason, the Executive must not terminate employment without first providing written notice to the Company of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of written notice (the “Cure Period”), the grounds must not have been cured during that time, and the Executive must terminate the Executive’s employment within thirty (30) days following the Cure Period.
(m) “Qualifying Pre-CIC Termination” means a Qualifying CIC Termination that occurs prior to the date of the Change in Control.

(n) “Qualifying Termination” means a termination of the Executive’s employment either (i) by a Company Group member without Cause (excluding by reason of Executive’s death or Disability) or (ii) by the Executive for Good Reason, in either case, during the Change in Control Period (a “Qualifying CIC Termination”) or outside of the Change in Control Period (a “Qualifying Non-CIC Termination”).

(o) “Salary” means the Executive’s annual base salary as in effect immediately prior to the Executive’s Qualifying Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then the Executive’s annual base salary in effect immediately prior to the reduction) or, if the Executive’s Qualifying Termination is a Qualifying CIC Termination and the amount is greater, at the level in effect immediately prior to the Change in Control.

8. Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of the Executive upon the Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Executive’s right to compensation or other benefits will be null and void.


(a) General. All notices and other communications required or permitted under this Agreement shall be in writing and will be effectively given (i) upon actual delivery to the party to be notified, (ii) upon transmission by email, (iii) twenty-four (24) hours after confirmed facsimile transmission, (iv) one (1) business day after deposit with a recognized overnight courier, or (v) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed (A) if to the Executive, at the address the Executive shall have most recently furnished to the Company in writing, (B) if to the Company, at the following address:

JFrog, Inc.
270 E. Caribbean Drive
Sunnyvale, CA 94089
Attention: General Counsel

(b) Notice of Termination. Any termination by a Company Group member for Cause will be communicated by a notice of termination to the Executive, and any termination by the Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 9(a) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances
claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (i) the giving of the notice or (ii) the end of any applicable cure period).

10. **Resignation.** The termination of the Executive’s employment for any reason will also constitute, without any further required action by the Executive, the Executive’s voluntary resignation from all officer and/or director positions held at any member of the Company Group, and at the Board’s request, the Executive will execute any documents reasonably necessary to reflect the resignations.

11. **Miscellaneous Provisions.**

   (a) **No Duty to Mitigate.** The Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that the Executive may receive from any other source except as specified in Section 3(e).

   (b) **Waiver; Amendment.** No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by an authorized officer of the Company (other than the Executive) and by the Executive. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

   (c) **Headings.** All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

   (d) **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including, for the avoidance of doubt, any other employment letter or agreement, severance policy or program, or equity award agreement.

   (e) **Choice of Law.** This Agreement will be governed by the laws of the State of California without regard to California’s conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Employee hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in California for any lawsuit filed against the Executive by the Company.

   (f) **Arbitration.** Any and all controversies, claims, or disputes with anyone under this Agreement (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from the Executive’s employment with the Company Group, shall be subject to arbitration in accordance with the provisions of the Confidentiality Agreement.
(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

(h) **Withholding.** All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions. No member of the Company Group will pay the Executive’s taxes arising from or relating to any payments or benefits under this Agreement.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature page follows.]

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By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer.

COMPANY

JFROG, INC.

By: ____________________________

Title: __________________________

Date: __________________________

EXECUTIVE

Date: __________________________

- 11 -
Dear Jacob:

This letter agreement (the “Agreement”) is entered into between JFrog, Inc. (the “Company” or “we”) and you. This Agreement is effective as of the date signed below (the “Effective Date”). The purpose of this Agreement is to confirm the current terms and conditions of your employment.

1. **Position.** Your current title is Chief Financial Officer of the Company. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) without the prior approval of the Company’s Board of Directors (the “Board”). By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Compensation and Benefits.**

   (a) **Base Salary.** Your rate of annual base salary as of the Effective Date will be $410,000 per year, less applicable withholding, which will be paid in accordance with the Company’s normal payroll procedures.

   (b) **Annual Bonus Opportunity.** Your annual target bonus opportunity following the Effective Date will be sixty percent (60%) of your annual base salary (the “Target Bonus”). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company’s normal performance review practices. Your actual bonuses shall be determined in accordance with the terms and conditions of the Company’s Compensation Policy for Directors and Officers (the “Compensation Policy”) and the individual bonus policy attached hereto as Exhibit A (the “Bonus Policy”), provided that such Bonus Policy may be adjusted from time to time by the Board in its sole discretion. Bonuses will become earned and payable to you in accordance with terms of the Bonus Policy, provided that in no event will any bonus be paid to you after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company’s fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned. You should note that the Company reserves the right to modify salaries and/or incentive compensation opportunities from time to time as it deems necessary, subject to the terms of the Compensation Policy.

   (c) **Employee Benefits.** As a full-time employee, you will continue to be eligible to participate in the Company’s standard benefits as in effect from time to time, on the
same basis as those benefits are generally made available to other similarly situated executives of the Company, and subject to the Company’s policies. Such benefits are subject to change, and may be supplemented, altered, or eliminated, in part or entirely. Any eligibility to participate in such benefits plans, as well as the terms thereof, shall be as set forth in the governing documents for such plans, or there are no such governing documents, in the Company’s policies.

(d) **Equity Awards.** You will be eligible to receive compensatory equity awards such as stock options or restricted stock unit awards from the Company or its affiliates on the terms and conditions determined by the Board in its sole discretion, subject to the terms of the Compensation Policy and any applicable Company equity plans.

(e) **Expenses.** You will be entitled to receive prompt reimbursement for all reasonable expenses incurred by you in the furtherance of or in connection with the performance of your duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time. In the event that any expense reimbursements are taxable to you, such reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from Section 409A is specified in the Company’s expense reimbursement policy.

(f) **Vacation.** You will be entitled to accrue paid vacation of twenty (20) business days per year in accordance with the Company’s vacation policy, as in effect from time to time.

3. **Severance & Change of Control Benefits.** In connection with executing this Agreement, you are also entering into the Change in Control and Severance Agreement between you and the Company (the “**Severance Agreement**”), which is incorporated herein by reference.

4. **Proprietary Information and Inventions Agreement.** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your acceptance of this Agreement reaffirms that the terms of the Company’s At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement that you executed on (the “**Confidentiality Agreement**”) continue to be in effect.

5. **At-Will Employment.** You acknowledge and agree that your employment with the Company will be “at-will” employment and may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company. However, as described in this Agreement, you may be entitled to severance benefits under the Severance Agreement depending on the circumstances of the termination of your employment with the Company.

6. **Tax Matters.**

   (a) **Withholding.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law, and you will be
solely responsible for any and all taxes arising in connection with this Agreement and compensation paid or payable to you, including but not limited to any taxes, penalties and interest, if any, arising under Section 409A.

(b) **Section 409A.** The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and any final regulations and guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time (“Section 409A”) so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities will be interpreted to so be exempt or comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(c) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities.

7. **Entire Agreement, Amendment and Enforcement.** This Agreement, the Severance Agreement and the Confidentiality Agreement supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company, and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to the principles of conflict of laws thereof. To the extent you relocate to Israel, you shall be engaged by JFrog Ltd., the Company’s parent company (the “Parent”), and such engagement shall be made in accordance with and under the terms of the Parent’s executive form of employment agreement, and the terms covered by this Agreement shall be adjusted thereby, mutatis mutandis, such that the employer-cost associated therewith shall remain as reflected by this Agreement.

8. **Miscellaneous.**

(a) **Arbitration.** You that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from your service to the Company, will be subject to arbitration in accordance with the provisions of the Confidentiality Agreement.

(b) **Successors.** In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.
(c) **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(d) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(e) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this Agreement with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.

* * * * *

We are extremely excited about your continued employment with the Company!

Please indicate your acceptance of this Agreement, and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

Very truly yours,

JFrog, Inc.

By: /s/ __________________________

---

I have read and accept this Agreement:

/s/  
Jacob Shulman

Dated: ____________________________
EXHIBIT A

Bonus Policy
Dear Yoav,

Further to our recent discussion on these matters, JFrog Ltd. (the “Company”) has decided to enter into this new and updated Employment Agreement (including its exhibits) which replaces any and all other agreements, representations and understandings between the parties in respect of your employment with the Company, including that certain prior Employment Agreement effective as of September 1st, 2020.

Just to clarify, the Company hereby acknowledges and agrees that you have continuously been employed by the Company from January 1st, 2010 (i.e., the original date of your employment with the Company, referred herein as the “Original Date”) and that nothing in this Agreement shall be interpreted or implemented in a manner that would deprive you from any rights accumulated in your favor during such continuous employment, and that for the purpose of calculating any rights that are cumulative in nature, whether under any applicable law or under this Agreement, the “Effective Date” of your employment hereunder shall be deemed to be the Original Date.

You shall continue to be employed by the Company in the position of Chief Technology Officer (the “Position”). In your position you will continue to be reporting to the Chief Executive Officer of the Company. Your designated supervisor may change from time to time in accordance with structural changes within the Company.

You terms will be subject to and governed by the Company’s Compensation Policy for Directors and Officers, as in effect from time to time (the “Compensation Policy”). Set forth below is a table summarizing the specific terms of your employment with the Company (the “Specific Terms”) as of the Agreement Date. The general terms and conditions of your employment (the “General Terms”, together with the Specific Terms, and the ancillary forms and exhibits attached hereto constitute your employment agreement with the Company (collectively, the “Employment Agreement”) with the Company are set forth in the pages following this document.

Please review carefully both the “Specific Terms” and the “General Terms”. Once you fully understand the terms and conditions set forth herein and agreed to all the terms and conditions, you are kindly requested to sign this document and the ancillary forms attached hereto and return them to the Company. Your execution of this document constitutes your agreement to both the “Specific Terms” and the “General Terms”.

1. Employee Personal Details
   - Full Name: Yoav Landman
   - I.D. Number:
   - Address:
   - Telephone Number (cell):
   - E-mail:

2. Agreement Date: August 2020

3. Scope of Work
   - Full Time

4. Total Monthly Salary:
   - NIS 90,000

5. Notice Period (by the Company or the Employee)
   - Per applicable law.

6. Pension Insurance
   - ☑ Entitled under Section 14 Arrangement- pursuant to Employee’s choice and in accordance with the General Terms.

7. Keren Hishtalmut (Educational Fund)
   - ☑ Entitled- in accordance with Section 3.3 of the General Terms.

8. Vacation Days
   - 20 vacation days per year, which shall increase from time to time according to the applicable law.

9. Maximum No. of Accrued Vacation Days
   - limited to 20 days in the aggregate.

10. Sick Leave Days per Year
    - Per Applicable Law.

11. Recreation Pay
    - Per Applicable Law.

12. Travel Expenses
    - NIS 5,500

13. Termination Agreements
    - 1. Severance Payment- A lump sum cash payment equal to the difference between (i) (X) six times the Monthly Salary of the month preceding the termination date plus (Y) six months’ of any applicable social and other benefits provided under this Employment Agreement; and (ii) (A) unless the Employee was required to work during the Notice Period, the value of the Notice Period (whether paid to the Employee as salary during the Notice Period or redeemed, in accordance with the terms hereof) (plus (B) any amounts accrued in the funds under the Section 14 Arrangement as of the termination date, in accordance with the General Terms.
2. **Change in Control**: The difference between (i) (A) 12 times the Monthly Salary of the month preceding the termination date plus (B) the value of twelve months’ payments of all social and other benefits provided under this Employment Agreement, plus (C) (X) Employee’s target Annual Bonus as in effect for the applicable fiscal year, multiplied by (Y) a ratio where the numerator is the number of full days during the applicable fiscal year that the Employee was employed by the Company and the denominator is three hundred and sixty five (365), and (ii) (Z) unless the Employee was required to work during the Notice Period, the value of the Notice Period (whether paid to the Employee as salary or redeemed, in accordance with the terms hereof) plus (AA) any amounts accrued in the funds under the Section 14 Arrangement as of the termination date, in accordance with the **General Terms**.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the Effective Date.

**Company:**

**JFROG LTD.**

By: __________________________________________
Name: _________________________________________
Title: __________________________________________

**Employee:**

**YOAV LANDMAN**

Print Name: ___________________________________
Signature: _____________________________________

2
General Terms and Conditions of Employment with the Company

1. Time and Attention

1.1. The Employee will be employed pursuant to the scope of Work set forth in the Specific Terms. The Employee shall devote all necessary time and attention to the business of the Company and shall perform his/her duties diligently and promptly for the benefit of the Company.

1.2. The Employee is aware that the employment relationship between the Employee and the Company is based on trust and the availability to work at irregular and flexible hours. The scope and requirement of the Employee’s position shall require the Employee, from time to time, to work beyond the regular work hours, and also on irregular days. In addition, as part of the Position the Employee may be required to travel and stay abroad from time to time. The Employee agrees that while the Employee is abroad the Employee shall serve as a senior representative of the Company, a position which requires a special degree of personal trust, and therefore, in such special circumstances, the provisions of the Working Hours and Rest Law shall not apply to the Employee’s employment under this Employment Agreement. The Employee acknowledges that while the Employee is abroad, the Employee shall be required to work overtime hours, including during late hours and during weekly hours of rest, and that the Employee shall not be granted any additional compensation with regard to such overtime hours. The Employee acknowledges that the monetary implications of this provision have been taken into account in his decision to engage in this Employment Agreement.

2. Remuneration and Benefits

2.1. Salary

2.1.1. Subject to and in consideration of the Employee’s fulfillment of his/her obligations in pursuance of this Employment Agreement, the Company shall pay the Employee an aggregate monthly amount salary in the amount as set forth in the Specific Terms (the “Monthly Salary”). The Monthly Salary only shall serve as the sole basis for calculating pension rights and severance pay contributions, and it is specifically agreed that no other payment or benefit shall be considered as a basis for such calculation. The Monthly Salary shall be payable until the 9th of each month, for the previous month.

2.1.2. An amount equal to 10% of the Monthly Salary shall be considered as special compensation paid for the Employee’s obligations set forth in Exhibit A attached hereto (Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement), including without limitation in connection the assignment of inventions to the Company, and the non-compete undertakings (the “Special Compensation”).

2.1.3. Israeli income tax and other applicable withholding taxes with respect to the Monthly Salary and any other benefits (as applicable) shall be deducted from the Monthly Salary and any other benefits (as applicable) by the Company at source.

2.2. Pension Insurance and Severance

2.2.1. Pension. The Company shall insure the Employee under a pension arrangement at the Employee’s choice (Managers Insurance, pension fund or a combination of both). The Company shall contribute, on a monthly basis, the amounts set forth below (the “Company Contributions”) and the Employee shall contribute, on a monthly basis, the amounts set forth below (the “Employee Contributions”), which amounts shall be deducted from the Salary.

2.2.1.1. Company Contributions:

(i) If for pension fund: severance - 8.33% of the Salary; pension - 6.5% of the Salary.

(ii) If for managers insurance: severance - 8.33% of the Salary; disability insurance - up to 2.5% of the Salary (for insurance of 75% of the Salary); pension - the difference between 6.5% of the Salary and the actual percentage contributed for disability insurance, provided that the contributions for pension shall not be less than 5% of the Salary or more than 7.5% of the Salary.

2.2.1.2. Employee Contributions: 6% of the Salary towards pension.

2.2.2. Section 14 Arrangement. The parties hereby adopt the provisions of the General Approval Regarding Payments by Employers to a Pension Fund and Managers insurance in lieu of Severance Pay, as attached to this Employment Agreement as Exhibit B (the “General Approval”). The Company waives any right that it may have for the repayment of any monies paid by it to the insurance and/or the pension fund, unless the right of the Employee to severance has been revoked by a judicial decision, under Section 16 or 17 of the Severance Pay Law (to the extent of such revocation) or in case the Employee withdrew monies from the insurance and/or the pension fund for any reason other than death, disability or retirement at the age of sixty or thereafter. The Employee hereby acknowledges and confirms that the Company’s contributions towards the insurance and/or the pension fund are and shall be in lieu of any severance pay to which the Employee shall be entitled according to Section 14 of the Severance Pay Law, and in accordance with the General Approval (the “Section 14 Arrangement”).
2.3. **Study Fund (Keren Hishtalmut).**

2.3.1. The Company shall contribute an aggregate monthly amount equal to 7.5% of the Monthly Salary for contributions towards a recognized advanced study fund as shall be selected by the Employee (Keren Hishtalmut) (the “Advanced Study Fund”). The Employee shall contribute, and for that purpose, the Employee hereby irrevocably authorizes and instructs Company to deduct from his/her Monthly Salary at source, an aggregate monthly amount equal to 2.5% of the Monthly Salary for contributions as Employee’s participation in such Advanced Study Fund.

2.3.2. To the extent Monthly Salary exceeds the recognized ceiling for withholdings that are exempted from taxes under the provisions of applicable law in effect from time to time (the “Advanced Study Fund Ceiling”), the foregoing contributions by the Company and by the Employee as set forth in Sections 3.3.1 and 3.3.2 above shall be calculated on the basis of the Advanced Study Fund Ceiling only.

2.3.3. The Employee shall be responsible for any tax imposed in connection with contributions to the Advanced Study Fund, if any.

2.3.4. Upon the termination of the Employee’s employment, the Company shall release to the Employee the amounts then accumulated in such fund, except that in the event of termination for Cause (as defined below), those portions of such fund constituting the Company’s contributions, shall not be released to the Employee.

2.4 **Vacation; Sick Leave; Recreation Pay**

2.4.1. The Employee shall be entitled to paid vacation days during each year of his/her employment as set forth in the Specific Terms. Each such leave shall be coordinated with the supervisor with reasonable consideration to the needs of the Company. The Employee shall be obliged to take at least five (5) paid vacation days during each year of the Employee’s employment, as prescribed by law. The Employee will make every effort to exercise his annual vacation; provided however, if the Employee is unable to utilize all the vacation days by the end of a calendar year, he/she shall be entitled to accumulate the unused balance of the vacation days standing to his or her credit up to the Maximum Amount set forth in the Specific Terms. For the avoidance of doubt, any unused vacation days in excess of the Maximum Amount are canceled and are not redeemable in any event.

2.4.2. The Employee shall be entitled to sick leave in accordance with the provisions of the Sick Pay Law of 1976.

2.4.3. The Employee shall be entitled to recreation pay (Dmey Havra’a) per year in accordance with the Israeli applicable law and regulations with respect to such pay.

2.5. **Travel Expenses.** The Employee shall be entitled to a monthly sum as travel expenses as set forth in the Specific Terms, in accordance with applicable law. For the avoidance of doubt, such Travel Expenses shall not be deemed part of Employee’s Monthly Salary for the purpose of calculating any social entitlements or rights.

2.6. **Termination Agreements**

2.6.1. **Severance.** To the extent this Employment Agreement is terminated by the Company not for Cause, Employee shall be entitled to a lump sum in the amount set forth in the Specific Terms.

2.6.2. **Change in Control.** To the extent this Employment Agreement is terminated by the Company not for Cause or by Employee for Good Reason during the three (3) months period prior to, or twelve (12) months following, a Change in Control Event, Employee shall be entitled to a certain lump sum and other benefits, as set forth in the Specific Terms.

2.6.3. **Definitions**

2.6.3.1. “Cause” shall mean the occurrence of any of the following: (i) the Employee’s willful breach of any obligations the Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement; (ii) the Employee’s willful misconduct that is materially injurious to any member of the Company Group; (iii) the Employee’s conviction of, or plea of nolo contendere to, a crime that constitutes a felony under applicable law or involving fraud, embezzlement or any other act of moral turpitude; provided that, with respect to clause (i) of this Section 3.6.3.1, if such conduct is susceptible to cure (as determined by the Company’s Board of Directors in good faith), the Employee shall have failed to cure such Cause to the Company’s reasonable satisfaction within thirty (30) days of receipt of a written notice setting forth in reasonable detail the nature of such Cause. In the event that the conduct constituting Cause with respect to clause (i) of this Section 3.6.3.1 is not subject to cure in the good faith determination of the Board, then the right to cure and applicable notice period will not apply

2.6.3.2. “Change in Board Event” means any time at which individuals who, as of the Agreement Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Company’s Board of Directors; provided, however, that any individual becoming a director subsequent to the Agreement Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Company’s Board of Directors.
2.6.3.3. “Change in Control” shall mean the occurrence of any of the events: (i) a sale of all or substantially all of the assets of the Company, or a sale (including an exchange) of all or substantially all of the shares of the Company, to any person, or a purchase by a shareholder of the Company or by an affiliate of such shareholder, of all the shares of the Company held by all or substantially all other shareholders or by other shareholders who are not affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; or (iv) a Change in Board Event. Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company’s incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

2.6.3.4. “Company Group” means the Company and any subsidiaries of the Company.

2.6.3.5. “Good Reason” shall mean the termination of the Employee's employment with the Company Group by the Employee in accordance with the next sentence after the occurrence of one or more of the following events without the Employee’s express written consent: (i) a material reduction of the Employee’s title, duties, authorities, or responsibilities relative to the Employee’s duties, authorities, or responsibilities in effect immediately prior to the reduction; (ii) a reduction by a Company Group member in the Employee’s rate of annual base salary by more than ten percent (10%); provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company Group members by up to 10% will not constitute “Good Reason”; (iii) a material change in the geographic location of the Employee’s primary work facility or location by more than thirty-five (35) miles from the Employee’s then present location; provided, that a relocation to a location that is within thirty-five (35) miles from the Employee’s then-present primary residence will not be considered a material change in geographic location, or (iv) failure of a successor corporation to assume the obligations under this Agreement. In order for the termination of the Employee’s employment with a Company Group member to be for Good Reason, the Employee must not terminate employment without first providing written notice to the Company of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of written notice (the “Cure Period”), the grounds must not have been cured during that time, and the Employee must terminate the Employee’s employment within thirty (30) days following the Cure Period.

2.7. **Annual Bonus.** Employee will be eligible to earn an annual cash bonus, based upon the achievement of certain targets and goals to be established annually by the Company, equal to the percentage of Employee’s aggregate Monthly Salary earned during such year and to be paid as set forth in Exhibit C attached hereto (the “Bonus”). The Bonus amount shall be subject to review and may be adjusted based upon the Company’s normal performance review practices. The bonus shall be determined in accordance with and subject to the terms and conditions of the Compensation Policy and the individual bonus policy attached hereto as Exhibit C (the “Bonus Policy”), provided that such Bonus Policy may be adjusted from time to time by the Board in its sole discretion. Bonuses will become earned and payable to you in accordance with terms of the Bonus Policy, provided that in no event will any bonus be paid to you after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company’s fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned. Nothing in this clause shall be construed as Company’s commitment to Employee to grant any bonus payments at any time, other than as explicitly set forth herein. Any bonus grant shall not form any commitment to Employee of any kind. Moreover, Employee waives any claim to custom regarding the bonus. For the avoidance of any doubt, any bonus granted pursuant to this clause will not form part of Employee’s social benefits and will not be taken into account for the purpose of calculating the allocations to the pension insurance, Employee’s social rights and other benefits of any kind, as applicable.

3. **Termination**

3.1. **Termination Not For Cause.** Either party may terminate this Employment Agreement and the employment relationship without Cause (as defined below) by providing a prior written notice as set forth in the Specific Terms (the “Notice Period”). During the Notice Period, whether notice has been given by the Employee or by the Company, the Employee shall continue to render his/her services to the Company unless instructed otherwise by the Company, and shall cooperate with the Company and use his/her best efforts to assist the integration into the Company organization of the person or persons who will assume the Employee’s responsibilities and duties.

3.1.1. **Waiver of Actual Work.** Nonetheless, the Company shall be entitled, at any time prior to the expiration of the Notice Period: (i) to waive the Employee’s actual work during the Notice Period, in which event the Company shall pay to the Employee under Section 3 above and as set forth in the Specific Terms; or (ii) to immediately terminate this Employment Agreement.
and the employment relationship, at any time prior to the expiration of the Notice Period, in which event the Company shall pay the Employee upon
termination of the Employment Agreement and the employment relationship the value of the Monthly Salary during the remainder of the Notice Period.

3.2. Termination for Cause. The Company may immediately terminate this Employment Agreement and the employment relationship at any
time for Cause without Notice Period or any compensation in lieu of Notice Period and/or severance pay (subject to applicable law).

4. Confidentiality, Non-Compete, Proprietary and Inventions Assignment

4.1. The Employee shall, simultaneously herewith, execute the Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement, attached hereto as Exhibit A. For the removal of any doubt, execution of such agreement by the Employee - is a condition precedent to this Agreement becoming effective.

4.2. The Employee shall keep the contents of this Employment Agreement confidential and not to disclose the contents of this Employment Agreement to any third party without the prior written consent of the Company.

5. Employee Representations and Warranties

5.1. The Employee represents and warrants to the Company that: (i) the execution and delivery of this Employment Agreement and the fulfillment of the terms hereof: (a) will not constitute a default under or breach of any agreement or other instrument to which he/she is a party or by which he is bound, including without limitation, any confidentiality or non-competition agreement; (b) do not require the consent of any person or entity; (ii) no provision of any agreement or other document the Employee is a party to or is bound to as a result of his/her prior or current engagement with third parties, or to his/her knowledge, any law, or regulation, prohibits him from entering into this Employment Agreement; and (iii) shall not utilize during the term of his/her employment any proprietary information of any third party, including prior employers of the Employee. Employee acknowledges that the Company is relying on the Employee’s representations under this section upon entering into this Employment Agreement and any misrepresentation under this section by Employee shall constitute a material breach of this Employment Agreement.

5.2. The Employee shall at all times comply with the Company’s policies, procedures and objectives, as in effect from time to time, and shall adhere to any applicable law or provision pertaining to his/her employment.

5.3. The Employee shall immediately and without delay inform the Company of any affairs and/or matters that might constitute a conflict of interest with the Employee’s Position and/or employment with Company and/or the interests of the Company.

5.4. The Employee acknowledges and agrees that personal information related to him/her and the Employee’s terms of employment at the Company, as shall be received and held by the Company will be held and managed by the Company, and that the Company shall be entitled to transfer such information to third parties, in Israel or abroad. The information will be collected, retained, used, and transferred for legitimate business purposes and to the reasonable and necessary scope only for the following purposes: human resources management, business management and customer relations, assessment of potential transactions and relating to such transactions, compliance with law and other requests and requirements from government authorities and audit, compliance checks and internal investigations.

6. Company Computers; Mobile Phone; Privacy

6.1. For the performance of the Employee’s duties, the Company may allow the Employee to use the Company’s computer equipment and systems, including any desktop computer, laptop, software, hardware, Internet server and professional e-mail account (the “Computers”). The Employee acknowledges and agrees that the Company may allow others to use the Computers.

6.2. Subject to the Company’s policies as may be in effect from time to time, the Employee: (i) shall not store personal files on the Computers (except on folders clearly labeled by the Employee as “Personal”); and (ii) the Employee may not store the Company’s files on personal or external storage space.

6.3. The e-mail account assigned to the Employee is strictly a professional one and shall be strictly used for professional matters. For personal matters the Employee may use external email services (such as Gmail).

6.4. The Employee acknowledges and agrees that in order to maintain the security of the Computers and to protect the Company’s legitimate interests, the Company shall have the right to monitor, inspect and review the Employee’s activity on the Computers, including usage habits and content transmission, and to collect, copy, transfer and review content stored on the Computers, including, emails, electronic communications, documents and other files, all findings of which shall be admissible as evidence in any legal proceedings. In light of the Employee’s understanding of the above, the Employee shall have no right to privacy in any content of the Computers, except with respect to folders which contain private information and which are clearly labeled by the Employee as “Personal”.

6.5. Sections 7.2-7.4 above shall apply also with respect to mobile phone provided to the Employee by the Company (if provided) and the Employee’s personal mobile phone when used for the purpose of fulfilling the Employee’s work, with respect to unique professional apps, professional WhatsApp groups or other professional media or massaging groups and the Employee’s professional e-mail account.
6.6. The Employee acknowledges and agrees that during the course of the Employee’s employment by the Company, the Company shall collect, receive and make use of certain personal information related to the Employee (such as Employee’s contact details, family status, salary, bank account-related information, etc.) (the “Information”). Collecting, receiving, using and processing the Information shall be at the minimum extent required to manage the Company’s employees or to meet the Company’s legal obligations. The Company shall be entitled to transfer the Information to third parties, including those located abroad, for the aforesaid purposes or in the course of a potential transaction (such as acquisition, merger or sale of asset).

6.7. The Employee acknowledges that the Company’s facilities are covered by security cameras, the locations of which have been identified to the Employee. The location of the cameras may change from time to time. The use of cameras in the Company’s facilities is for security purpose and such cameras shall not be used for monitoring personal workspaces (except in cases permitted by law).

7. **Miscellaneous.** (i) This Employment Agreement constitutes the entire understanding and agreement between the parties hereto, supersedes any and all prior discussions, agreements and correspondence with regard to the subject matter hereof, and may not be amended, modified or supplemented in any respect, except by a subsequent written document executed by both parties hereto; (ii) the Company may assign or transfer this Employment Agreement or any right, claim or obligation provided herein, provided however that none of the Employee’s rights under this Agreement are thereby diminished. The obligations of the Employee hereunder shall not be assignable or delegable; (iii) all notices, requests and other communications to any party hereunder shall be given or made in writing and faxed, emailed, mailed (by registered or certified mail) or delivered by hand to the respective party at the address set forth in the caption of this Employment Agreement, the Specific Terms or to such other address (or fax number or email address) as such party may hereafter specify for the purpose of notice to the other party hereto. Each such notice, request or other communication shall be effective (a) if given by fax or email, one (1) business day after such fax is transmitted to the fax number or email address specified herein with confirmation of transmission, (b) if given by mail, four days following deposit in the mail, or (c) if hand delivered, upon delivery; (iv) this Employment Agreement shall be governed by, and construed and enforced in accordance with, the laws of Israel without giving effect to principles of conflicts of law thereof. The parties submit to the exclusive jurisdiction of the competent courts of Tel-Aviv Israel in any dispute related to this Employment Agreement; (v) the parties hereby confirm that this is a personal services contract and that the relationship between the parties hereto shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors; and (vi) this Employment Agreement includes the terms to be contained in, and constitutes, the written notice to be delivered to the Employee pursuant to the Notice to Employee and Candidate (Employment Terms and Acceptance to Work), 2002.

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Dear Tali:

This letter agreement (the “Agreement”) is entered into between JFrog, Inc. (the “Company” or “we”) and you. This Agreement is effective as of the date signed below (the “Effective Date”). The purpose of this Agreement is to confirm the current terms and conditions of your employment.

1. **Position.** Your current title is Chief Revenue Officer of the Company. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) without the prior approval of the Company’s Board of Directors (the “Board”). By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Compensation and Benefits.**

   (a) **Base Salary.** Your rate of annual base salary as of the Effective Date will be $385,000 per year, less applicable withholding, which will be paid in accordance with the Company’s normal payroll procedures.

   (b) **Annual Bonus Opportunity.** Your annual target bonus opportunity following the Effective Date will be one hundred percent (100%) of your annual base salary (the “Target Bonus”). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company’s normal performance review practices. Your actual bonuses shall be determined in accordance with the terms and conditions of the Company’s Compensation Policy for Directors and Officers (the “Compensation Policy”) and the individual bonus policy attached hereto as Exhibit A (the “Bonus Policy”), provided that such Bonus Policy may be adjusted from time to time by the Board in its sole discretion. Bonuses will become earned and payable to you in accordance with terms of the Bonus Policy, provided that in no event will any bonus be paid to you after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company’s fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned. You should note that the Company reserves the right to modify salaries and/or incentive compensation opportunities from time to time as it deems necessary, subject to the terms of the Compensation Policy.

   (c) **Employee Benefits.** As a full-time employee, you will continue to be eligible to participate in the Company’s standard benefits as in effect from time to time, on the
same basis as those benefits are generally made available to other similarly situated executives of the Company, and subject to the Company’s policies. Such benefits are subject to change, and may be supplemented, altered, or eliminated, in part or entirely. Any eligibility to participate in such benefits plans, as well as the terms thereof, shall be as set forth in the governing documents for such plans, or there are no such governing documents, in the Company’s policies.

(d) **Equity Awards.** You will be eligible to receive compensatory equity awards such as stock options or restricted stock unit awards from the Company or its affiliates on the terms and conditions determined by the Board in its sole discretion, subject to the terms of the Compensation Policy and any applicable Company equity plans.

(e) **Expenses.** You will be entitled to receive prompt reimbursement for all reasonable expenses incurred by you in the furtherance of or in connection with the performance of your duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time. In the event that any expense reimbursements are taxable to you, such reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from 409A is specified in the Company’s expense reimbursement policy.

(f) **Vacation.** You will be entitled to accrue paid vacation of twenty (20) business days per year in accordance with the Company’s vacation policy, as in effect from time to time.

3. **Severance & Change of Control Benefits.** In connection with executing this Agreement, you are also entering into the Change in Control and Severance Agreement between you and the Company (the “Severance Agreement”), which is incorporated herein by reference.

4. **Proprietary Information and Inventions Agreement.** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your acceptance of this Agreement reaffirms that the terms of the Company’s At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement that you executed on (the “Confidentiality Agreement”) continue to be in effect.

5. **At-Will Employment.** You acknowledge and agree that your employment with the Company will be “at-will” employment and may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company. However, as described in this Agreement, you may be entitled to severance benefits under the Severance Agreement depending on the circumstances of the termination of your employment with the Company.

6. **Tax Matters.**

   (a) **Withholding.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law, and you will be
solely responsible for any and all taxes arising in connection with this Agreement and compensation paid or payable to you, including but not limited to any taxes, penalties and interest, if any, arising under Section 409A.

(b) **Section 409A.** The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and any final regulations and guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time ("Section 409A") so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities will be interpreted to so be exempt or comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(c) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities.

7. **Entire Agreement, Amendment and Enforcement.** This Agreement, the Severance Agreement and the Confidentiality Agreement supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company, including, but not limited to your Letter of Agreement – Relocation to the U.S. between you and the Company dated August 4, 2015, and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to the principles of conflict of laws thereof. To the extent you relocate to Israel, you shall be engaged by JFrog Ltd., the Company’s parent company (the “Parent”), and such engagement shall be made in accordance with and under the terms of the Parent’s executive form of employment agreement, and the terms covered by this Agreement shall be adjusted thereby, mutatis mutandis, such that the employer-cost associated therewith shall remain as reflected by this Agreement.

8. **Miscellaneous.**

(a) **Arbitration.** You that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from your service to the Company, will be subject to arbitration in accordance with the provisions of the Confidentiality Agreement.

(b) **Successors.** In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.
(c) **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(d) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(e) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this Agreement with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.

* * * * *

We are extremely excited about your continued employment with the Company!

Please indicate your acceptance of this Agreement, and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

Very truly yours,

JFROG, INC.

By: /s/ 

I have read and accept this Agreement:

/s/ 
Tali Notman

Dated: ________________________________
Confirmatory Employment Letter

Shlomi Ben-Haim c/o JFrog, Inc.
270 E. Caribbean Dr.
Sunnyvale, CA 94089

Dear Shlomi:

This letter agreement (the “Agreement”) is entered into between JFrog, Inc. (the “Company” or “we”) and you. This Agreement is effective as of the date signed below (the “Effective Date”). The purpose of this Agreement is to confirm the current terms and conditions of your employment.

1. Position. Your current title is Chief Executive Officer of the Company. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) without the prior approval of the Company’s Board of Directors (the “Board”). By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. Compensation and Benefits.

   (a) Base Salary. Your rate of annual base salary as of the Effective Date will be $433,000 per year, less applicable withholding, which will be paid in accordance with the Company’s normal payroll procedures.

   (b) Annual Bonus Opportunity. Your annual target bonus opportunity following the Effective Date will be fifty percent (50%) of your annual base salary (the “Target Bonus”). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company’s normal performance review practices. Your actual bonuses shall be determined in accordance with the terms and conditions of the Company’s Compensation Policy for Directors and Officers (the “Compensation Policy”) and the individual bonus policy attached hereto as Exhibit A (the “Bonus Policy”), provided that such Bonus Policy may be adjusted from time to time by the Board in its sole discretion. Bonuses will become earned and payable to you in accordance with terms of the Bonus Policy, provided that in no event will any bonus be paid to you after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company’s fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned. You should note that the Company reserves the right to modify salaries and/or incentive compensation opportunities from time to time as it deems necessary, subject to the terms of the Compensation Policy.

   (c) Employee Benefits. As a full-time employee, you will continue to be eligible to participate in the Company’s standard benefits as in effect from time to time, on the
same basis as those benefits are generally made available to other similarly situated executives of the Company, and subject to the Company’s policies. Such benefits are subject to change, and may be supplemented, altered, or eliminated, in part or entirely. Any eligibility to participate in such benefits plans, as well as the terms thereof, shall be as set forth in the governing documents for such plans, or there are no such governing documents, in the Company’s policies.

(d) **Relocation Expense Reimbursements and Tax Neutrality Payments.** You will be eligible to receive taxable reimbursements for the expenses incurred by you with respect to the items set forth in Exhibit B (the “Reimbursements”), up to a maximum amount of $50,000 per calendar year; provided that the Reimbursements will no longer be provided with respect to any expenses incurred more than ninety (90) days following the date that your primary place of employment is relocated to Israel. The Reimbursements will be subject to the retention of receipts and other documentation satisfactory to the Company and in accordance with the applicable policy of the Company, as in effect from time to time. The Reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from “Section 409A” (as defined below) is specified in the Company’s expense reimbursement policy. In addition, in order to make the Reimbursements tax neutral to you, the Company will provide to you an amount or amounts (the “Tax Neutrality Payment”), determined by the Company after consultation with you, to be necessary to pay federal, state, local and non-U.S. income and employment taxes, if any, incurred by you (i) arising as a result of the Reimbursements, and (ii) arising from the payments made to you pursuant to this sentence. The Tax Neutrality Payment will be calculated by the Company based on the highest marginal rates actually in effect for you at the time or times the applicable taxes related to the Reimbursements are due, and the Company’s determination of the Tax Neutrality Payment will be final and binding. The Tax Neutrality Payment will be paid either to you or to the relevant taxing authorities on your behalf, or a combination thereof, as soon as practicable following the date such amounts are due to the applicable taxing authorities, and may be paid in installments as due. The Tax Neutrality Payment is intended to be a payment described in Treasury Regulation 1.409A-3(i)(1)(v), and as such in all events will be paid no later than the end of your taxable year next following your taxable year in which you are required to remit the related taxes to the taxing authorities.

(e) **Equity Awards.** You will be eligible to receive compensatory equity awards such as stock options or restricted stock unit awards from the Company or its affiliates on the terms and conditions determined by the Board in its sole discretion, subject to the terms of the Compensation Policy and any applicable Company equity plans.

(f) **Expenses.** You will be entitled to receive prompt reimbursement for all reasonable expenses incurred by you in the furtherance of or in connection with the performance of your duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time. In the event that any expense reimbursements are taxable to you, such reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from Section 409A is specified in the Company’s expense reimbursement policy.
(g) **Vacation.** You will be entitled to accrue paid vacation of twenty (20) business days per year in accordance with the Company’s vacation policy, as in effect from time to time.

(h) **Relocation to Israel.** If your primary place of employment is relocated to Israel, the Company will provide you a lump sum payment of $35,000, subject to applicable withholdings, within thirty (30) days following the date that it is determined that your primary place of employment will be relocated to Israel.

3. **Severance & Change of Control Benefits.** In connection with executing this Agreement, you are also entering into the Change in Control and Severance Agreement between you and the Company (the “Severance Agreement”), which is incorporated herein by reference.

4. **Proprietary Information and Inventions Agreement.** As an employee of the Company, you will continue to have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, your acceptance of this Agreement reaffirms that the terms of the Company’s At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement that you executed on (the “Confidentiality Agreement”) continue to be in effect.

5. **At-Will Employment.** You acknowledge and agree that your employment with the Company will be “at-will” employment and may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company. However, as described in this Agreement, you may be entitled to severance benefits under the Severance Agreement depending on the circumstances of the termination of your employment with the Company.

6. **Tax Matters.**

   (a) **Withholding.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law, and you will be solely responsible for any and all taxes arising in connection with this Agreement and compensation paid or payable to you, including but not limited to any taxes, penalties and interest, if any, arising under Section 409A.

   (b) **Section 409A.** The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and any final regulations and guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time (“Section 409A”) so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities will be interpreted to so be exempt or comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.
(c) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities.

7. **Entire Agreement, Amendment and Enforcement.** This Agreement, the Severance Agreement and the Confidentiality Agreement supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company, including, but not limited to your Letter of Agreement – Relocation to the U.S. between you and the Company dated November 26, 2013, and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to the principles of conflict of laws thereof. To the extent you relocate to Israel, you shall be engaged by JFrog Ltd., the Company’s parent company (the "Parent"), and such engagement shall be made in accordance with and under the terms of the Parent’s executive form of employment agreement, and the terms covered by this Agreement shall be adjusted thereby, mutatis mutandis, such that the employer-cost associated therewith shall remain as reflected by this Agreement.

8. **Miscellaneous.**

   (a) **Arbitration.** You that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from your service to the Company, will be subject to arbitration in accordance with the provisions of the Confidentiality Agreement.

   (b) **Successors.** In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

   (c) **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

   (d) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

   (e) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this Agreement with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.
We are extremely excited about your continued employment with the Company!

Please indicate your acceptance of this Agreement, and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

Very truly yours,

JFROG, INC.

By: /s/ _____________________________

I have read and accept this Agreement:

/s/
Shlomi Ben-Haim

Dated: ______________________________
EXHIBIT A

Bonus Policy
EXHIBIT B

Relocation Expense Reimbursements

1. **Annual Vacation Expenses:** Cost of one vacation trip for Shlomi Ben Haim and immediate family once per year, including airfare, hotel, meals, and incidental expenses.

2. **Death in Family Expenses:** Cost of round-trip coach class airfare from California to other states/countries and lodging pursuant to Company hotel guidelines for company travel outside of the U.S. for Shlomi Ben Haim and immediate family in the event of the death of a member of Shlomi Ben Haim’s immediate family or Shlomi Ben Haim’s spouse’s immediate family.

3. **Tax Consulting Expenses:** Cost of professional service fees incurred by Shlomi Ben Haim related to tax advice.

4. **General Relocation Expenses:** Cost of ongoing expenses incurred by Shlomi Ben Haim as a result of his relocation from Israel to the United States, including (but not limited to) professional advisor fees.
To: ____________

Dear ____________:

We are pleased to offer you a position with JFrog Ltd. (the “Company”) as a member of its Board of Directors (the “Board”), commencing after, and subject to, your election to the Board, to serve until your successor is duly appointed. In addition to your service on the Board, we expect that you will be appointed to serve on one or more committees of the Board.

After you have become a member of the Board, we will recommend to the Board that you be granted a nonstatutory share option entitling you to purchase up to 50,000 ordinary shares of the Company at an exercise price equal to the fair market value of the Company’s ordinary shares on the date of grant as determined in the discretion of the Board (the “Option”). Subject to the Board’s approval, your Option will vest over a period of four (4) years, in equal installments, for each 3 months of completed service from the date you join the Board. This Option shall be subject to the terms and conditions of the Company’s share option plan and form of share option agreement. No right to any ordinary shares is earned or accrued until such time as that vesting occurs, nor does the grant confer any right to continue vesting or maintenance of your status as a service provider to the Company or member of the Board.

You shall also be reimbursed for all reasonable expenses incurred by you in connection with such services in accordance with the Company’s established policies.

As with all our directors and executive officers, you and the Company will also enter into, and be afforded indemnity protections pursuant to the Company’s standard Indemnification Agreement, which we have enclosed with this offer letter.

In accepting this offer, you are representing to us that you do not know of any conflict that would restrict you from becoming a director of the Company. Nothing in this offer should be construed to interfere with or otherwise restrict in any way the rights of the Company and the Company’s shareholders to remove any individual from the Board at any time in accordance with the provisions of applicable law.

You agree that, during the term of your directorship with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your directorship, nor will you engage in any other activities that conflict with your obligations to the Company.

Furthermore, you agree at all times during the term of your directorship and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the Board, any Confidential Information (as defined below) of the Company, except under a non-disclosure agreement duly authorized and executed by the Company. "Confidential Information” means any non-public information that relates to the actual or anticipated business or research and development of the Company, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company’s products or services and markets therefore, customer lists and customers (including, but not limited to, customers of the Company on whom you called or with whom you became acquainted during the term of your directorship), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware.
configuration information, marketing, finances or other business information. You further understand that Confidential Information does not include any of the foregoing items which have become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof.

To indicate your acceptance of the Company’s offer, please sign and date this letter in the space provided below and return it to me. This letter sets forth the terms of your directorship with the Company and supersedes any contemporaneous or prior representations or agreements, whether written or oral. This letter is governed by the laws of the state of Israel, without regard to its conflict of laws provisions. This letter may not be modified or amended except by a written agreement, signed by an officer of the Company and by you.

We look forward to working with you.

Best Personal Regards,

JFrog Ltd.

Shlomi Ben Haim, CEO and Member of the Board of Directors

ACCEPTED AND AGREED TO

Date: ____________________

Enclosure: Indemnification Agreement

2
NOTICE OF RESTRICTED SHARE UNIT GRANT

You have been granted the following Restricted Share Units (the “RSU(s)”) to purchase Ordinary Shares par value NIS 0.01 per share (the “Shares”) of JFrog Ltd. (the “Company”), pursuant and subject to the terms and conditions contained herein.

Grantee: Shlomi Ben Haim

Date of Grant: , 2020

Conversion Price

Subject to Section 4 of the RSU Agreement

US$ 0 per Share underlying each RSU

Number of Shares Underlying Upon Grant of RSUs:

667,595

Restriction (Vesting) Commencement Date:

, 2020

Period of Restriction Lapse (Vesting Schedule): The RSUs shall vest and be settled in Shares as follows: (i) an aggregate of 138,400 RSUs shall vest immediately prior to an IPO, and (ii) 529,195 RSUs shall vest upon the first annual anniversary of the IPO, provided, in each case, that the Grantee remains continuously engaged as a Service Provider of the Company or its Affiliates throughout each such vesting date. Notwithstanding the above, so long as the Grantee remains continuously as a Service Provider of the Company or its Affiliates throughout, (i) to the extent the Company consummates a Merger, all Shares underlying the RSUs shall become vested and converted into Shares immediately prior to the consummation of such Merger, or (ii) all Shares underlying the RSUs shall become vested and converted into Shares upon the death or Disability of Grantee.

If Grantee ceases to be a Service Provider for any or no reason before Grantee fully vests in the RSUs, the unvested RSUs will terminate according to the terms of the RSU Award Agreement.

For the purpose of this Notice and the RSU Award Agreement, the following defined terms shall have the following meaning:

“Affiliate” shall mean with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person (with the term “control” or “controlled by” within the meaning of Rule 405 of Regulation C under the Securities Act), including, without limitation, any (i) company (other than the Company), which now exists or is hereafter organized, in an unbroken chain of companies ending with the Company if, at the time of granting an award, each of the companies (other than the Company) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain, and (ii) company (other than the Company), which now exists or is hereafter organized or acquired by the Company, in an unbroken chain of companies beginning with the Company if, at the time of granting an award, each of the companies other than the last company in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

“Board” means the Company’s Board of Directors.

“Code Section 409A” means Section 409A of the U.S. Internal Revenue Code of 1986, as amended and the Treasury Regulations and guidance thereunder, and any applicable state law equivalent, as each may be promulgated, amended or modified from time to time.

“Committee” means the Compensation Committee of the Board of Directors.
“Disability” shall mean the inability of the Grantee to substantially perform the functions of his position by reason of any medically diagnosed physical or mental impairment which is expected to result in death or has lasted or is reasonably expected to last for a continuous period of six (6) months or more.

“IPO” means the offering of the Company’s shares to the public in a bona fide underwriting pursuant to a registration statement under the U.S. Securities Act of 1933, as amended, or similar securities laws of another jurisdiction.

“Merger” shall mean (i) a sale of all or substantially all of the assets of the Company, or a sale (including an exchange) of all or substantially all of the shares of the Company, to any person, or a purchase by a shareholder of the Company or by an Affiliate of such shareholder, of all the shares of the Company held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; (iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, or (v) such other transaction or set of circumstances that is determined by the Board, in its discretion, to be a transaction subject to the provisions of this definition.

By signing the RSU Award Agreement:

1. The Grantee acknowledges and represents that the Grantee has received copies of, and has read and is familiar with the terms and conditions of, this Notice, and the RSU Award Agreement, and any other documents ancillary thereto, (b) accepts that the RSUs, the Shares issued upon the settlement thereof and/or any securities issued or distributed with respect thereto are subject to all of the terms and conditions of the Notice, the RSU Award Agreement, and any other documents ancillary thereto, and (c) agrees to accept as binding, conclusive and final all decisions and interpretations of the Board or the Committee upon any questions arising under this Notice or the RSU Award Agreement (whether before or after the issuance of Shares pursuant to the settlement of the RSUs).

2. The Grantee understands that the Company is not providing any tax, legal, or financial advice and is not making any recommendations regarding his or her participation in the RSU Award Agreement or his or her acquisition or sale of Shares.

3. The Grantee has reviewed this Notice, the RSU Award Agreement and any other documents ancillary thereto, has had an opportunity to obtain the advice of personal tax, legal, and financial advisors prior to signing this RSU Award Agreement, and fully understands all provisions of the Notice and the RSU Award Agreement. The Grantee will consult with his or her own personal tax, legal, and financial advisors before taking any action related to the RSU Award Agreement.

4. The Grantee will notify the Company of any change to the Grantee’s contact address.
RESTRICTED SHARE UNIT AWARD AGREEMENT

The Company has granted to the Grantee named in the Notice of Restricted Share Units Grant to which this Restricted Share Unit Award Agreement (this “Agreement”) is attached Restricted Share Units (“RSU(s)”) upon the terms and conditions set forth in the Notice and this Agreement. The RSUs have been granted pursuant to and shall in all respects be subject to the terms and conditions of the Notice and this Agreement, the provisions of which are incorporated herein by reference and made an integral part of this Agreement.

The Grantee is aware that the Company may in the future issue additional Shares and grant additional equity awards to various entities and individuals, as the Company in its sole discretion shall determine.

1. No Disposition of RSUs. The RSUs shall not be pledged or otherwise transferred (whether by operation of law or otherwise), and shall not be subject to sale under execution, attachment, levy or similar process, other than by will or by the laws of descent and distribution.

2. Issuance and Disposition of RSUs and Shares.
   2.1. Legal Compliance. The grant of RSUs and the issuance of Shares upon settlement of RSUs shall be subject to compliance with all applicable laws as determined by the Company, including, applicable requirements of federal, state and foreign law with respect to such securities. The Company shall have no obligations to issue Shares pursuant to the settlement of an RSU and RSUs may not be settled, if the issuance of Shares upon settlement would constitute a violation of any applicable laws as determined by the Company, including, applicable federal, state or foreign securities laws or other law or regulations or the requirements of the New York Stock Exchange. In addition, no RSUs may be settled unless (i) a registration statement under the U.S. Securities Act of 1933, and the rules and regulations promulgated thereunder, all as amended from time to time (the “Securities Act”) or equivalent laws of other applicable jurisdictions shall at the time of settlement of the RSUs be in effect with respect to the shares issuable upon settlement of the RSUs, or (ii) in the opinion of legal counsel to the Company, the shares issuable upon settlement of the RSUs may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act or equivalent laws of other applicable jurisdictions.

   2.2. Provisions Governing Shares. Shares issued upon settlement of RSUs shall be subject to the restrictions referred to in this Agreement, the Articles of Association of the Company, any other governing documents of the Company, and all policies, manuals and internal regulations adopted by the Company from time to time, in each case, as may be amended from time to time, including, without limitation, any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, lock-up/market stand-off), any provisions concerning restrictions on the use of inside information and other provisions deemed by the Company to be appropriate in order to ensure compliance with Applicable Laws and with the requirements of any transaction entered into or proposed to be entered into by the Company. The Grantee acknowledges that his right to sell Shares may be subject to limitations (including a lock-up period), as will be requested by the Company or its underwriters, and the Grantee unconditionally agrees and accepts any such limitations. The Grantee acknowledges that in order to enforce the above restrictions, the Company may impose stop-transfer instructions with respect to the Shares. The Grantee shall not dispose of any Shares in transactions which violate, in the opinion of the Company, any applicable laws, rules and regulations. The Grantee agrees that the Company shall have the authority to endorse upon the certificate or certificates representing the Shares such legends referring to the foregoing restrictions, and any other applicable restrictions as it may deem appropriate (which do not violate the Grantee’s rights according to the Agreement). The Grantee shall execute (and authorizes any person designated by the Company to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee’s behalf) such separate agreement(s) as may be requested by the Company relating to matters set forth in or otherwise for the purpose of implementing this Section 2.2. The execution of such separate agreement(s) may be a condition by the Company to the conversion of any Award and the Company (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements.

Without derogating from the generality of the above, in connection with any underwritten public offering of equity securities of the Company pursuant to an effective registration statement filed under the Securities Act or equivalent law in another jurisdiction, the Grantee shall not directly or indirectly, without the prior written consent of the Company or its underwriters, (i) lend, offer, pledge, sell, contract to sell, sell any option or
contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Shares or securities of the Company and any other shares or securities issued or distributed in respect thereof or in substitution thereof; all if such securities are subject to this Agreement (collectively, “Securities”), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in the foregoing clauses (i) or (ii) is to be settled by delivery of Securities, in cash or otherwise. The foregoing provisions of this Section shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. Such restrictions (the “Market Stand-Off”) shall be in effect for such period of time (the “Market Stand-Off Period”): (A) following the first public filing of the registration statement relating to the underwritten public offering until the expiration of 180 days following the effective date of such registration statement relating to the Company’s initial public offering or 90 days following the effective date of such registration statement relating to any other public offering, in each case, provided, however, that if (1) during the last 17 days of the initial Market Stand-Off Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Market Stand-Off Period, the Company announces that it will release earnings results during the 15-day period following the last day of the initial Market Stand-Off Period, then in each case the Market Stand-Off Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event; or (B) such other period as shall be requested by the Company or the underwriters. Notwithstanding anything herein to the contrary, if the underwriter(s) and the Company agree on a termination date of the Market Stand-Off Period in the event of failure to consummate a certain public offering, then such termination shall apply also to the Market Stand-Off Period hereunder with respect to that particular public offering.

2.3. Additional or Substituted Securities. In the event that in connection with the declaration of a share dividend (bonus shares), a share split, a reverse share split, a reorganization (which may include a combination or exchange of shares), a consolidation, a spin-off or other corporate divestiture or division, a recapitalization, a reclassification or other similar occurrence affecting the Company’s outstanding securities without receipt of consideration, the Board, to prevent diminution or enlargement of the benefits or potential benefits intended to be provided under this Agreement, will adjust the number and class of shares covered by each outstanding RSU under this Agreement. If any new, substituted or additional securities or other property (other than cash dividend) are distributed by reason of such occurrence with respect to any Shares which are subject to this Section 2, or into which such Shares thereby become convertible, then such substituted or additional securities or other property (if distributed) shall immediately be subject to this Section 2. Any adjustments to reflect the distribution of such securities or other property shall be conclusively determined by the Company. The terms and conditions contained herein in respect of the RSUs and/or the Shares shall apply to any new, substituted or additional securities or other property resulting from the above adjustments. Notwithstanding the foregoing, the conversion of any convertible securities of the Company and ordinary course repurchases of Shares or other securities of the Company will not be treated as an event that will require adjustment.

2.4. Data Privacy; Data Transfer. Information related to the Grantee and Award(s) hereunder, as shall be received from Grantee or others, and/or held by, the Company or its Affiliates from time to time, and which information may include sensitive and personal information related to the Grantee (“Information”), will be used by the Company or its Affiliates (or third parties appointed by any of them, including the Trustee) to comply with any applicable legal requirement, or for administration of the grant contemplated hereby, as they deems necessary or advisable, or for the respective business purposes of the Company or its Affiliates (including in connection with transactions related to any of them). The Company and its Affiliates shall be entitled to transfer the Information among the Company or its Affiliates and to third parties for the purposes set forth above, which may include persons located abroad (including, any person administering the grant contemplated hereby or providing services in order to comply with legal requirements, their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing), and any person so receiving Information shall be entitled to transfer it for the purposes set forth above. The Company shall use commercial reasonable efforts to ensure that the transfer of such Information shall be limited to the reasonable and necessary scope. By receiving a grant hereunder, Grantee acknowledges and agrees that the Information is provided at Grantee’s free will and that Grantee hereby consents to the storage and transfer of the Information as set forth above.
3. **Settlement of Restricted Share Units**

3.1. **Settlement of Restricted Share Units.** Each RSU is a right to receive a Share on the date the applicable Period of Restrictions has lapsed. Until such Period of Restrictions with respect to a RSU lapses and the RSU vests, the Grantee has no right to payment of the Share. Before a vested RSU is paid, the RSU is an unsecured obligation of the Company, payable (if at all) only from the Company’s general assets. The Company shall cause to be delivered to the Grantee (or in the event of his or her death, to his or her estate or such other person as specified in Section 3.3 hereof), the full number of Shares underlying the RSUs as to which such portion of the Period of Restriction has so lapsed, after deducting the Conversion Price (if any) as set forth above and subject to satisfaction of applicable withholding obligations set forth below, as soon as reasonably practicable following the lapse of the applicable portion of the Period of Restriction under Section 3.2 hereof (but no later than sixty (60) days following the vesting date), subject to the Grantee satisfying any obligations for Tax-Related Items (as defined in Section 7.2.1 hereof) and any delay in payment required under Section 7.3.1 hereof. The Grantee cannot specify (directly or indirectly) the taxable year of the payment of any vested RSU under Agreement.

3.2. **Period of Restriction.** The Period of Restriction (the vesting schedule) with respect to the RSUs shall be as set forth in the Notice. All RSUs for which the Period of Restriction had not lapsed prior to the date of termination of the Grantee’s status as Service Provider with the Company and any Affiliate (for any reason) shall be immediately forfeited and terminated. Notwithstanding the foregoing, the Board or the Committee has the discretion to accelerate the vesting of any RSUs at any time. In that case, those RSUs will be vested as of the date specified by the Board or the Committee, as applicable.

3.3. **Death of Grantee.** Any distribution or delivery to be made to the Grantee under this Agreement will, if the Grantee is then deceased, be made to the administrator or executor of his or her estate or, if the Board or the Committee permits, his or her designated beneficiary. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations that apply to the transfer.

4. **Conversion Price.** If Shares bear a par value, the Company reserves the right to deduct from any amount due to the Grantee the par value of the underlying Shares following vesting of the RSUs.

5. **Legend.** The Company may at any time place legends referencing the restriction imposed on the Shares and any applicable federal, state or foreign securities law restrictions on all certificates representing Shares subject to the provisions of this Agreement. The Grantee shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to RSUs in the possession of the Grantee in order to carry out the provisions of this Section.

6. **Term and Expiration.** The RSUs shall expire upon the earlier of: (i) seven (7) years as of the Date of Grant, and (ii) the termination of Grantee’s employment or status as Service Provider with the Company and any of its Affiliates for any reason.

7. **Tax Matters and Consultation.**

7.1. **Acknowledgements.** THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR DISPOSING OR SELLING SHARES ISSUED UPON SETTLEMENT HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE GRANTEE ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE GRANTEE. Notwithstanding anything to the contrary, the Company does not undertake, and shall be under no duty to ensure, and no representation or commitment is made, that the RSUs qualifies or will qualify under, or that the Grantee will benefit from, any particular tax treatment, nor shall the Company be required to take any action for the qualification of any RSUs under such tax treatment and no indication in any document to the effect that any award granted is intended to qualify for any tax treatment shall imply such an undertaking or representation. If the RSUs do not qualify under any particular tax treatment it could result in adverse tax consequences to the Grantee. By signing below, Grantee agrees that the Company and its Affiliates , and their respective employees, directors, officers and shareholders shall not be liable for any tax, penalty, interest or cost incurred by Grantee as a result of such determination, nor will any of them have any liability of any kind or nature in the event that, for any reason whatsoever, if RSUs do not qualify for any particular tax treatment.
7.2. **Tax Withholding.**

7.2.1. No Shares will be issued to the Grantee until the Grantee makes satisfactory arrangements (as determined by the Board or the Committee) for the payment of tax withholdings, payment on account, or other tax-related items or social security payments related to his or her participation in this Agreement and legally applicable to the Grantee that the Board or the Committee determines must be withheld (“Tax-Related Items”), including those that result from the grant, vesting, or payment of the RSUs, the subsequent sale of Shares acquired pursuant to such payment, or the receipt of any dividends. If the Grantee fails to make satisfactory arrangements for the payment of any Tax-Related Items under this Agreement when any of the RSUs otherwise are supposed to vest or Tax Related Items related to RSUs otherwise are due, the Grantee will permanently forfeit the applicable RSUs and any right to receive Shares under such RSUs, and such RSUs will be returned to the Company at no cost to the Company.

7.2.2. The Company has the right (but not the obligation) to satisfy any Tax-Related Items by withholding from proceeds of a sale of Shares acquired upon payment of these RSUs arranged by the Company (on the Grantee’s behalf pursuant to this authorization without further consent).

7.2.3. The Company also has the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to the Grantee.

7.2.4. The Company also has the right (but not the obligation) to require the Grantee to pay to the Company or its Affiliate the amount of any Tax-Related Items in cash, or make other arrangements satisfactory to the Board or the Committee for the satisfaction of such Tax-Related Items as permitted by applicable law.

7.2.5. Further, if the Grantee is subject to taxation in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, the Company and/or any Affiliate for whom the Grantee is performing services (each, an “Employer”) or former Employer(s) may withhold or account for tax in more than one jurisdiction.

7.2.6. Regardless of any action the Company or any Affiliate takes with respect to any or all Tax-Related Items or other compulsory payment withholding or deduction (including any social security contributions) obligations, the Grantee acknowledges that the ultimate liability for all such taxes is and remains the Grantee’s responsibility, and that the Company does not: (i) make any representations or undertakings regarding the treatment of any tax withholding in connection with any aspect of the RSUs, including the grant or vesting thereof, the subsequent sale of Shares and the receipt of any dividends; or (ii) commit to structure the terms of the RSUs or any aspect of the RSUs to reduce or eliminate the Grantee’s liability for such tax.

7.3. **Code Section 409A.**

7.3.1. If the vesting of any RSUs is accelerated in connection with a termination of the Grantee’s status as a Service Provider that is a “separation from service” within the meaning of Code Section 409A or and (x) the Grantee is a “specified employee” within the meaning of Code Section 409A at that time and (y) the payment of such accelerated RSUs would result in the imposition of additional tax under Code Section 409A if paid to the Grantee within the 6-month period following such termination, then the accelerated RSUs will not be paid until the first day after the 6-month period ends.

7.3.2. If the Grantee’s status as a Service Provider terminates due to death or the Grantee dies after the Grantee stops being a Service Provider, the delay under Section 7.3.1 of this Agreement will not apply, and the RSUs will be paid in Shares to the Grantee’s estate (or such other person as specified in Section 3.1 herein) as soon as practicable.

7.3.3. All payments and benefits under this Agreement are intended to be exempt from Code Section 409A or comply with any requirements necessary to avoid the imposition of additional tax under Code Section 409A(a)(1)(B) so that none of these RSUs or Shares issuable upon the vesting of RSUs will be subject to the additional tax imposed under Code Section 409A, and any ambiguities or ambiguous terms will be interpreted according to that intent. In no event will any the Company or any Affiliate have any obligation or liability to reimburse, indemnify, or hold harmless the Grantee for any taxes imposed, or other costs incurred, as a result of Code Section 409A.

(iv) Each payment under this Agreement is a separate payment under Treasury Regulations Section 1.409A-2(b)(2).
8. **Termination; Amendment.** This Agreement shall not be amended without the consent of the parties hereto.

9. **Miscellaneous.**

9.1. **No Disclosure.** Subject to applicable law, this Agreement is confidential information of the Company and may not be disclosed by Grantee to any person, other than as may otherwise be reasonably required in accordance with applicable law.

9.2. **No Retention or Employment Rights.** Nothing in this Agreement confers upon any Grantee the right to be (or be treated as) an employee of, or continue in the employ of, or be in the service of the Company or any Affiliate thereof as an employee, director, officer, consultant, advisor and any other person or entity who provides services to the Company or any Affiliate thereof ("Service Provider") or to be entitled to any remuneration or benefits not set forth in this Agreement, or to interfere with or limit in any way the right of the Company or any such Affiliate to terminate such Grantee’s employment or status as Service Provider (including, any right of the Company or any of its Affiliates to immediately cease the Grantee’s employment or status as Service Provider or to shorten all or part of the notice period, regardless of whether notice of termination was given by the Company or its Affiliates or by the Grantee). RSUs granted under this Agreement shall not be affected by any change in duties or position of a Grantee. Grantee shall not be entitled to claim and the Grantee hereby waives any claim against the Company or any Affiliate thereof that he was prevented from continuing to vest RSUs as of the date of termination of his employment with, or status as Service Provider to, the Company or any Affiliate thereof. Grantee shall not be entitled to any compensation in respect of the RSUs which would have vested had such Grantee’s employment or engagement with the Company (or any Affiliate thereof) not been terminated.

9.3. **Survival.** Without derogating from the provisions of Section 2.2 above, the Grantee shall be bound by and the Shares issued upon settlement or (if applicable) the vesting of any RSUs granted hereunder shall remain subject to the terms of this Agreement and the Company’s Articles of Association.

9.4. **Further Assurances.** The Grantee shall perform such further acts and execute such further documents as may reasonably be necessary by the Company to carry out and give full effect to the provisions of this Agreement.

9.5. **Fractional Shares.** No fractional Share shall be issuable upon settlement or vesting of any RSUs and the number of Shares to be issued shall be rounded down to the nearest whole Share, with any Share remaining at the last vesting date due to such rounding to be issued upon settlement at such last vesting date.

9.6. **Entire Agreement.** This Agreement (together with the Notice and its exhibits) as may be amended from time to time, constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof, and supersede all prior agreements and understandings, both written and oral (with no concession being made as to the existence of any such agreements and understandings).

9.7. **Governing Law; Jurisdiction.** This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of law provisions thereof, except with respect to matters that are subject to mandatory tax laws, regulations and rules in any specific jurisdiction, which shall be governed by the respective laws, regulations and rules of such jurisdiction. Certain definitions, which refer to laws other than the laws of such jurisdiction, shall be construed in accordance with such other laws. Any dispute arising under or proceeding in relation to this Agreement shall be resolved exclusively in the competent court in Tel Aviv-Jaffa, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

9.8. **Severability.** If any term or other provision of this Agreement is invalid, illegal, inoperative or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect and the validity and effect of the other provisions hereof shall not be affected thereby.

9.9. **Other Plans Unaffected.** The Grantee acknowledges that any income derived from this RSU award shall not affect the Grantee’s participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.
9.10. **No Rights as a Shareholder Prior to Issuance of Shares.** Neither the Grantee nor any other person shall become the beneficial owner of the Shares underlying the RSUs, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until and after such Shares, if any, have been actually issued to the Grantee.

9.11. **Section 409A.** This Agreement and delivery of Shares under this Agreement are intended to be exempt from Code Section 409A and shall be administered and construed in accordance with such intent.

9.12. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission, electronic transmission or electronic signature shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

- Signature Page Follows -
IN WITNESS WHEREOF, the parties have duly executed and delivered this RESTRICTED SHARE UNITS AWARD AGREEMENT as of the date last written below.

Grantee: SHLOMI BEN HAIM

Name:  
ID No.:  
Date:  

JFROG LTD.

Name:  
Title:  
Date:  

JFROG, INC.

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the “Agreement”) is made between JFrog, Inc. (the “Company”) and the “Executive”), effective as of , 2020 (the “Effective Date”).

This Agreement provides certain protections to the Executive in connection with a change in control of the Company or in connection with the involuntary termination of the Executive’s employment under the circumstances described in this Agreement.

The Company and the Executive agree as follows:

1. **Term of Agreement.** This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied. To the extent the Executive relocates to Israel, the Executive shall be engaged by JFrog Ltd., the Company’s parent company (the “Parent”), and such engagement shall be made in accordance with and under the terms of the Parent’s executive form of employment agreement, and the terms covered by this Agreement shall be adjusted thereby, mutatis mutandis, such that the employer-cost associated therewith shall remain as reflected by this Agreement.

2. **At-Will Employment.** The Company and the Executive acknowledge that the Executive’s employment is and will continue to be at-will, as defined under applicable law.

3. **Severance Benefits.**
   
   (a) **Qualifying Non-CIC Termination.** On a Qualifying Non-CIC Termination (as defined below), the Executive will be eligible to receive the following payments and benefits from the Company:

   (i) **Salary Severance.** A single, lump sum payment equal to six (6) months of the Executive’s Salary (as defined below), less applicable withholdings.

   (ii) **COBRA Coverage.** Subject to Section 3(d), the Company will pay the premiums for coverage under COBRA (as defined below) for the Executive and the Executive’s eligible dependents, if any, at the rates then in effect, subject to any subsequent changes in rates that are generally applicable to the Company’s active employees (the “COBRA Coverage”), until the earliest of (A) a period of six (6) months from the date of the Executive’s termination of employment, (B) the date upon which the Executive (and the Executive’s eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.
Qualifying CIC Termination. On a Qualifying CIC Termination, the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment equal to twelve (12) months of the Executive’s Salary, less applicable withholdings.

(ii) **Bonus Severance.** A single, lump sum payment equal to the product of (A) the Executive’s target annual bonus as in effect for the fiscal year in which the Qualifying CIC Termination occurs, multiplied by (B) a ratio where the numerator is the number of full days during the fiscal year in which the Qualifying CIC Termination occurs that the Executive was employed by the Company and the denominator is three hundred and sixty five (365), less applicable withholdings.

(iii) **COBRA Coverage.** Subject to Section 3(d), the Company will provide COBRA Coverage until the earliest of (A) a period of twelve (12) months from the date of the Executive’s termination of employment, (B) the date upon which the Executive (and the Executive’s eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(iv) **Equity Vesting Acceleration.** Vesting acceleration (and exercisability, as applicable) as to 100% of the then-unvested shares subject to each of the Executive’s then-outstanding compensatory equity awards issued by the Parent. In the case of an equity award with performance-based vesting, unless otherwise specified in the applicable equity award agreement governing such award, all performance goals and other vesting criteria will be deemed achieved at target.

Termination Other Than a Qualifying Termination. If the termination of the Executive’s employment with the Company Group is not a Qualifying Termination, then the Executive will not be entitled to receive severance or other benefits.

Conditions to Receipt of COBRA Coverage. The Executive’s receipt of COBRA Coverage is subject to the Executive electing COBRA continuation coverage within the time period prescribed pursuant to COBRA for the Executive and the Executive’s eligible dependents, if any. If the Company determines in its sole discretion that it cannot provide the COBRA Coverage without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of any COBRA Coverage, the Company will provide to the Executive a taxable monthly payment payable on the last day of a given month (except as provided by the immediately following sentence), in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue his or her group health coverage in effect on the date of his or her Qualifying Termination (which amount will be based on the premium rates applicable for the first month of COBRA Coverage for the Executive and any of eligible dependents of the Executive) (each, a “COBRA Replacement Payment”), which COBRA Replacement Payments will be made regardless of whether the Executive elects COBRA continuation coverage and will end on the earlier of (x) the date upon which the Executive obtains other employment or (y) the date the Company has paid an amount totaling the number of COBRA Replacement Payments equal to the number of months in the applicable COBRA Coverage period. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding anything to the
contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Executive will not receive the COBRA Replacement Payments or any further COBRA Coverage.

(e) **Non-Duplication of Payment or Benefits.** For purposes of clarity, in the event of a Qualifying Pre-CIC Termination, any severance payments and benefits to be provided to the Executive under Section 3(b) will be reduced by any amounts that already were provided to the Executive under Section 3(a). Notwithstanding any provision of this Agreement to the contrary, if the Executive is entitled to any cash severance, continued health coverage benefits, or vesting acceleration of any equity awards (other than under this Agreement) by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which any member of the Company Group is a party (“Other Benefits”), then the corresponding severance payments and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to the Executive.

(f) **Death of the Executive.** In the event of the Executive’s death before all payments or benefits the Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to the Executive’s designated beneficiary, if living, or otherwise to the Executive’s personal representative in a single lump sum as soon as possible following the Executive’s death.

(g) **Transfer Between Members of the Company Group.** For purposes of this Agreement, if the Executive is involuntarily transferred from one member of the Company Group to another, the transfer will not be a termination without Cause but may give the Executive the ability to resign for Good Reason.

(h) **Exclusive Remedy.** In the event of a termination of the Executive’s employment with the Company Group, the provisions of this Agreement are intended to be and are exclusive and in lieu of any other rights or remedies to which the Executive may otherwise be entitled, whether at law, tort or contract, or in equity. The Executive will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Agreement.

4. **Accrued Compensation.** On any termination of the Executive’s employment with the Company Group, the Executive will be entitled to receive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to the Executive under any Company-provided plans, policies, and arrangements.

5. **Conditions to Receipt of Severance.**

   (a) **Separation Agreement and Release of Claims.** The Executive’s receipt of any severance payments or benefits upon the Executive’s Qualifying Termination under Section 3 is subject to the Executive signing and not revoking the Company’s then-standard separation agreement and release of claims (which may include an agreement not to disparage any member of the Company Group, non-solicit provisions, an agreement to assist in any litigation matters, and other standard terms and conditions) (the “Release” and that requirement, the “Release Requirement”), which must become
effective and irrevocable no later than the sixtieth (60th) day following the Executive’s Qualifying Termination (the “Release Deadline”). If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 3.

(b) Payment Timing. Any lump sum Salary, bonus or relocation payments under Sections 3(a)(i), 3(b)(i) and 3(b)(ii) will be provided on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable (the “Severance Start Date”), subject to any delay required by Section 5(d) below. Any taxable instalments of any COBRA-related severance benefits that otherwise would have been made to the Executive on or before the Severance Start Date will be paid on the Severance Start Date, and any remaining instalments thereafter will be provided as specified in the Agreement. Any restricted stock units, performance shares, performance units, and/or similar full value awards that accelerate vesting under Section 3(b)(iv) will be settled (x) on a date no later than ten (10) days following the date the Release becomes effective and irrevocable, or (y) if later, in the event of a Qualifying Pre-CIC Termination, on a date no later than the Change in Control.

(c) Return of Company Property. The Executive’s receipt of any severance payments or benefits upon the Executive’s Qualifying Termination under Section 3 is subject to the Executive returning all documents and other property provided to the Executive by any member of the Company Group (with the exception of a copy of the Company employee handbook and personnel documents specifically relating to the Executive), developed or obtained by the Executive in connection with his or her employment with the Company Group, or otherwise belonging to the Company Group.

(d) Section 409A. The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Code and any guidance promulgated under Section 409A of the Code (collectively, “Section 409A”) so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities in this Agreement will be interpreted in accordance with this intent. No payment or benefits to be paid to the Executive, if any, under this Agreement or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the “Deferred Payments”) will be paid or otherwise provided until the Executive has a “separation from service” within the meaning of Section 409A. If, at the time of the Executive’s termination of employment, the Executive is a “specified employee” within the meaning of Section 409A, then the payment of the Deferred Payments will be delayed to the extent necessary to avoid the imposition of the additional tax imposed under Section 409A, which generally means that the Executive will receive payment on the first payroll date that occurs on or after the date that is 6 months and 1 day following the Executive’s termination of employment. The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment, installment, and benefit payable under this Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2). In no event will any member of the Company Group reimburse, indemnify, or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.
6. **Limitation on Payments.**

   (a) **Reduction of Severance Benefits.** If any payment or benefit that the Executive would receive from any Company Group member or any other party whether in connection with the provisions in this Agreement or otherwise (the "Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Payment will be equal to the Best Results Amount. The "Best Results Amount" will be either (x) the full amount of the Payment or (y) a lesser amount that would result in no portion of the Payment being subject to the Excise Tax, whichever of those amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Executive’s receipt, on an after-tax basis, of the greater amount. If a reduction in payments or benefits constituting parachute payments is necessary so that the Payment equals the Best Results Amount, reduction will occur in the following order: (A) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (B) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G of the Code in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first); (C) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (D) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of Payment reductions. The Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this Agreement, and the Executive will not be reimbursed, indemnified, or held harmless by any member of the Company Group for any of those payments of personal tax liability.

   (b) **Determination of Excise Tax Liability.** Unless the Company and the Executive otherwise agree in writing, the Company will select a professional services firm (the "Firm") to make all determinations required under this Section 6, which determinations will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 6, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 6. The Company will bear the costs and make all payments for the Firm’s services in connection with any calculations contemplated by this Section 6. The Company will have no liability to the Executive for the determinations of the Firm.
7. **Definitions.** The following terms referred to in this Agreement will have the following meanings:

   (a) "**Affiliate**" means with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person (with the term "control" or "controlled by" within the meaning of Rule 405 of Regulation C under the Securities Act of 1933, as amended).

   (b) "**Board**" means the Parent’s Board of Directors.

   (c) "**Cause**" means the occurrence of any of the following: (i) the Executive’s willful breach of any obligations the Confidentiality Agreement; (ii) the Executive’s willful misconduct that is materially injurious to any member of the Company Group; (iii) the Executive’s conviction of, or plea of **nolo contendere** to, a crime that constitutes a felony under applicable law or involving fraud, embezzlement or any other act of moral turpitude; **provided that,** with respect to clause (i) of this Section 7(c), if such conduct is susceptible to cure (as determined by the Board in good faith), the Executive shall have failed to cure such Cause to the Company’s reasonable satisfaction within thirty (30) days of receipt of a written notice setting forth in reasonable detail the nature of such Cause. In the event that the conduct constituting Cause with respect to clause (i) of this Section 7(c) is not subject to cure in the good faith determination of the Board, then the right to cure and applicable notice period will not apply.

   (d) "**Change in Board Event**" means any time at which individuals who, as of the Effective Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Parent’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

   (e) "**Change in Control**" means the occurrence of any of the events: (i) a sale of all or substantially all of the assets of the Parent, or a sale (including an exchange) of all or substantially all of the shares of the Parent, to any person, or a purchase by a shareholder of the Parent or by an Affiliate of such shareholder, of all the shares of the Parent held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Parent with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; or (iv) a Change in Board Event. Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Parent’s incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Parent’s securities immediately before such transaction.
(f) “Change in Control Period” means the period beginning three (3) months prior to a Change in Control and ending twelve (12) months following a Change in Control.

(g) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.


(i) “Company Group” means the Parent and any subsidiaries of the Parent (including, but not limited to, the Company).

(j) “Confidentiality Agreement” means the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement executed by the Company and the Executive on .

(k) “Disability” means a total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) “Good Reason” means the termination of the Executive’s employment with the Company Group by the Executive in accordance with the next sentence after the occurrence of one or more of the following events without the Executive’s express written consent: (i) a material reduction of the Executive’s duties, authorities, or responsibilities relative to the Executive’s duties, authorities, or responsibilities in effect immediately prior to the reduction; (ii) a reduction by a Company Group member in the Executive’s rate of annual base salary by more than ten percent (10%); provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company Group members by up to ten percent (10%) will not constitute “Good Reason”; (iii) a material change in the geographic location of the Executive’s primary work facility or location by more than thirty-five (35) miles from the Executive’s then present location; provided, that a relocation to a location that is within thirty-five (35) miles from the Executive’s then-present primary residence will not be considered a material change in geographic location, or (iv) failure of a successor corporation to assume the obligations under this Agreement as contemplated by Section 8. In order for the termination of the Executive’s employment with a Company Group member to be for Good Reason, the Executive must not terminate employment without first providing written notice to the Company of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of written notice (the “Cure Period”), the grounds must not have been cured during that time, and the Executive must terminate the Executive’s employment within thirty (30) days following the Cure Period.

(m) “Qualifying Pre-CIC Termination” means a Qualifying CIC Termination that occurs prior to the date of the Change in Control.

(n) “Qualifying Termination” means a termination of the Executive’s employment either (i) by a Company Group member without Cause (excluding by reason of Executive’s death or
Disability) or (ii) by the Executive for Good Reason, in either case, during the Change in Control Period (a “Qualifying CIC Termination”) or outside of the Change in Control Period (a “Qualifying Non-CIC Termination”).

(o) “Salary” means the Executive’s annual base salary as in effect immediately prior to the Executive’s Qualifying Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then the Executive’s annual base salary in effect immediately prior to the reduction) or, if the Executive’s Qualifying Termination is a Qualifying CIC Termination and the amount is greater, at the level in effect immediately prior to the Change in Control.

8. Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of the Executive upon the Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Executive’s right to compensation or other benefits will be null and void.


(a) General. All notices and other communications required or permitted under this Agreement shall be in writing and will be effectively given (i) upon actual delivery to the party to be notified, (ii) upon transmission by email, (iii) twenty-four (24) hours after confirmed facsimile transmission, (iv) one (1) business day after deposit with a recognized overnight courier, or (v) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed (A) if to the Executive, at the address the Executive shall have most recently furnished to the Company in writing, (B) if to the Company, at the following address:

JFrog, Inc.
270 E. Caribbean Drive
Sunnyvale, CA 94089
Attention: General Counsel

(b) Notice of Termination. Any termination by a Company Group member for Cause will be communicated by a notice of termination to the Executive, and any termination by the Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 9(a) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (i) the giving of the notice or (ii) the end of any applicable cure period).
10. **Resignation.** The termination of the Executive’s employment for any reason will also constitute, without any further required action by the Executive, the Executive’s voluntary resignation from all officer and/or director positions held at any member of the Company Group, and at the Board’s request, the Executive will execute any documents reasonably necessary to reflect the resignations.

11. **Miscellaneous Provisions.**

   (a) **No Duty to Mitigate.** The Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that the Executive may receive from any other source except as specified in Section 3(e).

   (b) **Waiver; Amendment.** No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by an authorized officer of the Company (other than the Executive) and by the Executive. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

   (c) **Headings.** All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

   (d) **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including, for the avoidance of doubt, any other employment letter or agreement, severance policy or program, or equity award agreement.

   (e) **Choice of Law.** This Agreement will be governed by the laws of the State of California without regard to California’s conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Employee hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in California for any lawsuit filed against the Executive by the Company.

   (f) **Arbitration.** Any and all controversies, claims, or disputes with anyone under this Agreement (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from the Executive’s employment with the Company Group, shall be subject to arbitration in accordance with the provisions of the Confidentiality Agreement.

   (g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

   (h) **Withholding.** All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits.
all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions. No member of the Company Group will pay the Executive’s taxes arising from or relating to any payments or benefits under this Agreement.

(i) **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature page follows.]
By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer.

COMPANY

JFROG, INC.

By: ________________________________

Title: ________________________________

Date: ________________________________

EXECUTIVE

Date: ________________________________

Date: ________________________________

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EMPLOYMENT AGREEMENT
DATED AUGUST  , 2020

Dear Fred,

Further to our recent discussion on these matters, JFrog Ltd. (the “Company”) has decided to enter into this new and updated Employment Agreement (including its exhibits) which replaces any and all other agreements, representations and understandings between the parties in respect of your employment with the Company, including that certain prior Employment Agreement effective as of September 1st, 2020.

Just to clarify, the Company hereby acknowledges and agrees that you have continuously been employed by the Company from January 1st, 2017 (i.e., the original date of your employment with the Company, referred herein as the “Original Date”) and that nothing in this Agreement shall be interpreted or implemented in a manner that would deprive you from any rights accumulated in your favor during such continuous employment, and that for the purpose of calculating any rights that are cumulative in nature, whether under any applicable law or under this Agreement, the “Effective Date” of your employment hereunder shall be deemed to be the Original Date.

You shall continue to be employed by the Company in the position of Chief Data Scientist (the “Position”). In your position you will continue to be reporting to the Chief Executive Officer of the Company. Your designated supervisor may change from time to time in accordance with structural changes within the Company.

You terms will be subject to and governed by the Company’s Compensation Policy for Directors and Officers, as in effect from time to time (the “Compensation Policy”). Set forth below is a table summarizing the specific terms of your employment with the Company (the “Specific Terms”) as of the Agreement Date. The general terms and conditions of your employment (the “General Terms”, together with the Specific Terms, and the ancillary forms and exhibits attached hereto constitute your employment agreement with the Company (collectively, the “Employment Agreement”) with the Company are set forth in the pages following this document.

Please review carefully both the “Specific Terms” and the “General Terms”. Once you fully understand the terms and conditions set forth herein and agreed to all the terms and conditions, you are kindly requested to sign this document and the ancillary forms attached hereto and return them to the Company. Your execution of this document constitutes your agreement to both the “Specific Terms” and the “General Terms”.

1. Employee Personal Details
   Full Name: Fred Simon
   I.D. Number: 
   Address: 
   Telephone Number (cell): 
   E-mail: 

2. Agreement Date: 
   August , 2020

3. Scope of Work 
   Full Time

4. Total Monthly Salary: 
   NIS 75,000

5. Notice Period (by the Company or the Employee) 
   Per applicable law.

6. Pension Insurance
   ☑ Entitled under Section 14 Arrangement- pursuant to Employee’s choice and in accordance with the General Terms.

7. Keren Hishtalmut (Educational Fund)
   ☑ Entitled- in accordance with Section 3.3 of the General Terms.

8. Vacation Days 
   20 vacation days per year, which shall increase from time to time according to the applicable law.

9. Maximum No. of Accrued Vacation Days
   limited to 20 days in the aggregate.

10. Sick Leave Days Per Year 
    Per Applicable Law.

11. Recreation Pay 
    Per Applicable Law.

12. Travel Expenses 
    NIS 3,300

13. Termination Agreements
    1. Severance Payment- A lump sum cash payment equal to the difference between (i) (X) six times the Monthly Salary of the month preceding the termination date plus (Y) six months’ of any applicable social and other benefits provided under this Employment Agreement; and (ii) (A) unless the Employee was required to work during the Notice Period, the value of the Notice Period (whether paid to the Employee as salary during the Notice Period or redeemed, in accordance with the terms hereof) (plus (B) any amounts accrued in the funds under the Section 14 Arrangement as of the termination date, in accordance with the General Terms.
2. Change in Control- The difference between (i) (A) 12 times the Monthly Salary of the month preceding the termination date plus (B) the value of twelve months’ payments of all social and other benefits provided under this Employment Agreement, plus (C) (X) Employee’s target Annual Bonus as in effect for the applicable fiscal year, multiplied by (Y) a ratio where the numerator is the number of full days during the applicable fiscal year that the Employee was employed by the Company and the denominator is three hundred and sixty five (365), and (ii) (Z) unless the Employee was required to work during the Notice Period, the value of the Notice Period (whether paid to the Employee as salary or redeemed, in accordance with the terms hereof) plus (AA) any amounts accrued in the funds under the Section 14 Arrangement as of the termination date, in accordance with the General Terms.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the Effective Date.

Company: JFROG LTD.

By: __________________________________________
Name: ________________________________________
Title: _________________________________________

Employee: Fred Simon

Print Name: ____________________________________
Signature: _____________________________________

2
General Terms and Conditions of Employment with the Company

1. **Time and Attention**

1.1. The Employee will be employed pursuant to the scope of Work set forth in the Specific Terms. The Employee shall devote all necessary time and attention to the business of the Company and shall perform his/her duties diligently and promptly for the benefit of the Company.

1.2. The Employee is aware that the employment relationship between the Employee and the Company is based on trust and the availability to work at irregular and flexible hours. The scope and requirement of the Employee’s position shall require the Employee, from time to time, to work beyond the regular work hours, and also on irregular days. In addition, as part of the Position the Employee may be required to travel and stay abroad from time to time. The Employee agrees that while the Employee is abroad the Employee shall serve as a senior representative of the Company, a position which requires a special degree of personal trust, and therefore, in such special circumstances, the provisions of the Working Hours and Rest Law shall not apply to the Employee’s employment under this Employment Agreement. The Employee acknowledges that while the Employee is abroad, the Employee shall be required to work overtime hours, including during late hours and during weekly hours of rest, and that the Employee shall not be granted any additional compensation with regard to such overtime hours. The Employee acknowledges that the monetary implications of this provision have been taken into account in his decision to engage in this Employment Agreement.

2. **Remuneration and Benefits**

2.1. **Salary**

2.1.1. Subject to and in consideration of the Employee’s fulfillment of his/her obligations in pursuance of this Employment Agreement, the Company shall pay the Employee an aggregate monthly amount salary in the amount as set forth in the Specific Terms (the “Monthly Salary”). The Monthly Salary only shall serve as the sole basis for calculating pension rights and severance pay contributions, and it is specifically agreed that no other payment or benefit shall be considered for such calculation. The Monthly Salary shall be payable until the 9th of each month, for the previous month.

2.1.2. An amount equal to 10% of the Monthly Salary shall be considered as special compensation paid for the Employee’s obligations set forth in Exhibit A attached hereto (Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement), including without limitation in connection the assignment of inventions to the Company, and the non-compete undertakings (the “Special Compensation”).

2.1.3. Israeli income tax and other applicable withholding taxes with respect to the Monthly Salary and any other benefits (as applicable) shall be deducted from the Monthly Salary and any other benefits (as applicable) by the Company at source.

2.2. **Pension Insurance and Severance**

2.2.1. **Pension.** The Company shall insure the Employee under a pension arrangement at the Employee’s choice (Managers Insurance, pension fund or a combination of both). The Company shall contribute, on a monthly basis, the amounts set forth below (the “Company Contributions”) and the Employee shall contribute, on a monthly basis, the amounts set forth below (the “Employee Contributions”), which amounts shall be deducted from the Salary.

2.2.1.1. **Company Contributions:**

   (i) **If for pension fund:** severance - 8.33% of the Salary; pension - 6.5% of the Salary.

   (ii) **If for managers insurance:** severance - 8.33% of the Salary; disability insurance - up to 2.5% of the Salary (for insurance of 75% of the Salary); pension - the difference between 6.5% of the Salary and the actual percentage contributed for disability insurance, provided that the contributions for pension shall not be less than 5% of the Salary or more than 7.5% of the Salary.

2.2.1.2. **Employee Contributions:** 6% of the Salary towards pension.

2.2.2. **Section 14 Arrangement.** The parties hereby adopt the provisions of the General Approval Regarding Payments by Employers to a Pension Fund and Managers insurance in lieu of Severance Pay, as attached to this Employment Agreement as Exhibit B (the “General Approval”). The Company waives any right that it may have for the repayment of any monies paid by it to the insurance and/or the pension fund, unless the right of the Employee to severance has been revoked by a judicial decision, under Section 16 or 17 of the Severance Pay Law (to the extent of such revocation) or in case the Employee withdrew monies from the insurance and/or the pension fund for any reason other than death, disability or retirement at the age of sixty or thereafter. The Employee hereby acknowledges and confirms that the Company’s contributions towards the insurance and/or the pension fund are and shall be in lieu of any severance pay to which the Employee shall be entitled according to Section 14 of the Severance Pay Law, and in accordance with the General Approval (the “Section 14 Arrangement”).
2.3. Study Fund (Keren Hishtalmut).

2.3.1. The Company shall contribute an aggregate monthly amount equal to 7.5% of the Monthly Salary for contributions towards a recognized advanced study fund as shall be selected by the Employee (Keren Hishtalmut) (the “Advanced Study Fund”). The Employee shall contribute, and for that purpose, the Employee hereby irrevocably authorizes and instructs Company to deduct from his/her Monthly Salary at source, an aggregate monthly amount equal to 2.5% of the Monthly Salary for contributions as Employee’s participation in such Advanced Study Fund.

2.3.2. To the extent Monthly Salary exceeds the recognized ceiling for withholdings that are exempted from taxes under the provisions of applicable law in effect from time to time (the “Advanced Study Fund Ceiling”), the foregoing contributions by the Company and by the Employee as set forth in Sections 3.3.1 and 3.3.2 above shall be calculated on the basis of the Advanced Study Fund Ceiling only.

2.3.3. The Employee shall be responsible for any tax imposed in connection with contributions to the Advanced Study Fund, if any.

2.3.4. Upon the termination of the Employee’s employment, the Company shall release to the Employee the amounts then accumulated in such fund, except that in the event of termination for Cause (as defined below), those portions of such fund constituting the Company’s contributions, shall not be released to the Employee.

2.4. Vacation; Sick Leave; Recreation Pay

2.4.1. The Employee shall be entitled to paid vacation days during each year of his/her employment as set forth in the Specific Terms. Each such leave shall be coordinated with the supervisor with reasonable consideration to the needs of the Company. The Employee shall be obliged to take at least five (5) paid vacation days during each year of the Employee’s employment, as prescribed by law. The Employee will make every effort to exercise his annual vacation; provided however, if the Employee is unable to utilize all the vacation days by the end of a calendar year, he/she shall be entitled to accumulate the unused balance of the vacation days standing to his or her credit up to the Maximum Amount set forth in the Specific Terms. For the avoidance of doubt, any unused vacation days in excess of the Maximum Amount are canceled and are not redeemable in any event.

2.4.2. The Employee shall be entitled to sick leave in accordance with the provisions of the Sick Pay Law of 1976.

2.4.3. The Employee shall be entitled to recreation pay (Dmey Havra’a) per year in accordance with the Israeli applicable law and regulations with respect to such pay.

2.5. Travel Expenses. The Employee shall be entitled to a monthly sum as travel expenses as set forth in the Specific Terms, in accordance with applicable law. For the avoidance of doubt, such Travel Expenses shall not be deemed part of Employee’s Monthly Salary for the purpose of calculating any social entitlements or rights.

2.6. Termination Agreements

2.6.1. Severance. To the extent this Employment Agreement is terminated by the Company not for Cause, Employee shall be entitled to a lump sum in the amount set forth in the Specific Terms.

2.6.2. Change in Control. To the extent this Employment Agreement is terminated by the Company not for Cause or by Employee for Good Reason during the three (3) months period prior to, or twelve (12) months following, a Change in Control Event, Employee shall be entitled to a certain lump sum and other benefits, as set forth in the Specific Terms.

2.6.3. Definitions

2.6.3.1. “Cause” shall mean the occurrence of any of the following: (i) the Employee’s willful breach of any obligations the Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement; (ii) the Employee’s willful misconduct that is materially injurious to any member of the Company Group; (iii) the Employee’s conviction of, or plea of nolo contendere to, a crime that constitutes a felony under applicable law or involving fraud, embezzlement or any other act of moral turpitude, provided that, with respect to clause (i) of this Section 2.6.3.1, if such conduct is susceptible to cure (as determined by the Company’s Board of Directors in good faith), the Employee shall have failed to cure such Cause to the Company’s reasonable satisfaction within thirty (30) days of receipt of a written notice setting forth in reasonable detail the nature of such Cause. In the event that the conduct constituting Cause with respect to clause (i) of this Section 2.6.3.1 is not subject to cure in the good faith determination of the Board, then the right to cure and applicable notice period will not apply

2.6.3.2. “Change in Board Event” means any time at which individuals who, as of the Agreement Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Company’s Board of Directors; provided, however, that any individual becoming a director subsequent to the Agreement Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Company’s Board of Directors.
2.6.3.3. “Change in Control” shall mean the occurrence of any of the events: (i) a sale of all or substantially all of the assets of the Company, or a sale (including an exchange) of all or substantially all of the shares of the Company, to any person, or a purchase by a shareholder of the Company or by an affiliate of such shareholder, of all the shares of the Company held by all or substantially all other shareholders or by other shareholders who are not affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; or (iv) a Change in Board Event. Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company’s incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

2.6.3.4. “Company Group” means the Company and any subsidiaries of the Company.

2.6.3.5. “Good Reason” shall mean the termination of the Employee’s employment with the Company Group by the Employee in accordance with the next sentence after the occurrence of one or more of the following events without the Employee’s express written consent: (i) a material reduction of the Employee’s title, duties, authorities, or responsibilities relative to the Employee’s duties, authorities, or responsibilities in effect immediately prior to the reduction; (ii) a reduction by a Company Group member in the Employee’s rate of annual base salary by more than ten percent (10%); provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company Group members by up to 10% will not constitute “Good Reason”; (iii) a material change in the geographic location of the Employee’s primary work facility or location by more than thirty-five (35) miles from the Employee’s then present location; provided, that a relocation to a location that is within thirty-five (35) miles from the Employee’s then-present primary residence will not be considered a material change in geographic location, or (iv) failure of a successor corporation to assume the obligations under this Agreement. In order for the termination of the Employee’s employment with a Company Group member to be for Good Reason, the Employee must not terminate employment without first providing written notice to the Company of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of written notice (the “Cure Period”), the grounds must not have been cured during that time, and the Employee must terminate the Employee’s employment within thirty (30) days following the Cure Period.

2.7. **Annual Bonus.** Employee will be eligible to earn an annual cash bonus, based upon the achievement of certain targets and goals to be established annually by the Company, equal to the percentage of Employee’s aggregate Monthly Salary earned during such year and to be paid as set forth in Exhibit C attached hereto (the “Bonus”). The Bonus amount shall be subject to review and may be adjusted based upon the Company’s normal performance review practices. The bonus shall be determined in accordance with and subject to the terms and conditions of the Compensation Policy and the individual bonus policy attached hereto as Exhibit C (the “Bonus Policy”), provided that such Bonus Policy may be adjusted from time to time by the Board in its sole discretion. Bonuses will become earned and payable to you in accordance with terms of the Bonus Policy, provided that in no event will any bonus be paid to you after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company’s fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned. Nothing in this clause shall be construed as Company’s commitment to Employee to grant any bonus payments at any time, other than as explicitly set forth herein. Any bonus grant shall not form any commitment to Employee of any kind. Moreover, Employee waives any claim to custom regarding the bonus. For the avoidance of any doubt, any bonus granted pursuant to this clause will not form part of Employee’s social benefits and will not be taken into account for the purpose of calculating the allocations to the pension insurance, Employee’s social rights and other benefits of any kind, as applicable.

3. **Term and Termination**

3.1. **Termination Not For Cause.** Either party may terminate this Employment Agreement and the employment relationship without Cause (as defined below) by providing a prior written notice as set forth in the Specific Terms (the “Notice Period”). During the Notice Period, whether notice has been given by the Employee or by the Company, the Employee shall continue to render his/her services to the Company unless instructed otherwise by the Company, and shall cooperate with the Company and use his/her best efforts to assist the integration into the Company organization of the person or persons who will assume the Employee’s responsibilities and duties.

3.1.1. **Waiver of Actual Work.** Nonetheless, the Company shall be entitled, at any time prior to the expiration of the Notice Period: (i) to waive the Employee’s actual work during the Notice Period, in which event the Company shall pay to the Employee during the remainder of the Notice Period the payments payable to the Employee under Section 3 above and as set forth in the Specific Terms; or (ii) to immediately terminate this Employment Agreement.
and the employment relationship, at any time prior to the expiration of the Notice Period, in which event the Company shall pay the Employee upon termination of the Employment Agreement and the employment relationship the value of the Monthly Salary during the remainder of the Notice Period.

3.2. **Termination for Cause.** The Company may immediately terminate this Employment Agreement and the employment relationship at any time for Cause without Notice Period or any compensation in lieu of Notice Period and/or severance pay (subject to applicable law).

4. **Confidentiality, Non-Compete, Proprietary and Inventions Assignment**

4.1. The Employee shall, simultaneously herewith, execute the Confidentiality, Non-Compete, Proprietary and Inventions Assignment Agreement, attached hereto as Exhibit A. For the removal of any doubt, execution of such agreement by the Employee - is a condition precedent to this Agreement becoming effective.

4.2. The Employee shall keep the contents of this Employment Agreement confidential and not to disclose the contents of this Employment Agreement to any third party without the prior written consent of the Company.

5. **Employee Representations and Warranties**

5.1. The Employee represents and warrants to the Company that: (i) the execution and delivery of this Employment Agreement and the fulfillment of the terms hereof: (a) will not constitute a default under or breach of any agreement or other instrument to which he/she is a party or by which he is bound, including without limitation, any confidentiality or non-competition agreement; (b) do not require the consent of any person or entity; (ii) no provision of any agreement or other document the Employee is a party to or is bound to as a result of his/her prior or current engagement with third parties, or to his/her knowledge, any law, or regulation, prohibits him from entering into this Employment Agreement; and (iii) shall not utilize during the term of his/her employment any proprietary information of any third party, including prior employers of the Employee. Employee acknowledges that the Company is relying on the Employee’s representations under this section upon entering into this Employment Agreement and any misrepresentation under this section by Employee shall constitute a material breach of this Employment Agreement.

5.2. The Employee shall at all times comply with the Company’s policies, procedures and objectives, as in effect from time to time, and shall adhere to any applicable law or provision pertaining to his/her employment.

5.3. The Employee shall immediately and without delay inform the Company of any affairs and/or matters that might constitute a conflict of interest with the Employee’s Position and/or employment with Company and/or the interests of the Company.

5.4. The Employee acknowledges and agrees that personal information related to him/her and the Employee’s terms of employment at the Company, as shall be received and held by the Company will be held and managed by the Company, and that the Company shall be entitled to transfer such information to third parties, in Israel or abroad. The information will be collected, retained, used, and transferred for legitimate business purposes and to the reasonable and necessary scope only for the following purposes: human resources management, business management and customer relations, assessment of potential transactions and relating to such transactions, compliance with law and other requests and requirements from government authorities and audit, compliance checks and internal investigations.

6. **Company Computers; Mobile Phone; Privacy**

6.1. For the performance of the Employee’s duties, the Company may allow the Employee to use the Company’s computer equipment and systems, including any desktop computer, laptop, software, hardware, Internet server and professional e-mail account (the “Computers”). The Employee acknowledges and agrees that the Company may allow others to use the Computers.

6.2. Subject to the Company’s policies as may be in effect from time to time, the Employee: (i) shall not store personal files on the Computers (except on folders clearly labeled by the Employee as “Personal”); and (ii) the Employee may not store the Company’s files on personal or external storage space.

6.3. The e-mail account assigned to the Employee is strictly a professional one and shall be strictly used for professional matters. For personal matters the Employee may use external email services (such as Gmail).

6.4. The Employee acknowledges and agrees that in order to maintain the security of the Computers and to protect the Company’s legitimate interests, the Company shall have the right to monitor, inspect and review the Employee’s activity on the Computers, including usage habits and content transmission, and to collect, copy, transfer and review content stored on the Computers, including, emails, electronic communications, documents and other files, all findings of which shall be admissible as evidence in any legal proceedings. In light of the Employee’s understanding of the above, the Employee shall have no right to privacy in any content of the Computers, except with respect to folders which contain private information and which are clearly labeled by the Employee as “Personal”.

6.5. Sections 7.2-7.4 above shall apply also with respect to mobile phone provided to the Employee by the Company (if provided) and the Employee’s personal mobile phone when used for the purpose of fulfilling the Employee’s work, with respect to unique professional apps, professional WhatsApp groups or other professional media or massaging groups and the Employee’s professional e-mail account.
6.6. The Employee acknowledges and agrees that during the course of the Employee’s employment by the Company, the Company shall collect, receive and make use of certain personal information related to the Employee (such as Employee’s contact details, family status, salary, bank account-related information, etc.) (the “Information”). Collecting, receiving, using and processing the Information shall be at the minimum extent required to manage the Company’s employees or to meet the Company’s legal obligations. The Company shall be entitled to transfer the Information to third parties, including those located abroad, for the aforesaid purposes or in the course of a potential transaction (such as acquisition, merger or sale of asset).

6.7. The Employee acknowledges that the Company’s facilities are covered by security cameras, the locations of which have been identified to the Employee. The location of the cameras may change from time to time. The use of cameras in the Company’s facilities is for security purpose and such cameras shall not be used for monitoring personal workspaces (except in cases permitted by law).

7. Miscellaneous. (i) This Employment Agreement constitutes the entire understanding and agreement between the parties hereto, supersedes any and all prior discussions, agreements and correspondence with regard to the subject matter hereof, and may not be amended, modified or supplemented in any respect, except by a subsequent written document executed by both parties hereto; (ii) the Company may assign or transfer this Employment Agreement or any right, claim or obligation provided herein, provided however that none of the Employee’s rights under this Agreement are thereby diminished. The obligations of the Employee hereunder shall not be assignable or delegable; (iii) all notices, requests and other communications to any party hereunder shall be given or made in writing and faxed, emailed, mailed (by registered or certified mail) or delivered by hand to the respective party at the address set forth in the caption of this Employment Agreement, the Specific Terms or to such other address (or fax number or email address) as such party may hereafter specify for the purpose of notice to the other party hereto. Each such notice, request or other communication shall be effective (a) if given by fax or email, one (1) business day after such fax is transmitted to the fax number or email address specified herein with confirmation of transmission, (b) if given by mail, four days following deposit in the mail, or (c) if hand delivered, upon delivery; (iv) this Employment Agreement shall be governed by, and construed and enforced in accordance with, the laws of Israel without giving effect to principles of conflicts of law thereof. The parties submit to the exclusive jurisdiction of the competent courts of Tel-Aviv Israel in any dispute related to this Employment Agreement; (v) the parties hereby confirm that this is a personal services contract and that the relationship between the parties hereto shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors; and (vi) this Employment Agreement includes the terms to be contained in, and constitutes, the written notice to be delivered to the Employee pursuant to the Notice to Employee and Candidate (Employment Terms and Acceptance to Work), 2002.

* * * * * * * *
Summary of Lease Agreement

Note: this summary does not contain a full or direct translation of the terms of the original Hebrew-language lease agreement, and is designated solely for the purpose of providing a general presentation of such agreement.

On September 4, 2013, Bet Ariel B.A. 2011, L.P. (the “Lessor”) and JFrog Ltd. (the “Company”) entered into a lease agreement, and into the addendums thereto, dated as of May 20, 2015, August 16, 2016, March 4, 2018, February 3, 2019 and August 12, 2019 (collectively, the “Lease Agreement”).

1. The Premises
Certain spaces in a building located in Netanya, on 3 HaMachshev St. (the “Asset”).
The total square meters of the leased premises includes 3,032 square meters of office spaces on the fourth floor, third floor, second floor and ground floor (the “Premises”), as well as 169 parking spaces.

2. Purpose of the Lease
The Premises are to be used by the Company for its activities in the field of High Tech.

3. Leasing Period
An initial lease period of three years, that commenced on January 1, 2014 (the “Initial Period”), as extended to an additional term ending on October 31, 2022 (the “Extended Period”). The Company has the option to further extend the Extended Period by an additional twelve (12) months period upon submitting a written notice 210 days prior to the expiration of the Extended Period (the “Option”). The Option is exercisable relating to all of the leased Asset.

4. Consideration
The monthly lease fee for the Premises is approximately 261,830 NIS, excluding VAT (US$ 75,739 subject to the exchange rate of July 10, 2020), and a monthly fee in the amount of approximately 57,445 NIS, excluding VAT (US$ 16,132 subject to the exchange rate of July 10, 2020) for the parking space, all linked to the Israeli consumer price index (the “Base Rental Fee”).

If the Company will exercise the Option, the monthly lease fee shall be mutually agreed by the parties. If the parties could not reach to an agreement with respect to the lease fee during the Option period, the agreement shall be terminated at the end of the Extended Period.

5. Guarantees and Security Deposits
The Company provided the Lessor with an autonomous bank guarantee in the amount of NIS 952,798 (excluding VAT), which is equivalent to three monthly Base Rental Fees and a security deposit in the amount of NIS 697,636 (excluding VAT), each, in order to ensure compliance with the Lease Agreement. The security deposit will serve as payment of the Base Rental Fees for the last three months of the lease.

6. Insurance
The Company shall maintain customary insurances. Structure insurance shall be purchased by the Lessor.

7. Termination of the Lease Agreement
The Company shall not be entitled to terminate the Lease Agreement prior to the expiration of the Extended Period, except upon the Company’s commercial need to lease a bigger premises as of January 1, 2021, and excluding the office space on the second floor; all in accordance with the process set forth in the Lease Agreement.

The Lessor may terminate the Lease Agreement upon the occurrence of the following (i) liquidation of the Company, provided that the Company cannot fulfill its obligations under the Lease Agreement; (ii) the Company suffers or undergoes an insolvency event and the insolvency procedures were not cancelled within 45 days; or (iii) upon a Material Breach of the Lease Agreement, if not cured within 14 days of written notice to the Company regarding such Material Breach, or upon any other breach of the Lease Agreement that is not cured within 30 days. A “Material Breach” is defined as one of the following: (i) the use of the premises for purposes other than the purpose stated above; (ii) transfer or assignment of Company’s rights under the Lease Agreement to a third party in contrary to the provisions of the Lease Agreement; (iii) failure to meet monthly payments and fees; (iv) failure to repair property damages caused by an act or
omission of the Company or any of its agents (v) failure to return the Premises to the Lessor under the terms of the Lease Agreement; (vi) failure to maintain a clean environment in the Premises and manage Company’s business only in the Premises (vii) performing unapproved changes to the Premises; and (x) failure to acquire the required insurances as set forth in the Lease Agreement.
LEASE

270 E. CARIBBEAN LLC

Landlord

AND

JFROG, INC.

Tenant

AT

270 East Caribbean Drive, Sunnyvale, California 9408
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## LEASE

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THIS LEASE ("Lease") is made by and between 270 E. Caribbean LLC, a Delaware limited liability company ("Landlord") and JFrog, Inc., a Delaware corporation ("Tenant"), and is dated as of July 25, 2016 (the "Effective Date").

1. **Basic Lease Terms and Definitions**
   
   **(a)** Premises: The entirety of the Building and Land, as both are defined below.
   
   **(b)** Land: That certain 1.68-acre Premises together with all improvements, facilities and the Building located thereon, as more particularly described on Exhibit A attached hereto and incorporated herein.
   
   **(c)** Building: That certain two-story Building containing approximately 27,179 rentable square feet, located on the Land.
   
   **(d)** Address: 270 East Caribbean Drive, Sunnyvale, California 94089
   
   **(e)** Term: Approximately 60 full calendar months (plus any partial month from the Commencement Date until the first day of the next full calendar month during the Term), ending on the Expiration Date.
   
   **(f)** Commencement Date: The date Landlord delivers the Premises to Tenant with the Building Systems in good working order and condition, which is anticipated to be July 25, 2016.
   
   **(g)** Expiration Date: July 31, 2021
   
   **(h)** Monthly Base Rent: Payable in the following amounts:

<table>
<thead>
<tr>
<th>Months</th>
<th>MONTHLY INSTALLMENTS</th>
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<tbody>
<tr>
<td>0-4</td>
<td>0.00 -ABATED-</td>
</tr>
<tr>
<td>5-12</td>
<td>$101,925.25</td>
</tr>
<tr>
<td>13-24</td>
<td>$104,978.89</td>
</tr>
<tr>
<td>25-36</td>
<td>$108,128.26</td>
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<tr>
<td>37-48</td>
<td>$111,372.11</td>
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<tr>
<td>49-60</td>
<td>$114,713.27</td>
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   * plus, for any partial month from the Commencement Date until the first day of the next full calendar month, Monthly Base Rent for such period shall be prorated based on the number of days in such partial month and the amount of the monthly installment specified in the chart above.

   ** Monthly Base Rent shall be abated from the Commencement Date through the end of the fourth (4th) full month of the Term (i.e., from July 25, 2016- November 30, 2016)

   *** Upon execution of this Lease, Tenant shall provide Landlord with a check payable to Landlord in the total amount of $181,925.25, which includes Monthly Base Rent payable for the fifth (5th) month of the Term ($101,925.25), plus the Operating Expense for the first five (5) months of the Term (in the total amount of $80,000.00). This amount shall be applied to Monthly Base Rent for the fifth (5th) month of the Term and Operating Expenses for the first five (5) months of the Term.

   **(i)** Use: General office, administration, sales, warehouse, and other legal and related uses allowed under applicable Laws.

   **(j)** Security Deposit: $1,500,000.00 (Letter of Credit or cash)
### Addresses For Notice

**Landlord:**
270 E. Caribbean LLC  
101 California Street, Suite 950  
San Francisco, California 94111  
Attention: Albert Hwang

**Tenant:**
Premises  
Attn: Shlomi Ben Haim, CEO

With a copy to:  
Carl H. Bivens, Esquire  
Summer Ludwick, Esq.  
Troutman Sanders LLP  
1001 Haxall Point  
Richmond, Virginia 23219

With a copy to:  
Situs Law  
50 W. San Fernando Street, Suite 1475  
San Jose, California 95113

### Additional Defined Terms: See Rider 1 for the definitions of other capitalized terms.

### Contents: The following are attached to and made a part of this Lease:

- **Rider 1 — Additional Definitions**
- **Exhibits:**
  - A—Legal Description of Premises
  - B—Building Rules
  - C—Estoppel Certificate Form
  - D—Vendor and Premises Manager Insurance Requirements
  - E—Guaranty of Lease
  - F—Preliminary Floor Plan
  - G—Tenant’s NDA Form
  - H—Kitchen Appliances
  - I—Landlord approved signage locations

### Premises

Subject to the terms of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the entirety of the Premises. Tenant accepts the Premises in its “AS IS” condition, without relying on any representation, covenant or warranty by Landlord other than as expressly set forth in this Lease. Prior to the Commencement Date, representatives of Landlord and Tenant shall conduct a walk-through of the Premises at a mutually convenient time to determine if any Building Systems are not working. If any Building Systems are not working at such time, then Landlord shall promptly repair the same at Landlord’s expense. Landlord and Tenant (a) acknowledge that all square foot measurements are approximate and (b) stipulate and agree to the rentable square footages set forth in Sections 1(c) above for all purposes with respect to this Lease. Landlord shall: (i) remove all debris and fencing from the parking lot located on the Land, (ii) improve the parking lot with slurry seal on the asphalt area and new striping of the asphalt and concrete areas, which shall result in approximately three (3) parking spaces per each 1,000 square feet of the Building; and (iii) construct a trash enclosure, and (iv) complete any other work or improvements to the Premises required by the City of Sunnyvale pursuant to the necessary permit to complete the trash enclosure (collectively, the “Landlord’s Work”). Landlord’s Work shall be completed in accordance with all Laws and regulations of the City of Sunnyvale, and shall be at Landlord’s cost. Landlord shall use commercially reasonable efforts to complete items (i) and (ii) by August 1, 2016 and items (iii) and (iv) by September 1, 2016. Each of the parking spaces striped by or on behalf of Landlord shall be legally compliant parking spaces. The kitchen appliances listed in Exhibit H hereto shall remain within the Premises for Tenant’s use. Furthermore, all data wiring serving the Premises and existing prior to the Commencement Date (the “Cabling”) shall remain intact and in place, and Tenant shall have the right to use such Cabling during the Term, but any changes to the Cabling shall be at Tenant’s sole expense. Landlord represents and warrants that to Landlord’s actual knowledge, the Premises is compliant with all Laws, except for the need for a trash enclosure if the user of the Building does not compost all of its waste.
3. Use
Tenant shall occupy and use the Premises only for the Use specified in Section 1 above. Tenant shall not permit any conduct or condition which may endanger, disturb or otherwise interfere with any normal operations or with the management of the Building.

4. Term: Possession; Option to Extend
(a) The Term of this Lease shall commence on the Commencement Date and shall end on the Expiration Date, unless sooner terminated in accordance with this Lease or extended in accordance with Section 4(b). If Landlord is unable to deliver possession of the Premises to Tenant by July 25, 2016 (but not subject to the completion of Landlord’s Work set forth herein), this Lease shall not be void or voidable, but in such an event the Term shall commence, and the “Commencement Date” shall be the date that Landlord actually delivers possession of the Premises to Tenant. Notwithstanding the foregoing, if Landlord does not deliver possession of the Premises to Tenant within forty (45) days of the anticipated Commencement Date (but not subject to the completion of Landlord’s Work set forth herein); subject to extensions of the anticipated Commencement Date due to Force Majeure delays or delays caused by Tenant, Tenant can elect to terminate this Lease by giving written notice to Landlord within five (5) days after said date, in which case this Lease shall be terminated and any sums paid or letter of credit delivered to Landlord shall be returned to Tenant. “Force Majeure”, as used herein, means a delay in the performance of or inability to perform an obligation due to the acts of God, public enemy, fire, flood, epidemic, severe adverse weather, quarantine restrictions, strikes, material shortages, governmental moratorium, and delays caused by governmental entities.

(b) Landlord grants to Tenant, subject to the terms and conditions set forth in this Section, one (1) option (an “Option”) to extend the Term for an additional five (5) year period (the “Option Term”). Each Option shall be exercised, if at all, by written notice to Landlord no earlier than twelve (12) months and no later than nine (9) months prior to the expiration of the Term (the date of such notice shall be the “Exercise Date”). If Tenant exercises the Option, all of the terms, covenants and conditions of this Lease shall apply during the Option Term as though the expiration date of the Option Term was the date originally set forth herein as the Expiration Date, provided that Base Rent for the Premises payable by Tenant during the first Option Term shall be adjusted to the Fair Market Rental, as defined below. Notwithstanding anything herein to the contrary, if Tenant is in default under any of the terms, covenants or conditions of this Lease at the time of Tenant’s exercise, past applicable cure periods, Landlord shall have, in addition to all of Landlord’s other rights and remedies provided in this Lease, the right to terminate the Option upon notice to Tenant, in which event the expiration date of this Lease shall be and remain the Expiration Date. In addition, if Tenant does not retain exclusive possession of at least eighty percent (80%) of the Premises at the time Tenant seeks to exercise the Option, then Tenant shall not have the right to exercise the Option.

As used herein, the term “Fair Market Rental” is defined as the rental and all other monetary payments, including any escalations and adjustments thereto (including without limitation Consumer Price Indexing) that Landlord could obtain during the Option Term from a third party desiring to lease the entirety of the Premises, based upon the current use and other potential uses of the Premises, as determined by the rents then being obtained for new leases of space comparable in age, build-out and quality to the Premises in the Sunnyvale, California submarket.

If Tenant exercises the Option, Landlord shall, within thirty (30) days following the Exercise Date, send Tenant a written notice setting forth the Fair Market Rental for the applicable Option Term. If Tenant disputes Landlord’s determination of Fair Market Rental for the Option Term, Tenant shall, within thirty (30) days after the date of Landlord’s notice setting forth Fair Market Rental for the Option Term, send to Landlord a notice stating that Tenant disagrees with Landlord’s determination of Fair Market Rental for the Option Term and elects to resolve the disagreement as provided below. If Tenant does not send Landlord a notice as provided in the previous sentence, Landlord’s determination of Fair Market Rental shall be the Base Rent payable by Tenant during the Option Term. If Tenant elects to resolve the disagreement as provided below and such procedures are not concluded prior to the commencement date of the Option Term, Tenant shall pay to Landlord as Base Rent the Fair Market Rental as determined by Landlord in the manner provided above. If the Fair Market Rental as finally determined pursuant to the provisions set forth below is greater than Landlord’s determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the Fair Market Rental as so determined within thirty (30) days after said determination. If the Fair Market Rental as finally determined is less than Landlord’s determination, the difference between the amount paid by Tenant and the Fair Market Rental as so determined shall be credited against the next installments of Base Rent due from Tenant to Landlord hereunder.
Any disagreement regarding the Fair Market Rental shall be resolved as follows:

Within thirty (30) days after Tenant’s response to Landlord’s notice setting forth the Fair Market Rental, Landlord and Tenant, or its authorized representatives, shall meet at least once at a mutually agreeable time and place, in an attempt to resolve the disagreement.

If within the thirty (30) day period referred to above, Landlord and Tenant cannot reach agreement as to Fair Market Rental, each party shall select one independent appraiser to determine Fair Market Rental. Each such appraiser shall arrive at a determination of Fair Market Rental and submit their conclusions to Landlord and Tenant within sixty (60) days after the expiration of the 30-day consultation period described above.

If only one appraisal is submitted within the requisite time period, it shall be deemed as Fair Market Rental. If both appraisals are submitted within such time period and the two appraisals so submitted differ by less than ten percent (10%), the average of the two shall be deemed as Fair Market Rental. If the two appraisals differ by more than 10%, the appraisers shall promptly select a third appraiser who shall, within thirty (30) days after his selection, determine which of the two appraisals most closely represents the Fair Market Rental and the determination in said appraisal shall be deemed to be the Fair Market Rental.

All appraisers specified pursuant to this paragraph shall be members of the American Institute of Real Estate Appraisers with not less than ten (10) years’ experience appraising office properties in the Sunnyvale, California submarket and shall not be affiliated with either Landlord or Tenant. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser. Landlord and Tenant shall have no obligation to pay procuring broker fees or commissions due in connection with the Option.

5. **Rent**

Tenant agrees to pay to Landlord, without demand, deduction, setoff, counterclaim or offset, Rent for the Term. Tenant shall pay the Monthly Base Rent, in advance, by the first (1st) day of each calendar month during the Term, at Landlord’s address designated in Section 1 above unless Landlord designates, in writing, otherwise. If the Commencement Date is not the first day of the month, the Monthly Base Rent for that partial month shall be apportioned on a per diem basis and shall be paid on or before the Commencement Date. Tenant shall pay Landlord a service and handling charge equal to 5% of any Rent not paid within five (5) days after the date due. In addition, any Rent not paid within five (5) days after the due date will bear interest at the Interest Rate from the date due to the date paid. Tenant shall pay before delinquent all taxes levied or assessed upon, measured by, or arising from: (a) the conduct of Tenant’s business; (b) Tenant’s leasehold estate; (c) Tenant’s property; or (d) amounts payable by Tenant under this Lease, including all sales, use, transaction privilege, or other excise tax. Monthly Base Rent plus Tenant’s reimbursement for Operating Expenses shall comprise all of Tenant’s monetary obligations under this Lease. This Lease is a Net Lease. Monthly Base Rent shall be paid to Landlord absolutely net of all Operating Expenses, subject to the provisions of this Lease. The provision for Tenant’s payment of Operating Expenses is intended to pass on to Tenant and reimburse Landlord for all Operating Expenses.

6. **Operating Expenses**

   (a) Operating Expenses shall mean all expenses and costs of every kind and nature that Landlord shall have paid or incurred or become obligated to pay or incur because of or in connection with the management, maintenance, ownership, and operation of the Property (the “Operating Expenses”), including, without limitation, the following. However, Landlord and Tenant intend that Tenant shall pay most costs in the operation and maintenance of the Premises directly, and shall only pay amounts under 6(a)(v), 6(a)(iii) and 6(a)(vi) to Landlord, unless Landlord elects to exercise its self-help rights pursuant to Sections 7 and 9 in which event Sections 6(a)(i), 6(a)(ii), 6(a)(iv) and a management fee equal to three percent (3%) of the Monthly Base Rent may be included in Operating Expenses:

   (i) All supplies, materials, and rental equipment used in the operation and maintenance of the Premises.

   (ii) All maintenance and service agreements for the Premises and equipment therein.
(iii) All insurance premiums and costs associated with risk management, including but not limited to, the premiums and costs of all insurance Landlord carries for the Premises, including but not limited to fire, casualty, liability, rental loss, environmental, flood, and earthquake insurance applicable to the Premises and Landlord’s personal Premises used in connection therewith (and all amounts paid as a result of loss sustained that would be covered by such policies but for “deductible” or self-insurance provisions).

(iv) Repairs, replacement, and general maintenance, except for repairs and replacements paid for from the proceeds of insurance or paid for directly by Tenant.

(v) All Real Property Taxes and assessments of any kind assessed against the Premises and/or the personal property or trade fixtures placed by Tenant in or about the Premises. The term “Real Property Taxes”, as used herein, means (a) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership of the Premises now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of, all or any portion of the Premises (as now constructed or as may at any time hereafter be constructed, altered, or otherwise changed); any improvements, fixtures, equipment, personal property, trade fixtures or other improvements located on or within the Premises; (b) all charges, levies or fees imposed by reason of environmental regulation or other governmental control of the Premises; and (c) all costs and fees (including attorneys’ fees) incurred by Landlord in contesting any Real Property Taxes and in negotiating with public authorities as to any Real Property Taxes. If taxes and assessments against Tenant’s personal property or trade fixtures are assessed directly to Tenant, then Tenant shall pay such taxes when due and such taxes and assessments shall not be part of the Real Property Taxes.

(vi) Amortization (together with reasonable financing charges) of all Capital Improvements (which are Tenant’s obligation to Maintain) made to the Premises, including but not limited to those Capital Improvements that are required (i) to comply with the requirements of Laws; or (ii) to improve the operating efficiency of the Premises; provided, however, that in the case of improvements made solely for efficiency purposes, the amount chargeable as Operating Expenses in any year shall not exceed Landlord’s reasonable determination of the efficiency achieved either in direct cost savings, avoidance of cost increases, or a combination of both. As a part of Operating Expenses, amortization of Capital Improvements to the HVAC serving the Premises shall not exceed Twenty-Five Thousand and No/100 Dollars ($25,000.00) in any calendar year. As used in this section, “amortization” shall mean the allocation of the cost (together with interest thereon at the rate of ten percent (10%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of funding such improvements) equally to each year of useful life of the items being amortized or a shorter period equal to a number of years required to recover the cost of said item of capital improvement out of the savings in operating efficiency derived therefrom.

(b) The provisions of Section 6(a) notwithstanding, the Operating Expenses shall not include:

(i) All expenses in connection with the marketing, renting, or leasing of space in the Premises, including without limitation, leasing commissions, finder’s fees, architect’s fees, space planning fees, advertising expenses, legal expenses, and other expenses incurred in connection with leasing or renting negotiations and transactions with present or prospective tenants or other occupants of the Premises.

(ii) Costs incurred by Landlord which are associated with the operation of the business of the legal entity which constitutes Landlord as the same is separate and apart from the cost of the management, maintenance, repair, preservation, ownership, and operation of the Premises, including legal entity formation and legal entity accounting, legal or professional fees incurred outside the normal course of maintenance and operation of the Premises, costs of selling or mortgaging Landlord’s interest in the Premises or the legal entity which comprises Landlord, political or charitable contributions, interest on any debt encumbering the Premises, and the rent and operating expenses for any off-site management or leasing office of Landlord or Landlord’s Agents, representatives, officers, members or owners.
(iii) Costs for which Landlord is reimbursed by insurance proceeds from the policies the premiums for which were included in the Operating Expenses, to the extent to which Landlord receives such reimbursement.

(iv) Estate, inheritance, gift or franchise taxes of Landlord or the federal or state net income tax imposed on Landlord’s income from all sources.

(v) A management fee, unless Landlord is required to exercise its self-help rights pursuant to Sections 7 and 9.

(c) On or before January 1 of each calendar year, Landlord shall estimate the Operating Expenses for said calendar year for the Premises. In addition to Tenant’s obligation to pay the Monthly Base Rent, Tenant shall pay to Landlord each month, one-twelfth (1/12) of Landlord’s estimated cost of the Operating Expenses for said calendar year. Landlord shall have the right to adjust the estimate each year, if actual Operating Expenses are higher than the prior year’s estimate, and thereafter the payments by Tenant shall be adjusted accordingly.

(d) After the expiration of each calendar year, Landlord shall furnish Tenant a reasonably detailed statement (the “Reconciliation Statement”) with applicable supporting documentation, setting forth the actual Operating Expenses for the Premises for the preceding calendar year. In the event the sum of the payments made by Tenant during the preceding calendar year pursuant to Section 6(c) above exceeds the amounts which Tenant was obligated to pay for the actual Operating Expenses for such year, then the difference shall be credited by Landlord to Tenant’s account against the next payments owed by Tenant. In the event the sum of the payments made by Tenant during the preceding calendar year pursuant to Section 6(c) above is less than the amounts which Tenant was obligated to pay for the actual Operating Expenses for such year, then the difference shall be promptly paid by Tenant to Landlord.

7. **Services; Utilities**

Subject to Section 9 below, Tenant shall, at Tenant’s cost, directly contract for and obtain the necessary services and utilities needed for its use and occupancy of the Premises, including, without limitation, water, electricity, gas, internet, cable, telephone, refuse/recycling/composting, janitorial, security and electric vehicle charging, if any. If Landlord reasonably determines that Tenant is not properly or adequately furnishing services to the Premises, it shall deliver written notice to Tenant specifying the issues and providing Tenant with a reasonable opportunity to remedy the problem. If Tenant fails to adequately remedy the problem, in Landlord’s reasonable discretion, then Landlord may elect to provide such services, and the cost thereof shall be included in the Operating Expenses. Landlord shall not be responsible or liable for any interruption in such services, nor shall such interruption affect the continuation or validity of this Lease.

8. **Insurance; Waivers; Indemnification**

(a) Landlord shall maintain insurance against loss or damage to the Premises with coverage for perils as set forth under the “Causes of Loss-Special Form” or reasonably similar Premises insurance policy in such amount as Landlord may reasonably deem appropriate or as any Mortgagee may require (excluding coverage of Tenant’s personal property and any Alterations by Tenant), and such other insurance, including rent loss coverage, as Landlord may reasonably deem appropriate or as any Mortgagee may require.

(b) Tenant, at its expense, shall keep in effect commercial general liability insurance, including blanket contractual liability insurance, covering Tenant’s use of the Premises, with such coverages and limits of liability as Landlord may reasonably require, but not less than a $2,000,000 combined single limit with a $4,000,000 general aggregate limit (which general aggregate limit may be satisfied by an umbrella liability policy) for bodily injury or property damage; however, such limits shall not limit Tenant’s liability hereunder. The policy shall name Landlord and any other associated or affiliated entity as their interests may appear and at Landlord’s request, any Mortgagee(s), as additional insureds, shall be written on an “occurrence” basis and not on a “claims made” basis and shall be endorsed to provide that it is primary to and not contributory to any policies carried by Landlord and to provide that it shall not be cancelable or reduced without at least 30 days prior notice to Landlord. The insurer shall be authorized to issue such insurance, licensed to do business and admitted in the state in which the Premises is located and rated at least A VII in the most current edition of Best’s Insurance Reports. Tenant shall deliver to Landlord on or before the Commencement Date or any earlier date on which Tenant accesses the Premises, and at least 30 days prior to the date of each policy renewal or modification, a certificate of insurance evidencing such coverage.
Landlord and Tenant each waive, and release each other from and against, all claims for recovery against the other for any loss or damage to the property of such party arising out of fire or other casualty coverable by any policy or policies of insurance carried or agreed to be carried pursuant to this Lease. This waiver and release is effective regardless of whether the releasing party actually maintains the insurance described above in this subsection and is not limited to the amount of insurance actually carried, or to the actual proceeds received after a loss. Each party shall have its insurance company waive any rights of subrogation, and shall have the insurance company include an endorsement acknowledging this waiver, if necessary. Tenant assumes all risk of damage of Tenant’s property within the Premises, including any loss or damage caused by water leakage, fire, windstorm, explosion, theft, act of any other tenant, or other cause, except if resulting from negligence or willful misconduct of Landlord or its Agents.

Subject to subsection (c) above, and except to the extent caused by the negligence or willful misconduct of Landlord or its Agents, Tenant will indemnify, defend, and hold Landlord and its Agents harmless from and against any and all claims, actions, damages, liability and expense (including fees of attorneys, investigators and experts) which may be asserted against, imposed upon, or incurred by Landlord or its Agents arising out of or in connection with loss of life, personal injury or damage to property in or about the Premises or arising out of the occupancy or use of the Premises by Tenant or its Agents, except claims, actions, damages, liabilities and expenses due to Landlord’s gross negligence or willful misconduct. Tenant’s obligations pursuant to this subsection shall survive the expiration or termination of this Lease.

Tenant shall require all property managers, vendors, general contractors and property-related consultants to comply with the insurance requirements set forth in Exhibit D.

9. Maintenance and Repairs

(a) Except as otherwise set forth in this Lease, Tenant shall Maintain in a first class condition and good repair the entire Premises, including, without limitation, the Building Systems, the horizontal distribution portions of Building Systems, HVAC, fire-life safety systems, the roof membrane (but not the roof structure), parking areas, walkways, landscaping, exterior lighting, irrigation, floor slabs, walls, and utilities outside the exterior of the Building. Tenant shall Maintain the exterior of the Building in a clean, first class appearance, including exterior window washing and exterior building and parking lot cleaning as necessary. If any part of the Premises requiring repair or replacement is covered by warranty, Landlord and Tenant shall exercise such warranties first.

(b) Tenant at its sole expense shall keep the Premises, and the fixtures, improvements, equipment, and finishes, and any Alterations therein in a clean, safe, and sanitary condition and will cause no waste or injury thereto. Alterations, repairs and replacements to the Premises, made necessary because of Tenant’s Alterations or installations, any use or circumstances special or particular to Tenant, or any act or omission of Tenant or its Agents shall be made at the sole expense of Tenant. Tenant shall enter into a contract with a qualified, licensed pest control company for regular pest control services of the Premises.

(c) Landlord shall at Landlord’s cost, maintain in first class condition and good repair the structural portions of the Building, including the Building foundation and roof structure. For the sake of clarity, windows, door entrances, plate glass, glazing systems, and floor slabs (so long as a defect in the slab doesn’t affect the integrity of the Building) are not deemed structural portions of the Building and shall be Tenant’s responsibility to Maintain (but if the necessary repair or replacement qualifies as a Capital Improvement, shall be treated as such).

If Tenant becomes aware of any condition that is Landlord’s responsibility to repair and/or replace, Tenant shall promptly notify Landlord of the condition and Landlord shall not be deemed to have breached any obligation related thereto unless Tenant has given such notice to Landlord and Landlord has not made such repair within a reasonable time following the receipt by Landlord of Tenant’s notice. Notwithstanding any provision hereof to the contrary, Landlord shall have no responsibility for repairs to or maintenance of the roof membrane for the Building.
Landlord shall not be required to repair damage or make replacements to the extent caused by the intentional acts or negligence of Tenant or its agents, employees, or contractors, any such repairs or replacements shall be Tenant’s sole responsibility at Tenant’s cost. Landlord shall have the right, but not the obligation, to undertake work of repair or Maintenance that Tenant is required to perform under this Lease and that Tenant fails or refuses to perform in a timely and efficient manner after prior written notice from Landlord. All costs incurred by Landlord in performing any such repair for Tenant shall be paid by Tenant to Landlord upon demand.

Notwithstanding any provision of this Lease to the contrary, if Capital Improvements are required to the Premises, then Tenant shall notify Landlord and Landlord shall cause such Capital Improvements, if approved by Landlord in its reasonable discretion, to be constructed or performed at Landlord’s cost but subject to amortized reimbursement pursuant to Section 6(a)(vi), unless such Capital Improvement is to an item that is Landlord’s cost obligation pursuant to this Lease, such as Building structure. Landlord shall have no obligation to pay for Capital Improvements that are the result of Tenant’s acts, omissions, negligence, or failure to Maintain the Premises, but not including normal wear and tear.

All service and utility providers used by Tenant, including, without limitation, for purposes of this Section 9 or Section 7 above, shall be from a list of approved vendors set forth by Landlord. Any property manager selected by Tenant for the Premises shall be subject to Landlord’s prior written approval, which shall not be unreasonably withheld. Tenant, or its property manager, shall provide Landlord with updates regarding the services and utilities provided to the Premises, along with descriptions of the maintenance activities, together with services contracts, utility agreements, and invoices to support the same. This documentation shall be provided every six (6) months during the Term.

Tenant will, at its expense, promptly comply with all Laws now or subsequently pertaining to the Premises and Tenant’s use or occupancy thereof. Tenant will pay any taxes or other charges by any authority on Tenant’s business, Premises or trade fixtures or relating to Tenant’s use of the Premises. Neither Tenant nor its Agents shall use the Premises in any manner that under any Law would require Landlord to make any Alteration to or in the Premises (without limiting the foregoing, Tenant shall not use the Premises in any manner that would cause the Premises to be deemed a “place of public accommodation” under the ADA if such use would require any such Alteration). Notwithstanding the first sentence this subsection to the contrary, Landlord shall, at Landlord’s cost, be responsible for compliance with the ADA and any other Laws regarding accessibility, governmental building codes or regulations, including without limitation Title 24 of the California Code of Regulations, the California Electrical Code, and all Laws with respect to the Premises (collectively, “Building Compliance”); provided, however, if the Building Compliance results from Tenant’s specific Use, (including, without limitation, Building Compliance necessary due to any of Tenant’s specific employees) as opposed to general Use defined in Section 1(i), or any Alterations elected by Tenant, Tenant shall, at Tenant’s cost, be responsible for the Building Compliance.

Tenant will comply, and will cause its Agents to comply, with the Building Rules.

Tenant agrees not to do anything or fail to do anything which will increase the cost of Landlord’s insurance or which will prevent Landlord from procuring policies (including public liability) from companies and in a form satisfactory to Landlord. If any breach of the preceding sentence by Tenant causes the rate of fire or other insurance to be increased, Tenant shall pay the amount of such increase as additional Rent within 30 days after being billed.

Tenant agrees that (i) no activity will be conducted on the Premises that will use or produce any Hazardous Materials, except any cleaning materials in amounts and forms as are generally used by tenants in comparable buildings using premises for the purposes for which Tenant is permitted to use the Premises and are conducted in accordance with all Environmental Laws (“Permitted Activities”); (ii) the Premises will not be used for storage of any Hazardous Materials, except for materials used in the Permitted Activities which are properly stored in a manner and location complying with all Environmental Laws; (iii) no portion of the Premises or Premises will be used by Tenant or Tenant’s Agents for disposal of Hazardous Materials; (iv) Tenant will deliver to Landlord copies of all Material Safety Data Sheets and other written information prepared by manufacturers, importers or suppliers of any chemical; and (v) Tenant will immediately notify Landlord of any violation by Tenant or Tenant’s Agents of any Environmental Laws or the release or suspected release of Hazardous Materials in, under or about the

10. Compliance

(a) Tenant will, at its expense, promptly comply with all Laws now or subsequently pertaining to the Premises and Tenant’s use or occupancy thereof. Tenant will pay any taxes or other charges by any authority on Tenant’s business, Premises or trade fixtures or relating to Tenant’s use of the Premises. Neither Tenant nor its Agents shall use the Premises in any manner that under any Law would require Landlord to make any Alteration to or in the Premises (without limiting the foregoing, Tenant shall not use the Premises in any manner that would cause the Premises to be deemed a “place of public accommodation” under the ADA if such use would require any such Alteration). Notwithstanding the first sentence this subsection to the contrary, Landlord shall, at Landlord’s cost, be responsible for compliance with the ADA and any other Laws regarding accessibility, governmental building codes or regulations, including without limitation Title 24 of the California Code of Regulations, the California Electrical Code, and all Laws with respect to the Premises (collectively, “Building Compliance”); provided, however, if the Building Compliance results from Tenant’s specific Use, (including, without limitation, Building Compliance necessary due to any of Tenant’s specific employees) as opposed to general Use defined in Section 1(i), or any Alterations elected by Tenant, Tenant shall, at Tenant’s cost, be responsible for the Building Compliance.

(b) Tenant will comply, and will cause its Agents to comply, with the Building Rules.

(c) Tenant agrees not to do anything or fail to do anything which will increase the cost of Landlord’s insurance or which will prevent Landlord from procuring policies (including public liability) from companies and in a form satisfactory to Landlord. If any breach of the preceding sentence by Tenant causes the rate of fire or other insurance to be increased, Tenant shall pay the amount of such increase as additional Rent within 30 days after being billed.

(d) Tenant agrees that (i) no activity will be conducted on the Premises that will use or produce any Hazardous Materials, except any cleaning materials in amounts and forms as are generally used by tenants in comparable buildings using premises for the purposes for which Tenant is permitted to use the Premises and are conducted in accordance with all Environmental Laws (“Permitted Activities”); (ii) the Premises will not be used for storage of any Hazardous Materials, except for materials used in the Permitted Activities which are properly stored in a manner and location complying with all Environmental Laws; (iii) no portion of the Premises or Premises will be used by Tenant or Tenant’s Agents for disposal of Hazardous Materials; (iv) Tenant will deliver to Landlord copies of all Material Safety Data Sheets and other written information prepared by manufacturers, importers or suppliers of any chemical; and (v) Tenant will immediately notify Landlord of any violation by Tenant or Tenant’s Agents of any Environmental Laws or the release or suspected release of Hazardous Materials in, under or about the
Premises, and Tenant shall immediately deliver to Landlord a copy of any notice, filing or permit sent or received by Tenant with respect to the foregoing. If at any time during or after the Term, any portion of the Premises is found to be contaminated by Tenant or Tenant’s Agents or subject to conditions prohibited in this Lease caused by Tenant or Tenant’s Agents, Tenant will indemnify, defend and hold Landlord harmless from all claims, demands, actions, liabilities, costs, expenses, attorneys’ fees, damages and obligations of any nature arising from or as a result thereof, and Landlord shall have the right to direct remediation activities, all of which shall be performed at Tenant’s cost. Tenant’s obligations pursuant to this subsection shall survive the expiration or termination of this Lease.

(e) Tenant agrees to use commercially reasonable efforts to assist Landlord in its efforts to obtain or maintain the certification of the Premises as LEED certified real property, provided that Landlord provides Tenant with at least thirty (30) days’ prior written notice of such “green initiative” obtained or then being pursued by Landlord and provided that Tenant incurs no costs or fees in assisting Landlord with such efforts, or complying with such certification or resulting Building Rules. Any future plan for such accreditation may be appended to and become a part of the Building Rules and in the event the Building becomes LEED certified, then Tenant shall Maintain the Premises in a manner to not negatively affect such certification.

11. **Signs**

Tenant shall not place any signs on the Premises without the prior consent of Landlord, other than Tenant’s signs that are located wholly within the interior of the Premises and not visible from the exterior of the Premises. Notwithstanding the foregoing, Tenant may install the signage depicted on Exhibit I attached hereto, provided Tenant obtains all necessary governmental approvals authorizing such signage and such signage does not irreparably damage the Building or Premises. The cost of the installation, maintenance, and removal of Tenant’s signage shall be the sole responsibility of Tenant. Tenant shall maintain all signs installed by Tenant in good condition and in compliance with all applicable Laws and the Building Rules. Tenant shall remove its signs at the termination of this Lease, shall repair any resulting damage, and shall restore the Premises to its condition existing prior to the installation of Tenant’s signs. Landlord shall not place any signs on the Premises, except for “for lease” signs during the last one hundred twenty (120) days of the Term, as may be extended, and “for sale” signs.

12. **Alterations**

Except for non-structural Alterations that (i) do not exceed $40,000 in the aggregate, (ii) are not visible from the exterior of the Premises, (iii) do not affect any Building System or the structural strength of the Building, (iv) do not require irreparable penetrations into the floor, ceiling or walls, (v) do not require work within the walls, below the floor or above the ceiling, (vi) do not require a permit and (vii) do not require a roof penetration, Tenant shall not make or permit any Alterations in or to the Premises without first obtaining Landlord’s consent, which consent shall not be unreasonably withheld, conditioned or delayed. With respect to any Alterations made by or on behalf of Tenant (whether or not the Alteration requires Landlord’s consent): (i) not less than 10 days prior to commencing any Alteration, Tenant shall deliver to Landlord the plans, specifications and necessary permits for the Alteration, together with certificates evidencing that Tenant’s contractors and subcontractors have adequate insurance coverage naming Landlord and any other associated or affiliated entity as their interests may appear as additional insureds, (ii) Tenant shall obtain Landlord’s prior written approval of any contractor or subcontractor, (iii) the Alteration shall be constructed with new materials, in a good and workmanlike manner, and in compliance with all Laws and the plans and specifications delivered to, and, if required above, approved by Landlord, and (iv) Tenant shall reimburse to Landlord all costs and expenses incurred in connection with Landlord’s review of Tenant’s plans and specifications, and of any supervision or inspection of the construction Landlord deems necessary. Upon Landlord’s request Tenant shall, prior to commencing any Alteration, provide Landlord reasonable security against liens arising out of such construction, it being agreed that no additional security is required for Tenant’s Initial Alterations described below. Any Alteration by or on behalf of Tenant shall be the property of Tenant until the expiration or termination of this Lease; at that time without payment by Landlord the Alteration shall, at Landlord’s option, either remain on the Premises and become the property of Landlord or be removed by Tenant, in which event Tenant will repair any resulting damage and will restore the Premises to the condition existing prior to Tenant’s Alteration. At Tenant’s request prior to any Alterations being performed by, for, or on behalf of, Tenant, Landlord will notify Tenant in writing whether Tenant is required to remove the specific Alteration(s) at the expiration or termination of this Lease. Tenant may install its trade fixtures, furniture and equipment in the Premises, provided that the installation and removal of them will not affect any structural portion of the Premises, any Building System or any other equipment or facilities serving the Building or any occupant. Notwithstanding any provision of this Lease to the contrary, Tenant shall not make or cause to be made any roof penetration on the Premises which would affect the roof warranty, and Tenant shall not make or cause to be made any roof penetration without use of Landlord’s designated roof contractor.
Notwithstanding the foregoing, Landlord approves Tenant’s plans of initial alterations, as depicted on the floor plan attached hereto as Exhibit F (the “Initial Alterations”) and Tenant’s use of Iron Construction as the general contractor; provided, however, Tenant shall obtain and comply with all permits and approvals necessary for the Initial Alterations and Tenant shall construct the Initial Alterations substantially in compliance with the plans attached hereto as Exhibit F. Tenant’s Initial Alterations shall be performed pursuant to this Section 12.

Landlord also approves Tenant’s intention to convert the unfinished warehouse/storage area located in the Building to improved office space, at a later date during the Term, if at all; provided, however, (i) Tenant shall be required to obtain Landlord’s prior written consent to plans for such conversion, which consent shall not be unreasonably withheld, conditioned or delayed, (ii) Tenant shall obtain and comply with all permits and approvals necessary for such conversion, and (iii) Tenant shall make the conversion in compliance with the plans therefor converting the warehouse space into office space with similar characteristics as the existing office space, with such plans reasonably approved by Landlord (the “Warehouse Conversion”). Upon the delivery of (i) evidence of the completion of the Warehouse Conversion evidenced by proof of the final inspection and approval of the Warehouse Conversion by the appropriate governmental agency of the City of Sunnyvale, California and (ii) delivery of final lien waivers from all contractors and suppliers of materials for the Warehouse Conversion, Landlord shall, within thirty (30) days of receipt thereof, deliver to Tenant one hundred thousand dollars ($100,000.00) (the “Allowance”) to reimburse Tenant for its third party out-of-pocket costs (including, without limitation, governmental permit fees) incurred for the Warehouse Conversion. Any and all costs incurred by Tenant in excess of the Allowance are Tenant’s obligation. If Landlord fails to deliver the Allowance to Tenant within thirty (30) days of Tenant’s separate written demand therefore, along with the foregoing required documentation or dispute relating thereto, then Tenant shall have the right to offset such unpaid amount against Tenant’s obligation to pay Rent until the Allowance is exhausted in full.

13. Mechanics’ Liens

Tenant promptly shall pay for any labor, services, materials, supplies or equipment furnished to Tenant in or about the Premises. Tenant shall keep the Premises free from any liens arising out of any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to Tenant. Tenant shall take all steps permitted by law in order to avoid the imposition of any such lien. Should any such lien or notice of such lien be filed against the Premises or the Premises, Tenant shall discharge the same by bonding or otherwise within ten (10) days after Tenant has notice that the lien or claim is filed regardless of the validity of such lien or claim. In addition to all other requirements in this Lease, Tenant shall give to Landlord at least ten (10) business days prior written notice before commencement of any construction on the Premises or in the Premises.

14. Right of Entry

Tenant shall permit Landlord and its Agents to enter the Premises at all reasonable times following reasonable notice (except in an emergency for which no notice shall be required) to inspect, Maintain, or make Alterations to the Premises or Premises, to exhibit the Premises for the purpose of sale or financing, and, during the last one hundred twenty (120) days of the Term, to exhibit the Premises to any prospective tenant. Landlord will make reasonable efforts not to inconvenience Tenant in exercising such rights, but Landlord shall not be liable for any interference with Tenant’s occupancy resulting from Landlord’s entry. Prior to any entry into the Premises by Landlord or any of Landlord’s Agents, including property managers, contractors, vendors, service providers, each shall execute and return Tenant’s standard form of non-disclosure agreement (“NDA”), in the form attached hereto as Exhibit G.

15. Damage by Fire or Other Casualty

If at any time during the term of this Lease there is damage or destruction of twenty-five percent (25%) or more of the replacement value of the Premises (a “Casualty”), Landlord shall within, thirty (30) days after Landlord’s receipt of notice from Landlord’s insurer of its determination of the insurer’s proposed coverage of the Casualty, provide written notice to Tenant (“Repair Notice”) stating the anticipated period for repairing the damage and whether
Landlord has elected to repair the damage or terminate this Lease. The Repair Notice shall be accompanied by a certified statement executed by a contractor retained by Landlord to complete the repairs, or, if Landlord has not retained a contractor, a licensed contractor not affiliated with Landlord, certifying the contractor’s estimate of the anticipated period for repairing the Casualty.

Landlord may elect to terminate this Lease if (i) the contractor’s estimated period for repairing the casualty exceeds two hundred seventy (270) days from the date of the Repair Notice, or (ii) the Casualty is caused by a peril not required to be insured against by this Lease and is not actually insured against, or (iii) the insurance proceeds plus deductible amount will not be sufficient to repair the Casualty (based upon the estimated cost to repair prepared by the contractor providing the estimate of the time period to repair).

If the Repair Notice indicates that the anticipated period for repairing the Casualty exceeds two hundred seventy (270) days from the date of the Repair Notice, or if the damage occurs during the last twelve (12) months of the term of this Lease, Tenant may elect to terminate this Lease by providing written notice to Landlord within ten (10) days after Tenant’s receipt of the Repair Notice. If this Lease is not terminated pursuant to this paragraph, Landlord shall diligently commence repair and restoration and prosecute the same to completion.

Tenant shall not be entitled to any abatement of rental due under this Lease as a result of any impairment during the period of repair, reconstruction or restoration under this Section 15. Tenant shall not be entitled to any compensation or damages for loss in the use of the whole or any part of said Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

Tenant shall not be released from any of its obligations under this Lease except as expressly stated in this Section 15. Notwithstanding anything to the contrary contained in this Section 15, should Landlord be delayed or prevented from repairing or restoring said damaged Premises within one (1) year after the Repair Notice by reason of acts of God, war, governmental restrictions, inability to procure the necessary labor or materials, or other causes beyond the reasonable control of Landlord, the Lease shall terminate.

If Landlord is obligated to or elects to repair or restore as herein provided, Landlord shall not be obligated to make repairs or restoration to any leasehold improvements made by Tenant and previous tenants and any other alterations or improvements made to the Premises by Tenant, and Tenant’s fixtures, furniture and equipment shall be the obligation of Tenant.

Notwithstanding anything to the contrary contained in this Section, Landlord shall have no obligation whatsoever to repair, reconstruct or restore the Premises and this Lease shall terminate thirty (30) days after notice from Landlord (1) if the damage is due to a cause not required to be insured against or (2) when the damage occurs during the last twelve (12) months of the term of this Lease; provided that if Tenant then has an option to extend the term for a period of at least two years, Tenant has not previously exercised the option to extend the term and does not exercise such option with thirty (30) days after the date of Landlord’s notice referred to in this sentence.

The provisions of Section 1932 (2), and Section 1933 (4) of the California Civil Code are hereby waived by Tenant.

16. **Condemnation**

If (a) all of the Premises are Taken, (b) any part of the Premises is Taken and the remainder is insufficient in Landlord’s opinion for the reasonable operation of Tenant’s business, or (c) any of the Premises is Taken, and, in Landlord’s opinion, it would be impractical or the condemnation proceeds are insufficient to restore the remainder, then this Lease shall terminate as of the date the condemning authority takes possession. If this Lease is not terminated, Landlord shall restore the Building to a condition as near as reasonably possible to the condition prior to the Taking, the Monthly Base Rent shall be abated (but reimbursement for Operating Expenses shall continue) for the period of time all or a part of the Premises is untenable in proportion to the square foot area untenantable, and this Lease shall be amended appropriately. The compensation awarded for a Taking shall belong to Landlord. Except for any relocation benefits to which Tenant may be entitled, Tenant hereby assigns all claims against the condemning authority to Landlord, including, but not limited to, any claim relating to Tenant’s leasehold estate.
17. **Quiet Enjoyment**

Landlord covenants that Tenant, upon performing all of its covenants, agreements and conditions of this Lease, shall have quiet and peaceful possession of the Premises as against anyone claiming by or through Landlord, subject, however, to the terms of this Lease.

18. **Assignment and Subletting**

   (a) Except as provided in subsection (d) below, Tenant shall not enter into nor permit any Transfer voluntarily or by operation of law, without the prior consent of Landlord, which consent shall not be unreasonably withheld or delayed. Without limitation, Tenant agrees that Landlord’s consent shall not be considered unreasonably withheld or delayed if (i) the business or business reputation of the proposed transferee is unacceptable to Landlord, (ii) Tenant is in default under this Lease, after applicable notice and cure periods, or (iii) the proposed transferee is not financially able to fulfill the obligations under this Lease, the operative sublease or assignment agreement. A consent to one Transfer shall not be deemed to be a consent to any subsequent Transfer. In no event shall any Transfer relieve Tenant from any obligation under this Lease. Landlord’s acceptance of Rent from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer. Any Transfer not in conformity with this Section 18 shall be void at the option of Landlord.

   (b) Fifty percent (50%) of any rent or other economic consideration realized by Tenant under any sublease or assignment, in excess of the Rent payable hereunder and reasonable subletting and assignment costs, (including brokerage fees and legal fees), tenant improvement or alteration costs, and rent concessions, shall be paid to Landlord together with Tenant’s Monthly Base Rent. The above provision relating to Landlord’s right to a portion of the bonus rent is an independently negotiated term of this Lease which constitutes a material inducement for the Landlord to enter into the Lease, and is agreed by the parties to be commercially reasonable.

   (c) If Tenant requests Landlord’s consent to a Transfer, Tenant shall provide Landlord, at least 15 days prior to the proposed Transfer, current financial statements of the transferee certified by an executive officer of the transferee, a complete copy of the proposed Transfer documents, and any other information Landlord reasonably requests. Immediately following any approved assignment or sublease, Tenant shall deliver to Landlord an assumption agreement reasonably acceptable to Landlord executed by Tenant and the transferee, together with a certificate of insurance evidencing the transferee’s compliance with the insurance requirements of Tenant under this Lease. Tenant agrees to reimburse Landlord for reasonable administrative and attorneys’ fees incurred in connection with the processing and documentation of any Transfer for which Landlord’s consent is requested.

   (d) Notwithstanding anything contained in this Section 18, Tenant may enter into any of the following transfers (a “Permitted Transfer”) without Landlord’s consent and Landlord shall not be entitled to receive any part of any sub-rent resulting therefrom that would otherwise be due pursuant to this Section: a sublease of all or part of the Premises or assignment of its interest in this Lease to: (i) any corporation, limited liability company, or other entity which controls, is controlled by, or is under common control with the original Tenant to this Lease by means of an ownership interest of more than 50%; (ii) a successor corporation, limited liability company, or other entity, which results from a merger, consolidation or other non-bankruptcy reorganization in which Tenant is not the surviving entity; and (iii) an entity which purchases or otherwise acquires all or substantially all of the assets of Tenant; provided, however, for any assignment or sublet by Tenant, the existing guaranty shall remain in place. Upon assignment of the Lease to a Permitted Transfer, Tenant may replace the Letter of Credit with a Letter of Credit issued by the assignee, provided the replacement Letter of Credit is in the same amount and on the same terms as the previous Letter of Credit.

19. **Subordination; Non-Disturbance; Mortgagee’s Rights**

   (a) This Lease is subject and subordinate to ground and underlying leases, mortgages and deeds of trust (collectively “Encumbrances”) which may now affect the Premises, to any covenants, conditions or restrictions of record, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, if the holder or holders of any such Encumbrance (“Holder”) require that this Lease be prior and superior thereto, within ten (10) business days after written request of Landlord to Tenant, Tenant shall execute, have acknowledged and deliver all commercially reasonable documents or instruments, which Landlord or Holder deems necessary or desirable for such purposes. This Lease shall be and become and remain subject and subordinate to any
and all Encumbrances which are now or may hereafter be executed covering the Premises or any renewals, modifications, consolidations, replacements or extensions thereof, for the full amount of all advances made or to be made thereunder and without regard to the time or character of such advances, together with interest thereon and subject to all the terms and provisions thereof; provided only, that in the event of termination of any such lease or upon the foreclosure of any such mortgage or deed of trust or transfer in lieu thereof, the applicable Holder agrees in writing to recognize Tenant’s rights under this Lease as long as Tenant is not then in default and continues to pay Rent and observes and performs all required provisions of this Lease.

Within ten (10) business days after Landlord’s written request, Tenant shall execute any commercially reasonable documents required by Landlord or the Holder to make this Lease subordinate to any lien of the Encumbrance. If Tenant fails to do so, then Tenant shall be in default of this Lease, but also, it shall be deemed that this Lease is so subordinated to such Encumbrance. Notwithstanding anything to the contrary in this Section, Tenant hereby attorns and agrees to attorn to any entity purchasing or otherwise acquiring the Premises at any sale or other proceeding or pursuant to the exercise of any other rights, powers or remedies under such encumbrance, provided that in the event of termination of any such lease or upon the foreclosure of any such mortgage or deed of trust or transfer in lieu thereof, the applicable Holder agrees in writing to recognize Tenant’s rights under this Lease as long as Tenant is not then in default and continues to pay Rent and observes and performs all required provisions of this Lease.

(b) Tenant acknowledges that no Mortgagee shall be (i) liable for any act or omission of a prior landlord, (ii) subject to any rental offsets or defenses against a prior landlord, (iii) bound by any amendment of this Lease made without its written consent, (iv) bound by payment of Monthly Rent more than one month in advance or liable for any other funds paid by Tenant to Landlord (except for the first four (4) months of Operating Expenses and fourth month of Monthly Base Rent delivered by Tenant to Landlord upon execution of this Lease) unless such funds actually have been transferred to the Mortgagee by Landlord, or (v) responsible for any Security Deposit, except to the extent actually received by such Mortgagee.

(c) The provisions of Sections 15 and 16 above notwithstanding, Landlord’s obligation to restore the Property after a casualty or condemnation shall be subject to the consent and prior rights of any Mortgagee.

20. Tenant’s Certificate; Financial Information; Other Disclosures

(a) Within 10 days after Landlord’s request from time to time, (a) Tenant shall execute, acknowledge and deliver to Landlord, for the benefit of Landlord, Mortgagee, any prospective Mortgagee, and any prospective purchaser of Landlord’s interest in the Premises, an estoppel certificate in the form of attached Exhibit C (or other form requested by Landlord), modified as necessary to accurately state the facts represented, and (b) Tenant shall furnish to Landlord, Landlord’s Mortgagee, prospective Mortgagee, and/or prospective purchaser reasonably requested financial information, subject to execution of Tenant’s NDA.

(b) Tenant agrees to cooperate with Landlord to provide non-confidential information reasonably required or requested by Landlord to be provided to a regulatory or other recognized entity for the purpose of obtaining accreditation of the Building or the Premises for any so-called “green initiative” such as LEED certification, which cooperation shall include, without limitation, providing electric consumption data or other relevant data in proper format for reporting to the U.S. Green Building Council (or similar or successor authority selected by Landlord).

21. Surrender

(a) On the date on which this Lease expires or terminates, Tenant shall return possession of the Premises to Landlord in good, broom-clean condition, except for ordinary wear and tear, and except for casualty damage or other conditions that Tenant is not required to remedy under this Lease. Prior to the expiration or termination of this Lease, Tenant shall remove from the Premises all furniture, trade fixtures, equipment, wiring and cabling (unless Landlord directs Tenant otherwise), and all other personal property installed by or on behalf of Tenant or its assignees or subtenants. Tenant shall repair any damage resulting from such removal and shall restore the Premises to good order and condition. Any of Tenant’s personal property not removed as required shall be deemed abandoned, and Landlord, at Tenant’s expense, may remove, store, sell or otherwise dispose of such property in accordance with California law. If Tenant does not return possession of the Property to Landlord in the condition required under this Lease, Tenant shall pay Landlord all resulting damages Landlord may suffer.
If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant’s occupancy of the Premises shall be that of a month-to-month tenancy, subject to the provisions of this Lease (unless clearly inapplicable) except that the Monthly Base Rent shall be 200% of the Monthly Base Rent payable for the last full month immediately preceding the holdover and Tenant shall continue to pay Operating Expenses. No holdover or payment by Tenant after the expiration or termination of this Lease shall operate to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. Any provision in this Lease to the contrary notwithstanding, any holdover by Tenant without Landlord’s consent shall constitute a default on the part of Tenant under this Lease entitling Landlord to exercise, without obligation to provide Tenant any notice or cure period, all of the remedies available to Landlord in the event of a Tenant default, and Tenant shall be liable for all damages, including consequential damages, that Landlord suffers as a result of the holdover.

22. Defaults — Remedies

(a) It shall be an Event of Default:

(i) If Tenant does not pay in full when due any and all Rent and, except as provided in Section 22(c) below, Tenant fails to cure such default on or before the date that is 5 days after Landlord gives Tenant written notice of default;

(ii) If Tenant enters into or permits any Transfer in violation of Section 18 above;

(iii) If Tenant fails to observe and perform or otherwise breaches any other provision of this Lease, and, except as provided in Section 22(c) below, Tenant fails to cure the default on or before the date that is 30 days after Landlord gives Tenant notice of default; provided, however, if the default cannot reasonably be cured within 30 days following Landlord’s giving of notice, Tenant shall be afforded additional reasonable time (not to exceed 60 days following Landlord’s notice) to cure the default if Tenant begins to cure the default within 30 days following Landlord’s notice and continues diligently in good faith to completely cure the default;

(iv) If Tenant becomes insolvent or makes a general assignment for the benefit of creditors or offers a settlement to creditors, or if a petition in bankruptcy or for reorganization or for an arrangement with creditors under any federal or state law is filed by or against Tenant, or a bill in equity or other proceeding for the appointment of a receiver for any of Tenant’s assets is commenced, or if any of the real or personal Premises of Tenant shall be levied upon; provided that any proceeding brought by anyone other than Landlord or Tenant under any bankruptcy, insolvency, receivership or similar law shall not constitute an Event of Default until such proceeding has continued unstayed for more than 60 consecutive days. Any notice given pursuant to this Section 22(a) is in lieu of any written notice required by any applicable Laws, including, without limitation, any notice required under California Code of Civil Procedure Section 1161; or,

(v) If Tenant abandons or vacates the Property in excess of five (5) business days at a time, without making provisions for security. Tenant waives any right to notice Tenant may have under Section 1951.3 of the California Civil Code, the terms of this Section 22(a)(v) being deemed such notice to Tenant as required by said Section 1951.3.

(b) If an Event of Default occurs, in addition to all other rights and remedies available to Landlord at law, in equity, by statute or otherwise, Landlord shall have the following rights and remedies:

(i) Landlord, without any obligation to do so, may elect to cure the default on behalf of Tenant, in which event Tenant shall reimburse Landlord upon demand for any sums paid or costs incurred by Landlord (together with an administrative fee of 10% thereof) in curing the default, plus interest at the Interest Rate from the respective dates of Landlord’s incurring such costs, which sums and costs together with interest at the Interest Rate shall be deemed additional Rent;

(ii) To enter and repossess the Premises, by breaking open locked doors if necessary, and remove all persons and all or any Premises, by action at law or otherwise, without being liable for prosecution or damages. Landlord may, at Landlord’s option, make Alterations and repairs in order to relet the Premises and relet
all or any part(s) of the Premises for Tenant’s account. Tenant agrees to pay to Landlord on demand any deficiency (taking into account all costs incurred by Landlord) that may arise by reason of such reletting. In the event of reletting without termination of this Lease, Landlord may at any time thereafter elect to terminate this Lease for such previous breach;

(iii) Landlord may recover any and all damages directly caused by Tenant’s failure to perform under this Lease, or which are likely in the ordinary course of business to be incurred, including, without limitation, all damages to which Landlord is entitled to recover under any and all Laws now or hereafter in effect (including, without limitation, California Civil Code Section 1951.2).

(iv) To terminate this Lease and the Term without any right on the part of Tenant to save the forfeiture by payment of any sum due or by other performance of any condition, term or covenant broken; and recover as damages the worth, at the time of any award, of the amount by which the unpaid Rent for the balance of the Term after the time of the award exceeds the amount of the rental loss that the Tenant proves could be reasonably avoided, discounting the aggregate of such amounts to present value at one percent (1%) more than the discount rate of the Federal Reserve Bank in San Francisco in effect at the time of the award.

(v) In accordance with California Civil Code Section 1951.4 (or any successor statute), Tenant acknowledges that in the event Tenant breaches this Lease and abandons the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant’s right to possession, and Landlord may enforce all of its rights and remedies under this Lease, including, without limitation, the right to recover Rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to re-let the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord’s interests under this Lease shall not constitute a termination of Tenant’s right to possession.

(c) Any provision to the contrary in this Section 22 notwithstanding, (i) Landlord shall not be required to give Tenant the notice and opportunity to cure any monetary default provided in Section 22(a) above more than three times in any consecutive 12-month period, and thereafter Landlord may declare an Event of Default without affording Tenant any of the notice and cure rights provided under this Lease, and (ii) Landlord shall not be required to give such notice prior to exercising its rights under Section 22(b) if Tenant fails to comply with the provisions of Sections 13, 20 or 27 or in an emergency.

(d) No waiver by Landlord of any breach by Tenant shall be a waiver of any subsequent breach, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be a waiver by Landlord of any rights and remedies with respect to such or any subsequent breach. Efforts by Landlord to mitigate the damages caused by Tenant’s default shall not constitute a waiver of Landlord’s right to recover damages hereunder. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy provided herein or by law, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the total amount due Landlord under this Lease shall be deemed to be other than on account, nor shall any endorsement or statement on any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord’s right to recover the balance of Rent due, or Landlord’s right to pursue any other available remedy.

(e) If either party commences an action or commences arbitration against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the other party its attorneys’ fees, costs of suit, expert and consulting fees incurred in such legal action, and any appeal.

(f) Landlord and Tenant waive the right to a trial by jury in any action or proceeding based upon or related to, the subject matter of this Lease.

23. **Tenant’s Authority**

Tenant represents and warrants to Landlord that: (a) Tenant is duly formed, validly existing and in good standing under the laws of the state under which Tenant is organized, and qualified to do business in the state in which the Premises is located, and (b) the person(s) signing this Lease are duly authorized to execute and deliver this Lease on behalf of Tenant.
24. Liability of Landlord
   (a) Landlord Default.

   (i) It shall be a default and a breach of this Lease by Landlord (a “Landlord Default”) if any covenant or obligation required to be
       performed or observed by it under this Lease is not so performed or observed for a period of thirty (30) days after written notice thereof from Tenant;
       provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be
       performed within said thirty (30) day period, such default shall be deemed to have been cured if Landlord commences such performance within said
       thirty (30) day period and thereafter diligently undertakes to complete the same and does so complete the same within a reasonable period following
       receipt of Tenant’s notice.

   (ii) Upon the occurrence of any Landlord Default, Tenant may sue for injunctive relief or to recover damages for any loss resulting from
       the breach, but Tenant shall not be entitled to terminate this Lease or withhold or abate any rent due hereunder except as specifically provided in this
       Lease. In addition, Tenant shall have the right, in addition to Tenant’s other rights and remedies hereunder, at law and in equity, to cure or attempt to cure
       a Landlord Default. If Tenant elects to cure such noncompliance by Landlord, all reasonable costs actually incurred by Tenant in curing such
       noncompliance, plus interest at the Interest Rate, shall be paid by Landlord within thirty (30) days after written demand therefor with reasonable
       evidence of such costs.

   (b) The word “Landlord” in this Lease includes the Landlord executing this Lease as well as its successors and assigns, each of which shall
       have the same obligations, liabilities, rights, remedies, powers, authorities and privileges as it would have had it originally signed this Lease as
       Landlord. Any such person or entity, whether or not named in this Lease, shall have no liability under this Lease after it ceases to hold title to the
       Premises except for obligations already accrued (and, as to any unapplied portion of Tenant’s Security Deposit, Landlord shall be relieved of all liability
       upon transfer of such portion to its successor in interest). Tenant shall look solely to Landlord’s successor in interest for the performance of the
       covenants and obligations of the Landlord hereunder which subsequently accrue. Landlord shall not be deemed to be in default under this Lease unless
       Tenant gives Landlord notice specifying the default and Landlord fails to cure the default within thirty (30) days following Tenant’s notice, or if the
       default cannot be cured within thirty (30) days following Tenant’s notice, then if Landlord fails to commence to cure the default within thirty (30) days
       following Tenant’s notice and diligently proceed with the same. Except for damages directly caused by Landlord’s gross negligence or willful
       misconduct, Landlord will not be liable to Tenant, its Agents, customers, clients, family members, guests, or trespassers for any damage, compensation,
       or claim arising from (i) the repairing of any portion of the Building, (ii) any interruption in the use of the Premises or the Premises, (iii) accident or
       damage resulting from the use or operation (by Landlord, Tenant, or any other person or persons whatsoever) of heating, cooling, electrical, or plumbing
       equipment or apparatus, (iv) the termination of this Lease because of the destruction of the Premises or a taking or sale in lieu thereof by eminent
       domain, (v) any casualty, robbery, theft, criminal act, or unexplained disappearance, or (vi) any leakage in any part of the Premises or the rest of the
       Building (including areas occupied by other tenants and occupants of the Building), or from water, rain, or snow that may leak into, or flow from, any
       part of the Premises or the rest of the Building, or from drains, pipes or plumbing work in or about the Building. In no event shall Landlord be liable to
       Tenant for any loss of business or profits of Tenant or for consequential, punitive or special damages of any kind. Neither Landlord nor any principal of
       Landlord nor any owner of the Premises, whether disclosed or undisclosed, shall have any personal liability with respect to any of the provisions of this
       Lease or the Premises. Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of any claim by Tenant against Landlord.

25. Miscellaneous
   (a) The captions in this Lease are for convenience only, are not a part of this Lease and do not in any way define, limit, describe or amplify the
       terms of this Lease.

   (b) This Lease represents the entire agreement between the parties hereto and there are no collateral or oral agreements or understandings
       between Landlord and Tenant with respect to the Premises. No rights, easements or licenses are acquired in the Premises or any land adjacent to the
       Premises by Tenant by implication or otherwise
except as expressly set forth in this Lease. This Lease shall not be modified in any manner except by an instrument in writing executed by the parties. The masculine (or neuter) pronoun and the singular number shall include the masculine, feminine and neuter genders and the singular and plural number. The word “including” followed by any specific item(s) is deemed to refer to examples rather than to be words of limitation. The word “person” includes a natural person, a partnership, a corporation, a limited liability company, an association and any other form of business association or entity. Both parties having participated fully and equally in the negotiation and preparation of this Lease, this Lease shall not be more strictly construed, nor any ambiguities in this Lease resolved, against either Landlord or Tenant.

(c) Each covenant, agreement, obligation, term, condition or other provision contained in this Lease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making the same, not dependent on any other provision of this Lease unless otherwise expressly provided. All of the terms and conditions set forth in this Lease shall apply throughout the Term unless otherwise expressly set forth herein.

(d) If any provisions of this Lease shall be declared unenforceable in any respect, such unenforceability shall not affect any other provision of this Lease, and each such provision shall be deemed to be modified, if possible, in such a manner as to render it enforceable and to preserve to the extent possible the intent of the parties as set forth herein, or if modification is not possible, then such provisions shall be deemed severed from this Lease. This Lease shall be construed and enforced in accordance with the laws of the State of California, with venue to be held in Santa Clara County.

(e) This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives and permitted successors and assigns. All persons liable for the obligations of Tenant under this Lease shall be jointly and severally liable for such obligations.

(f) Tenant shall not record this Lease or any memorandum without Landlord’s prior consent.

(g) Except as may be required by law, Landlord and Tenant shall not disclose the terms of this Lease to any third party, other than to consultants, advisors, or potential Permitted Transferees, subtenants or assignees, who agree to maintain the confidentiality of such information. Notwithstanding the foregoing, nothing herein limits or precludes Tenant’s use of the address of the Premises, photographs of the Premises, square footage of the Premises, location for internet map services, letterhead, marketing materials and website, or disclosure of the existence of this Lease (but not the terms of the Lease or the parties thereto) for general business purposes, such as marketing, website, internet location setting, press releases, etc.

(h) Tenant hereby waives the benefits of: (i) Sections 1931 and 1933(4) of the California Civil Code (pertaining to the termination of a hiring); (ii) Sections 1941 and 1942 of the California Civil Code (pertaining to the obligations of a landlord to maintain premises and the rights of a tenant to make certain repairs or terminate a lease); (iii) Section 1945 of the California Civil Code (pertaining to a renewal of a lease by acceptance of rent); (iv) Section 1950.7 of the California Civil Code (pertaining to security for the performance of a rental agreement); (v) Section 1995.310 of the California Civil Code (pertaining to remedies for withholding of consent to transfer of a leasehold); (vi) Section 1263.260 of the California Code of Civil Procedure (pertaining to the removal of improvements upon condemnation); and (vii) Section 1265.130 of the California Civil Code of Civil Procedure (pertaining to the termination of a lease upon condemnation).

(i) Subject to execution of Tenant’s NDA, not more often than once in any calendar year, and at such other times as Landlord may reasonably request by written notice to Tenant, Tenant shall furnish to Landlord with Tenant’s financial statements in commercially reasonable form, dated no earlier than one (1) year before such date, certificate as accurate by Tenant, reflecting Tenant’s then current financial condition, or the financial condition of the individuals comprising Tenant, in commercially reasonable form and detail.

26. Notices

Any notice, consent or other communication under this Lease shall be in writing and addressed to Landlord or Tenant at their respective addresses specified in Section 1 above (or to such other address as either may designate by notice to the other) with a copy to any Mortgagee or other party designated by Landlord. Each notice or other communication shall be deemed given if sent by prepaid overnight delivery service or by certified mail, return
27. Security Deposit: Letter of Credit

By August 1, 2016, and as a condition to the effectiveness of this Lease, Tenant shall deliver to Landlord, as security for the performance of the obligations of Tenant hereunder, either funds in the amount of $1,500,000, or a Letter of Credit in the amount of $1,500,000, or a combination of both cash and a Letter of Credit provided Landlord holds $1,500,000 in security. At any time during this Lease, Tenant may replace the Letter of Credit or a portion thereof with cash. Tenant’s failure to timely deliver the Letter of Credit to Landlord shall constitute an Event of Default under this Lease. The Letter of Credit: (i) shall be irrevocable and shall be issued by a commercial bank reasonably acceptable to Landlord, it being acknowledged that Silicon Valley Bank, NA is hereby approved for such purposes; (ii) shall require only the presentation to the issuer of a certificate of the holder of the Letter of Credit stating the Landlord is authorized pursuant to this Lease to draw under the Letter of Credit; (iii) shall be payable to Landlord and its successors in interest as the Landlord and shall be freely transferable without cost to any such successor or any lender holding a collateral assignment of Landlord’s interest in the Lease; (iv) shall be for an initial term of not less than one (1) year and contain a provision that such term shall be automatically renewed for successive one (1) year periods unless the issuer shall, at least thirty (30) days prior to the scheduled expiration date, give Landlord notice of such non-renewal; (v) shall allow for notice of a pending draw by facsimile, provided that the original Letter of Credit is produced prior to any draw; and (vi) shall otherwise be in commercially reasonable form and substance acceptable to Landlord. Landlord shall be entitled to draw upon the Letter of Credit for the amount reasonably necessary to compensate Landlord for actual, direct damages incurred by Landlord as a result of Tenant’s default (i) if Tenant commits or allows to exist an Event of Default under the Lease after the expiration of all applicable notices or cure periods, or (ii) if, not less than thirty (30) days before the scheduled expiration of the Letter of Credit, Tenant has not delivered to Landlord a new Letter of Credit in accordance with this Section 27 of this Lease (which failure shall be deemed an Event of Default without notice or cure period). Landlord shall be obligated to apply the amount so drawn to the extent necessary to cure Tenant’s default or Event of Default under the Lease. After any such application by Landlord of the Letter of Credit, Tenant shall reinstate the Letter of Credit to the amount required to be maintained hereunder, upon written demand. Within thirty (30) days after the expiration or sooner termination of the Term, the Letter of Credit, to the extent not applied, shall be returned to the Tenant, without interest. If, at any time, the financial condition of the issuer of the Letter of Credit changes in any materially adverse way, as determined by Landlord in good faith, then Tenant shall, within thirty (30) days of notice from Landlord, deliver to Landlord a replacement Letter of Credit which otherwise meets the requirements of this Lease. In addition, if such issuer is insolvent or placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, or if a trustee, receiver or liquidator is appointed for such issuer, then, effective as of the date of such occurrence, the Letter of Credit shall be deemed to not meet the requirements of this Section 27 and Tenant shall, within thirty (30) days of notice from Landlord, deliver to Landlord a replacement Letter of Credit which otherwise meets the requirements of this Lease. Tenant’s failure to deliver any required replacement Letter of Credit shall constitute an Event of Default.

28. Brokers

Landlord and Tenant each acknowledge that Savills Studly is acting solely as the agent for Tenant and CBRE, Inc. is acting solely as the agent for Landlord in regards to the initial Term only of this Lease. Landlord shall pay both brokers based on the initial Term only pursuant to a separate agreement entered into by and between Landlord and the brokers, of which Tenant is not a party. Each of Landlord and Tenant hereby represents and warrants to the other that it has dealt with no other real estate agents or brokers in connection with the negotiation, execution and delivery of this Lease and that no other brokerage fees or commissions are payable to any other real estate agent or broker in connection with the negotiation, execution and delivery of this Lease. Each of Landlord and Tenant shall indemnify, defend, protect and hold the other harmless from and against any and all losses, liabilities, damages, claims, costs and/or expenses (including, without limitation, reasonable attorneys’ fees) that the other may incur or suffer, or which may be asserted against the other, in connection with, or in any way relating to, the inaccuracy of any representation or warranty made by it in this Section. There shall be no broker fees or commissions due in connection with the Option by Tenant or Landlord.
29. **Anti-Terrorism Laws**

During the term, neither Tenant nor its respective constituents or affiliates shall (i) be an “enemy” or an “ally of the enemy” within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended, (ii) violate the Trading with the Enemy Act, as amended, (iii) violate any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (iv) violate the USA PATRIOT Act (Title HI of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”). Tenant shall, promptly following a request from Landlord, provide all documentation and other information that Landlord requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act. Tenant represents and warrants that Tenant is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person”, or other banned or blocked person, group, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control and that it is not engaged in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity, or nation.

30. **Certified Access Specialist; Energy Disclosure**

Pursuant to California Civil Code Section 1938, Landlord hereby advises Tenant that the Premises has not been inspected by a Certified Access Specialist. In addition, Tenant acknowledges that it has not received and Landlord is not providing any disclosures or information anticipated by Title 20, Division 2, Chapter 4, Article 9, Sections 1680-1685 of the California Code of Regulations (which implements procedures pursuant to the California Public Resources Code Section 25402.10 codified AB 1103 as amended by AB 531) (the “Nonresidential Building Energy Use Disclosure Program”), including, without limitation, a Disclosure Summary Sheet, Statement of Energy Performance, Data Checklist and Facility Summary.

31. **Guaranty**

As a condition precedent to the effectiveness of this Lease, Tenant shall deliver to Landlord a Guaranty of Lease in the form attached hereto as Exhibit E, duly executed by Tenant’s parent entity, JFrog, LTD., an Israeli corporation.

(Signatures on following page)
Landlord and Tenant have executed this Lease on the respective date(s) set forth below.

**Landlord:**

**270 E. CARIBBEAN LLC,**  
a Delaware limited liability company

By: /s/ Albert Hwang  
Name: Albert Hwang  
Title: Authorized Signatory

**Tenant:**

**JFROG, INC.,** a Delaware corporation

By: /s/ Shlomi Ben Haim  
Name: Shlomi Ben Haim, Chief Executive Officer
ADDITIONAL DEFINITIONS


“Affiliate” means (i) any entity controlling, controlled by, or under common control of, Tenant, (ii) any successor to Tenant by merger, consolidation or reorganization, and (iii) any purchaser of all or substantially all of the assets of Tenant as a going concern.

“Agents” of a party means such party’s employees, agents, representatives, contractors, licensees or invitees.

“Alteration” means any addition, alteration or improvement to the Premises or Premises, as the case may be.

“Building Rules” means the rules and regulations attached to this Lease as Exhibit B as they may be amended from time to time.

“Building Systems” means any electrical, mechanical, structural, plumbing, heating, ventilating, air conditioning, sprinkler, life safety, security, building controls, or other systems serving the Building.

“Capital Improvements” means the addition of a permanent structural change or the repair, restoration or replacement of some aspect of the Premises (including the Building Systems therein) that costs more than Thirty Thousand and No/100 Dollars ($30,000.00) and that has a useful life of five (5) years or more.

“Environmental Laws” means all present or future federal, state or local laws, ordinances, rules or regulations (including the rules and regulations of the federal Environmental Protection Agency and comparable state agency) relating to the protection of human health or the environment.

“Event of Default” means a default described in Section 22(a) of this Lease.

“Hazardous Materials” means pollutants, contaminants, toxic or hazardous wastes or other materials the removal of which is required or the use of which is regulated, restricted, or prohibited by any Environmental Law.

“Interest Rate” means interest at the lesser of (i) the rate of 1 ‘A% per month or (ii) the maximum rate permitted by Laws.

“Land” means the lot or plot of land on which the Building is situated.

“Laws” means all laws, ordinances, rules, orders, regulations, guidelines and other requirements of federal, state or local governmental authorities or of any private association or contained in any restrictive covenants or other declarations or agreements, now or subsequently pertaining to the Premises or the use and occupation of the Premises.

“Maintain” means to provide such maintenance, repair and, to the extent necessary and appropriate, replacement, as may be needed to keep the subject Premises in good condition and repair, consistent with Class-A office properties in the Sunnyvale, California submarket, and, at Landlord’s election, in compliance with any current or future accreditation of the Building for any so-called “green initiatives”. In the event of replacement of any Building System, or Capital Improvement, whether by Landlord or by Tenant, all replacements shall be with like-kind or similar systems as existing as of the Commencement Date.

“Monthly Base Rent” means the monthly installment of Rent payable by Tenant under this Lease.

“Mortgage” means any mortgage, deed of trust or other lien or encumbrance on Landlord’s interest in the Premises or any portion thereof, including without limitation any ground or master lease if Landlord’s interest is or becomes a leasehold estate.

“Mortgagor” means the holder of any Mortgage, including any ground or master lessor if Landlord’s interest is or becomes a leasehold estate.
“Rent” means the Monthly Base Rent, Operating Expenses and any other amounts payable by Tenant to Landlord under this Lease.

“Taken” or “Taking” means acquisition by a public authority having the power of eminent domain by condemnation or conveyance in lieu of condemnation.

“Transfer” means (i) any assignment, transfer, pledge or other encumbrance of all or a portion of Tenant’s interest in this Lease, or (ii) any sublease, license or concession of all or a portion of Tenant’s interest in the Premises.
EXHIBIT A

Legal Description of Land

All the real property situated in the City of Sunnyvale, County of Santa Clara, State of California, described as follows:

PARCEL 3 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON AUGUST 29, 1978, IN BOOK 425 OF MAPS, PAGE 37

APN: 110-33-017

A-1
EXHIBIT B

BUILDING RULES

1. Any sidewalks, lobbies, passages, and stairways shall not be obstructed or used by Tenant for any purpose other than ingress and egress from and to the Premises. Landlord shall in all cases retain the right to control or prevent access by all persons who presence, in the reasonable judgment of Landlord, shall be prejudicial to safety, peace, or character of the Premises.

2. The toilet rooms, toilets, urinals, sinks, faucets, plumbing or other service apparatus of any kind shall not be used for any purposes other than those for which they were installed, and no sweepings, rubbish, rags, ashes, chemicals or other refuse or injurious substances shall be placed therein or used in connection therewith or left in any lobbies, passages, or stairways.

3. Tenant shall not impair in any way the fire safety system and shall comply with all security, safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency. No person shall go on the roof without Landlord’s prior written permission and Tenant shall have no right to place any microwave, satellite or other type of antenna on the roof or exterior of the Building without the prior written consent of Landlord which may be withheld or conditioned in Landlord’s sole and absolute discretion and which may be conditioned upon payment of fees for any such use.

4. Skylights, windows, doors and transoms shall not be covered or obstructed by Tenant, and Tenant shall not install any window covering which would affect the exterior appearance of the Building, except as approved in writing by Landlord. Tenant shall not remove, without Landlord’s prior written consent, any shades, blinds or curtains in the Premises.

5. Without Landlord’s prior written consent, Tenant shall not hang, install, mount, suspend or attach anything from or to any sprinkler, plumbing, utility or other lines. If Tenant hangs, installs, mounts, suspends or attaches anything from or to any doors, windows, walls, floors or ceilings, Tenant shall spackle and sand all holes and repair any damage caused thereby or by the removal thereof at or prior to the expiration or termination of the Lease.

6. If Tenant changes any locks or places additional locks on any doors, then Tenant shall comply with all applicable Laws and Tenant shall provide Landlord with copies of keys to open said locks.

7. Tenant shall not use nor keep in the Building any matter having an offensive odor, nor explosive or highly flammable material, nor shall any animals other than handicap assistance animals in the company of their masters be brought into or kept in or about the Premises.

8. If Tenant desires to introduce electrical, signaling, telegraphic, telephonic, protective alarm or other wires, apparatus or devices, Landlord shall direct where and how the same are to be placed, and except as so directed, no installation boring or cutting shall be permitted. Landlord shall have the right to prevent and to cut off the transmission of excessive or dangerous current of electricity or annoyances into or through the Building or the Premises and to require the changing of wiring connections or layout at Tenant’s expense, to the extent that Landlord may deem necessary, and further to require compliance with such reasonable rules as Landlord may establish relating thereto, and in the event of non-compliance with the requirements or rules, Landlord shall have the right immediately to cut wiring or to do what it considers necessary to remove the danger, annoyance or electrical interference with apparatus in any part of the Building. All wires installed by Tenant must be clearly tagged at the distributing boards and junction boxes and elsewhere where required by Landlord, with the number of the office to which said wires lead, and the purpose for which the wires respectively are used, together with the name of the concern, if any, operating same. Tenant shall not use any method of heating, air conditioning or air cooling other than that provided by Landlord.

9. Tenant shall not place weights anywhere beyond the safe carrying capacity of the Building which is designed to normal office building standards for floor loading capacity. Landlord shall have the right to exclude from the Building heavy furniture, safes and other articles which may be hazardous or to require them to be located at designated places in the Premises.

10. The use of rooms as overnight sleeping quarters is strictly prohibited at all times, but resting areas are permissible.
11. Parking shall be limited to automobiles, passenger or equivalent vans, motorcycles, light four wheel pickup trucks and (in designated areas) bicycles. Vehicles shall be parked only in striped parking spaces, except for loading and unloading, which shall occur solely in zones marked for such purpose, and be so conducted as to not unreasonably interfere with traffic flow or with loading and unloading areas of the Premises. All vehicles entering or parking in the parking areas shall do so at owner’s sole risk and Landlord assumes no responsibility for any damage, destruction, vandalism or theft. Each vehicle owner shall promptly respond to any sounding vehicle alarm or horn, and failure to do so may result in temporary or permanent exclusion of such vehicle from the parking areas. Bicycles are not permitted in the Building.

12. Tenant and its Agents shall not smoke in the Building or within 20 feet of the Building entrances and exits.

13. Tenant shall provide Landlord with a written identification of any vendors engaged by Tenant to perform services for Tenant at the Premises (examples: security guards/monitors, telecommunications installers/maintenance), and all vendors shall be subject to Landlord’s reasonable approval. Tenant assumes all responsibility for protecting the Premises from theft and vandalism and Tenant shall see each day before leaving the Premises that all lights are turned out and that the windows and the doors are closed and securely locked.

14. Tenant shall comply with any reasonable move in/move out rules.

15. Tenant shall cause all of Tenant’s Agents to comply with these Building Rules.

16. Landlord reserves the right to rescind, suspend or modify any rules or regulations and to make such other rules and regulations as, in Landlord’s reasonable judgment, may from time to time be needed for the safety, care, maintenance, operation and cleanliness of the Premises. Notice of any action by Landlord referred to in this section, given to Tenant, shall have the same force and effect as if originally made a part of the foregoing Lease. New rules or regulations will not, however, be unreasonably inconsistent with the proper and rightful enjoyment of the Premises by Tenant under the Lease.
EXHIBIT C

TENANT ESTOPPEL CERTIFICATE

Please refer to the documents described in Schedule 1 hereto, (the “Lease Documents”) including the “Lease” therein described; all defined terms in this Certificate shall have the same meanings as set forth in the Lease unless otherwise expressly set forth herein. The undersigned Tenant hereby certifies that it is the tenant under the Lease. Tenant hereby further acknowledges that it has been advised that the Lease may be collaterally assigned in connection with a proposed financing secured by the Premises and/or may be assigned in connection with a sale of the Premises and certifies both to Landlord and to any and all prospective mortgagees and purchasers of the Premises, including any trustee on behalf of any holders of notes or other similar instruments, any holders from time to time of such notes or other instruments, and their respective successors and assigns (the “Beneficiaries”) that as of the date hereof:

1. The documents attached hereto as Schedule 1 are true and correct copies.

2. Tenant is in occupancy of the Premises and the Lease is in full force and effect, and, except by such writings as are identified on Schedule 1, has not been modified, assigned, supplemented or amended since its original execution, nor are there any other agreements between Landlord and Tenant concerning the Premises, whether oral or written.

3. All conditions and agreements under the Lease to be satisfied or performed by Landlord have been satisfied and performed.

4. Tenant is not in default under the Lease Documents, and, to Tenant’s knowledge, there are no events which have occurred that, with the giving of notice and/or the passage of time, would result in a default by Tenant under the Lease Documents.

5. Tenant has not paid any Rent due under the Lease more than 30 days in advance of the date due under the Lease and Tenant has no rights of setoff, counterclaim, concession or other rights of diminution of any Rent due and payable under the Lease except as set forth in Schedule 1.

6. To Tenant’s knowledge, there are no uncured defaults on the part of Landlord under the Lease Documents, Tenant has not sent any notice of default under the Lease Documents to Landlord, and there are no events which have occurred that, with the giving of notice and/or the passage of time, would result in a default by Landlord thereunder, and that at the present time Tenant has no claim against Landlord under the Lease Documents.

7. Except as expressly set forth in Schedule 1, there are no provisions for any, and Tenant has no, options with respect to the Premises or all or any portion of the Premises.

8. To Tenant’s knowledge, no action, voluntary or involuntary, is pending against Tenant under federal or state bankruptcy or insolvency law and Tenant has received no notice of the same.

9. The undersigned has the authority to execute and deliver this Certificate on behalf of Tenant and acknowledges that all Beneficiaries will rely upon this Certificate in purchasing the Premises or extending credit to Landlord or its successors in interest.

10. This Certificate shall be binding upon the successors, assigns and representatives of Tenant and any party claiming through or under Tenant and shall inure to the benefit of all Beneficiaries.
IN WITNESS WHEREOF, Tenant has executed this Certificate this day of , 2 .

Name of Tenant

By:  

Title:  


A. Date of Lease:

B. Parties:
   1. Landlord:
   2. Tenant:

C. Premises:

D. Modifications, Assignments, Supplements or Amendments to Lease:

E. Commencement Date:

F. Expiration of Current Term:

G. Option Rights:

H. Security Deposit Paid to Landlord: $

I. Current Minimum Annual Rent: $

J. Current Total Rent: $

K. Square Feet Demised:
EXHIBIT D

PREMISES MANAGER, VENDOR, CONTRACTOR AND CONSULTANT INSURANCE REQUIREMENTS

Vendor/Contractor/Consultant
Standard Coverage Requirements

**Commercial General Liability:** Vendor/Contractor/Consultant shall maintain in full force and effect Commercial General Liability insurance written on an ISO Commercial General Liability CG 00 01 occurrence form policy or its equivalent. The following minimum limits of liability shall be maintained.

- $1,000,000 per occurrence Combined single limit for bodily injury and Premises damage
- $1,000,000 per occurrence Personal and advertising injury
- $1,000,000 aggregate Products/completed operations
- $2,000,000 aggregate per project or job General policy aggregate
- $5,000 per person Medical expense

**Special Endorsements/Comments**
- A per project general aggregate limit endorsement is required.
- Pesticide or Herbicide Applicator Coverage ISO CG 22 64 endorsement or equivalent endorsement must be attached to Pest Control or Landscape contractor commercial general liability policies.

**Automobile Liability Insurance:** Vendor/Contractor/Consultant shall maintain in full force and effect Automobile Liability insurance for all owned, non-owned, and hired vehicles used by Vendor/Contractor/Consultant at the Premises. The minimum limit of liability shall be $1,000,000 each accident, combined single limit for Bodily Injury and Premises Damage.

**Workers’ Compensation Insurance:** Vendor/Contractor/Consultant shall maintain in full force and effect Workers’ Compensation insurance which provides statutory coverage in the respective State of operations for Workers’ Compensation claims, and Employers Liability insurance subject to minimum limits of:

- $500,000 each accident Bodily injury by accident
- $500,000 each employee Bodily injury by disease
- $500,000 policy limit Bodily injury by disease

or the minimum limits required by Contractor’s/Consultant’s umbrella insurer.

**Umbrella Liability Insurance:** Vendor/Contractor/Consultant shall maintain in full force and effect Umbrella Liability insurance which provides excess following form coverage over the underlying Commercial General Liability, Automobile Liability, and Employers Liability policies previously described. The Umbrella policy should provide minimum limits of liability of $5,000,000 per occurrence and aggregate, and the aggregate limit should be provided on a “per project/job or location” basis.

**Professional Liability Insurance:** If deemed necessary by Owner or Owner’s Property Manager, Vendor/Contractor/Consultant shall maintain in full force and effect Professional Liability insurance subject to a the minimum per claim and aggregate limit of $1,000,000. The scope of coverage provided by the policy shall encompass the Vendor/Contractor’s/Consultant’s operations and obligations as defined in the project agreement.

**Other Insurance:** Owner reserves the right to require Vendor/Contractor/Consultant to maintain other insurance coverages as deemed necessary from time to time.

**Additional Insureds:** The required Commercial General Liability and Umbrella Liability, coverages previously described shall name Landlord, Owner, and the mortgagees of Landlord and Owner as additional insureds using an using ISO additional insured endorsement CG 20 10 11 85 version or both the CG 20 10 and CG 20 37 if a newer version of the CG 20 10 is used, or a substitute providing equivalent coverage.
Primary Insurance: The Contractor/Consultant’s insurance shall apply as primary insurance with respect to any other insurance or self insurance programs afforded to the Owner and Premises Manager.

Insurance Carriers and Certificates: Each of the required insurance coverages must be written by insurance companies licensed to do business in the state where the project is occurring, and with A.M. Best ratings of A- VIII or better.

Contractor/Consultant shall furnish acceptable certificates for the required insurance to Owner and Owner’s Premises Manager before commencing work, and within fourteen (14) days of each renewal date of the current insurance policies. The certificates shall state that, in the event of cancellation, material change in coverage, or nonrenewal, at least thirty (30) days advance written notification shall be given to Owner and Owner’s Premises Manager. The certificates shall stipulate the ISO endorsement used to grant Additional Insured status, or if a carrier manuscript endorsement is used, a copy of this endorsement must be attached to the certificate.
THIS GUARANTY OF LEASE is made as of the 25th day of July, 2016, by JFROG LTD., an Israeli Corporation ("Guarantor"), in favor of 270 E. Caribbean LLC ("Landlord").

In consideration of the sum of $10.00 paid by Landlord to the undersigned, and as an inducement to the execution of the Lease by Landlord, Guarantor, intending to be legally bound hereby (and hereby acknowledging that it has a material economic or other interest in Tenant and/or the operations of Tenant and shall therefore derive substantial benefit from Landlord’s and Tenant’s entry into the Lease), absolutely and unconditionally, jointly and severally, guarantees the prompt, complete, and full and punctual payment, observance, and performance of all the terms, covenants, and conditions provided to be paid, kept, and performed by the tenant under that certain Lease (such lease, as amended, being herein referred to as the "Lease"), dated of even date herewith between Landlord and JFrog, Inc., a Delaware corporation, as Tenant ("Tenant"), covering certain premises located at 270 East Caribbean Drive, Sunnyvale, California 94089, and all renewals, amendments, expansions, and modifications of the Lease.

Guarantor agrees that this Guaranty shall be binding upon Guarantor without any further notice of acceptance hereof, and that same shall be deemed to have been accepted by the execution of the Lease; and that immediately upon each and every default by Tenant under the Lease, Guarantor shall pay to Landlord the sum or sums in default and shall comply with and perform all the terms, covenants and conditions of the Lease that are binding upon Tenant pursuant to the Lease. Guarantor expressly waives (a) presentment for payment, demand, notice of demand and dishonor, protest, and notice of protest and nonpayment or nonperformance of the obligations; and (b) diligence in: (i) enforcing payment or performance of, or collecting, the obligations; (ii) exercising its rights or remedies under the Lease; or (iii) bringing suit against Tenant or any other party. Landlord shall be under no obligation: (a) to notify Guarantor of: (i) its acceptance of this Guaranty; or (ii) the failure of Tenant to timely pay or perform any of the obligations. To the full extent allowed by applicable law, Guarantor waives all defenses: (a) given to sureties or guarantors at law or in equity, other than the actual payment and performance of the obligations; and (b) based upon questions as to the validity, legality, or enforceability of the obligations. The payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any right, title or interest (whether by way of subrogation or otherwise) in and to: (a) any of the obligations; (b) any proceeds thereof; or (c) any security therefor. Guarantor unconditionally waives: (a) any claim or other right now existing or hereafter arising against Tenant or any other party that arises from, or by virtue of, the existence or performance of this Guaranty (including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or to payment); and (b) any right to participate or share in any right, remedy, or claim of Landlord.

The obligation of the Guarantor is primary and independent of Tenant’s obligations under the Lease and may be enforced directly against the Guarantor independently of and without proceeding against the Tenant or exhausting or pursuing any remedy against Tenant or any other person or entity. This instrument may not be changed, modified, discharged, or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and the Landlord. The obligations of Guarantor under this Guaranty shall not be released or otherwise affected by reason of any sublease, assignment, or other transfer of the Tenant’s interest under the Lease, whether or not Landlord consents to such sublease, assignment, or other transfer.

Any act of Landlord, or the successors or assigns of Landlord, consisting of a waiver of any of the terms or conditions of said Lease, or the giving of any consent to any matter or thing relating to said Lease, or the granting of any indulgences or extensions of time to Tenant, may be done without notice to Guarantor and without releasing or modifying the obligations of Guarantor hereunder. No exercise or failure to exercise, by Landlord of any right or remedy under the Lease shall in any way affect any of the obligations of Guarantor hereunder or any of the Collateral or security furnished by Guarantor or give Guarantor any recourse against Landlord.

The obligations of Guarantor hereunder shall not be released by Landlord’s receipt, application, or release of security given for the performance and observance of covenants and conditions in said Lease contained on Tenant’s part to be performed or observed, nor by any modification of such Lease; but in case of any such modification the liability of Guarantor, to the extent applicable, shall be deemed modified in accordance with the terms of any such modification of the Lease.

Guarantor waives any defense or right arising by reason of any disability or lack of authority or power of Tenant and shall remain liable hereunder if Tenant or any other party shall not be liable under the Lease for any of such reasons.
Until all the covenants and conditions in said Lease on Tenant’s part to be performed and observed are fully performed and observed, Guarantor (i) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by the Guarantor in satisfaction of the obligations of the Guarantor hereunder; (ii) waives any right to enforce any remedy which Guarantor now or hereafter shall have against Tenant by reason of any one or more payments or acts of performance in satisfaction of the obligations of Guarantor hereunder; and (iii) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to the Landlord under said Lease.

The liability of Guarantor hereunder shall not be diminished, released or otherwise affected or impaired in any respect by (i) any insolvency, bankruptcy, reorganization, receivership, or other debtor relief proceeding involving Tenant (collectively “proceeding for relief’); (ii) the impairment, limitation, or modification of the liability of Tenant or the estate of the Tenant in any proceeding for relief, or the impairment, limitation, or modification of any remedy for the enforcement of Tenant’s liability under the Lease, resulting from the operation of any law relating to bankruptcy, insolvency, or similar proceedings or other laws (including without limitation 11 U.S.C. § 502(b)(6)), or from the decision in any court; (iii) the rejection or disaffirmance of the Lease in any proceeding for relief; or (iv) the cessation or limitation from any cause whatsoever of any liability of Tenant.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment by Tenant to Landlord under the Lease is avoided, rescinded or must otherwise be returned by Landlord upon the insolvency, bankruptcy, reorganization, receivership, or other proceeding for relief involving Tenant, all as though such payment had not been made. This Guaranty is executed and delivered for the benefit of Landlord and its successors and assigns, and is and shall be binding upon Guarantor and its successors and assigns, but Guarantor may not assign its obligations hereunder. Guarantor agrees to pay all costs and expenses, including reasonable attorneys’ fees, incurred by Landlord in successfully enforcing the terms of this Guaranty. Guarantor shall be governed by and construed in accordance with the internal laws of the State of California, excluding any principles of conflicts of laws. For the purpose solely of litigating any dispute under this Guaranty, the undersigned submits to the jurisdiction of the courts of the State of California.

WITNESS THE EXECUTION hereof this 25th day of July, 2016.

GUARANTOR:

JFROG LTD., an Israeli corporation

By: ____________________________

Name: Shlomi Ben Haim, Director
EXHIBIT F

PRELIMINARY FLOOR PLAN FOR TENANT’S INITIAL ALTERATIONS

PROPOSED PLAN
EXHIBIT G

TENANT’S FORM OF NON-DISCLOSURE AGREEMENT

JFROG, INC.

CONFIDENTIAL DISCLOSURE AGREEMENT

This CONFIDENTIAL DISCLOSURE AGREEMENT (this “Agreement”) entered into this day of , 2016 by and between JFrog, Inc., a Delaware corporation having its principal place of business at (the “Company” or the “Disclosing Party”), and , a corporation having its principal place of business at (the “Receiving Party”). The term “Receiving Party” includes its respective subsidiaries and successors, assigns, legal representatives, affiliates, employees, agents, advisors, attorneys, accountants and consultants (collectively, the “Representatives”).

WHEREAS, the Company possesses confidential and/or proprietary information and technology (the “Company Technology”); and

WHEREAS, the Company may provide the Receiving Party access to the Company Technology or access to the Company offices (the “Engagement”) and the Receiving Party desires to undertake certain obligations of confidentiality and nondisclosure as set forth herein;

NOW THEREFORE, in consideration of the mutual undertakings and promises herein, the parties hereto hereby agree as follows.

1. DEFINITION OF CONFIDENTIAL INFORMATION

1.1 The term “Confidential Information” means any and all information and technology related to the Company Technology, in whatever form, including but not limited to any and all formulae, concepts, discoveries, data, designs, formulae, ideas, inventions, methods, models, assays, research plans, procedures, designs for experiments and tests and results of experimentation and testing (including results of research or development), formulations, processes (including manufacturing processes, specifications and techniques), laboratory records, chemical, analytical and quality control data, trial data, case report forms, data analyses, reports, manufacturing data, specifications, prototypes, designs, equipment, samples, analyses, computer programs, trade secrets, data, methods, techniques, processes, memoranda, notes, marketing and customer information, projections, non-published patent applications (together with its attached documents and that such application has been submitted) and any other data or information (in whatever form), as well as improvements and know-how related thereto, which at the time of disclosure, is either (i) written, in hard media, digital or other format, or (ii) in the case of oral disclosures, is identified at the time of disclosure as being proprietary and nondisclosure as set forth herein.

2. In consideration of the willingness of the Company to disclose its Confidential Information, and in recognition of the confidential nature thereof, at any time after the date of each disclosure of Confidential Information, the Receiving Party agrees that the Receiving Party and its Representatives: (i) shall treat all the Confidential Information disclosed to it as strictly confidential and not to exploit or make use, directly or indirectly, of such Confidential Information without the express written consent of the Disclosing Party, except to its Representatives for purposes of the Engagement and provided that prior to disclosing any Confidential Information to such Representatives the Receiving Party agrees that the Receiving Party and its Representatives shall protect the Confidential Information of the Disclosing Party hereunder except with the express written authorization from the Disclosing Party. The Receiving Party shall assume full responsibility for enforcing this Agreement and shall take appropriate measures with its Representatives and other persons acting on its behalf to ensure that such Representatives and other persons acting on its behalf are bound by a like covenant of confidentiality, including but not limited to, informing any Representatives and other persons acting on its behalf of the Receiving Party receiving such Confidential Information that such Confidential Information shall not be disclosed except as provided herein. The Receiving Party shall protect the Confidential Information of the Disclosing Party with at least the same degree of care as it normally exercises to protect its own confidential information of a similar nature, but no less than a reasonable degree of care. The Receiving Party agrees to be liable for any breach of this Agreement by its Representatives. Notwithstanding the above, the Receiving Party may disclose Confidential Information which is (a) approved in writing by the Disclosing Party for release by the Receiving Party, but only to those parties to whom disclosure was permitted; or (b) required or compelled

“Confidential Information” shall not include information or matter that the Receiving Party can document that (a) was already known to the Receiving Party prior to disclosure and such prior knowledge can be demonstrated by the Receiving Party by dated, written records; (b) is independently developed by or for the Receiving Party without reference to or use of the Confidential Information which can be demonstrated by the Receiving Party by dated written records; or (c) which at the time of disclosure by the Company is generally available to the public or thereafter becomes generally available to the public other than through a breach of any obligation under this Agreement caused by an act or omission on the part of the Receiving Party.
by court order to be disclosed, provided that the Receiving Party provides all reasonable prior notice to the Company to allow it to seek protective or other court orders, and only to those parties required or compelled to by the court order.

3. It is understood and agreed that the disclosure of the Confidential Information by the Disclosing Party shall not grant the Receiving Party any express, implied or other license or rights to patents or trade secrets of the Disclosing Party or its suppliers, whether or not patentable, nor shall it constitute or be deemed to create a partnership, joint venture or other undertaking.

4. All Confidential Information is provided “as is” and shall remain the sole property of the Disclosing Party. It is agreed that all documents and other materials which embody the Confidential Information will be returned to the Company immediately upon the request of the Company, and no copies, extracts or other reproductions shall be retained by the Receiving Party or the Representatives.

5. Each party agrees that, without the prior written consent of the other party, such party will not disclose to any other person that the Confidential Information has been exchanged between the parties.

6. The Receiving Party agrees that money damages will not be a sufficient remedy for any breach of this Agreement by the Receiving Party or its Representatives, and the Company shall be entitled, in addition to money damages, to specific performance and injunctive relief and any other appropriate equitable remedies for any such breach. Such remedies shall not be deemed to be the exclusive remedies for breach of this Agreement but shall be in addition to all other remedies available at law or in equity.

7. This Agreement shall constitute the full agreement between the parties with respect to the confidentiality and non-disclosure of the Confidential Information and shall supersede any and all prior agreements and understandings relating thereto. No change, modification, alteration or addition of or to any provision of this Agreement shall be binding unless in writing and executed by or on behalf of parties by a duly authorized representative. This Agreement may not be assigned by either party without the consent of the other party, except by the Company in connection with a merger transaction, change of control, sale of all or substantially all of its assets, or any similar transaction

8. If any one or more of the terms contained in this Agreement shall for any reason be held to be excessively broad with regard to time, geographic scope or activity, that term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law. A determination that any term is void or unenforceable shall not affect the validity or enforceability of any other term or condition.

9. This Agreement shall be governed by and construed under the laws of the State of California, without reference to principles and laws relating to the conflict of laws. The state or federal courts located in Santa Clara County in the State of California shall have exclusive jurisdiction with respect to any dispute and action arising under or in relation to this Agreement.

10. THE DISCLOSING PARTY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY NATURE WHATSOEVER WITH RESPECT TO ANY INFORMATION FURNISHED BY THE DISCLOSING PARTY TO THE OTHER PARTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR AGAINST INFRINGEMENT.

11. The foregoing notwithstanding, the obligations of confidentiality hereunder with respect to all Confidential Information shall survive the termination or expiration of this Agreement for any reason, shall be binding upon the Receiving Party, the Representatives and its affiliates or successors and shall continue until such Confidential Information is no longer considered Confidential Information, as stated herein.

12. This Agreement may be executed in facsimile counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

JFROG, INC.

By: __________________________
Name: ________________________
Title: _________________________

______________________________
By: __________________________
Name: ________________________
Title: _________________________
EXHIBIT H

KITCHEN APPLIANCES

• Two Ovens: Blue Star 30” Range with 4 burners, RNB304BVI;
• Refrigerator: True T-49
• Freezer: True T-49F
• Dish Steamer: CMA L-1X16
• Two microwaves: GE :Profile Microwaves, PEM31SF SS
• Beverage Refrigerator: Refrigerated Merchandiser, True GDM23L
Approved Building Signage

-JFrog Logo and Signage to be placed on the front of the 270 Caribbean Drive Building (as shown in the exhibit to the left), pending Sunnyvale City Approval.
- JFrog Logo and Signage to be placed on the monument facing Caribbean Drive at the edge of the premises (as shown in exhibit to the left), pending Sunnyvale City Approval
THIS SUBLEASE AGREEMENT (this “Sublease”) is made and entered into as of the 12th day of August, 2020 ("Effective Date") by and between Baidu USA LLC, a California limited liability company ("Sublandlord"), and JFrog, Inc., a Delaware corporation ("Subtenant").

**RECEITALS:**

A. Deerfield Caribbean, LLC, a California limited liability company ("Master Landlord"), and Sublandlord are parties to that certain Standard Industrial Lease, dated February 7, 2017 (as amended, restated and/or supplemented, the “Master Lease”), a copy of which Master Lease is attached hereto as Exhibit A. Pursuant to the Master Lease, Sublandlord leases certain building (the “Building”) and other areas, consisting of approximately 36,324 square feet of rentable area (the “Premises”), located at 250 East Caribbean Drive, Sunnyvale, California (the “Project”), as more particularly described in the Master Lease.

B. Sublandlord desires to sublease a portion of the Premises to Subtenant and Subtenant desires to sublease such portion of the Premises, all on the terms hereinafter set forth.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, conditions and agreements hereinafter contained, do hereby agree as follows:

**WITNESETH:**

1. **Definitions.** All capitalized terms used in this Sublease and not specifically defined in the text shall have the meanings given to them in the Master Lease.

2. **Sublease and Acceptance of Subleased Premises.** Sublandlord hereby subleases to Subtenant, and Subtenant hereby subleases from Sublandlord, that portion of the Premises, consisting of approximately 21,824 square feet of rentable area, as shown on the drawing attached hereto as Exhibit B (the “Subleased Premises”), in accordance with and subject to the terms, covenants and conditions contained in this Sublease. The Subleased Premises shall be delivered to Subtenant on the Sublease Commencement Date.

3. **Use of Subleased Premises.** The Subleased Premises shall be used only for general office purpose and in accordance with the terms and provisions of this Sublease, the Master Lease and all applicable laws, now or hereafter in effect (collectively, the “Applicable Laws”). The parties agree and acknowledge that Sublandlord shall have the right to remain in occupancy of the Warehouse portion of the Premises on the Sublease Commencement Date that is identified on the Premises plan attached hereto as Exhibit B. The Warehouse shall be accessed by Sublandlord through the back entrance to the Building, provided however, that Sublandlord shall have the right to access the Subleased Premises to perform any of its obligations under the Master Lease and/or this Sublease, subject to the respective terms thereof, including any notice requirements. Sublandlord currently uses the Warehouse portion of the Premises for R&D and auto lab purposes including but not limited to vehicle lab, mechanical lab, electrical lab, optical lab and camera lab. Sublandlord may also use the Warehouse portion of the Premises for storage, office, engineering and other legally related uses in conformity with the Master Lease. Sublandlord covenants to not cause any excessive noise, odors, vibrations or other disturbances during its occupancy and to use the Warehouse in accordance with the terms and provisions of the Master Lease and all Applicable Laws.

[Signature Page to Sublease]
4. **Term.** The term of this Sublease (the “Term”) shall commence on January 1, 2021 (the “Sublease Commencement Date”) and shall end without the necessity of any notice from either party on October 31, 2025 (the “Sublease Expiration Date”), unless such term shall be sooner terminated in accordance with the provisions hereof. Notwithstanding anything to the contrary in this Sublease, Sublandlord may terminate the Master Lease, and simultaneously, terminate this Sublease, in the event the Sublandlord has the right, pursuant to the terms of the Master Lease, to cancel or terminate the Master Lease in the event of any damage, destruction, or condemnation with respect to all or any portion of the Premises. This Sublease is subject to, and conditioned upon, Sublandlord obtaining the prior written consent of Master Landlord to this Sublease (the “Master Landlord’s Consent”). Subtenant shall use commercially reasonable efforts to cooperate with Sublandlord in obtaining the Master Landlord’s Consent. If Master Landlord’s Consent is not received within thirty (30) days after the Effective Date, then Subtenant may elect to cancel this Sublease by giving notice to Sublandlord at any time after the expiration of said 30-day period, but prior to the giving of said consent by Master Landlord to this Sublease. If Master Landlord’s Consent is not received within sixty (60) days after the Effective Date, then Sublandlord may elect to cancel this Sublease by giving notice to Subtenant at any time after the expiration of said 60-day period, but prior to the giving of said consent by Master Landlord to this Sublease. If the Master Landlord’s Consent is not received on or before the Sublease Commencement Date, this Sublease shall automatically terminate and all parties hereto are automatically released from any liability under this Sublease, other than the liabilities that expressly survive such termination. If either party shall have given notice of cancellation to the other in accordance with the provisions of this Section 4, or if this Sublease is deemed automatically terminated pursuant to the immediately preceding sentence, then: (i) Sublandlord shall not be obligated to take any further action to obtain Master Landlord’s Consent, (ii) Sublandlord shall refund to Subtenant any monies delivered by Subtenant as of such date, if any and (iii) this Sublease shall thereupon be deemed null and void and of no further force and effect, and neither of the parties hereto shall have any rights or claims against the other.

(a) **Termination Option.** Notwithstanding anything to the contrary stated in this Sublease, provided Subtenant shall not be in default of its obligations under this Sublease, Subtenant shall have the option to terminate (“Termination Option”) the Term of the Sublease effective as of December 31, 2022 (“Early Termination Date”), without default, breach or penalty, provided (i) Subtenant shall deliver to Sublandlord written notice of its exercise of the Termination Option not less than one hundred eighty (180) days prior written notice to Sublandlord (i.e., not later than July 4, 2022) and (ii) Subtenant shall pay to Sublandlord consideration in the amount of Two Hundred Twenty Five Thousand Seven Hundred Forty Two and 56/100 Dollars ($225,742.56) (“Early Termination Fee”) not less than sixty (60) days prior to the Early Termination Date (i.e., not later than November 1, 2022).

5. **Rent.**

(a) **Items Comprising Rent.** In consideration for this Sublease, commencing on the Sublease Commencement Date, Subtenant agrees to pay Sublandlord the following (hereinafter collectively referred to as “Rent”) without any deduction, offset, or abatement whatsoever:
(i) Base rent ("Base Rent") as set forth in the table below, and reflects a fully-serviced Sublease. As used herein, a “Sublease Month” means the period commencing on the first day of a calendar month and ending on the last day of the same calendar month.

<table>
<thead>
<tr>
<th>Sublease Month</th>
<th>Monthly Base Rent</th>
<th>Monthly Base Rent Rate ($/sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4-12</td>
<td>$70,928.00</td>
<td>$3.25</td>
</tr>
<tr>
<td>13-24</td>
<td>$73,055.84</td>
<td>$3.3475</td>
</tr>
<tr>
<td>25-36</td>
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<td>$3.447925</td>
</tr>
<tr>
<td>37-48</td>
<td>$77,504.94</td>
<td>$3.551363</td>
</tr>
<tr>
<td>49-58</td>
<td>$79,830.09</td>
<td>$3.657904</td>
</tr>
</tbody>
</table>

This Sublease is to be fully-serviced. Subject to Section 5(a)(ii) below, Sublandlord shall be solely responsible for arranging for, and direct payment of any and all costs, for water, electricity, natural gas serving the Subleased Premises, and all such utilities used by Subtenant in the Subleased Premises, and for paying all Operating Expenses, including Real Property Taxes due and payable under the Master Lease.

(ii) any costs or expenses for goods, services or utilities (other than the Sublandlord Utilities (as defined below)) in excess of those which Sublandlord is entitled to require from Master Landlord pursuant to the Master Lease, including, without limitation, those goods, services or utilities which are (x) attributable to the extent of the use or occupancy of the Subleased Premises, and (y) not included in Operating Expenses (as defined under Section 5.2 of the Master Lease). Sublandlord represents and warrants that to Sublandlord’s actual knowledge, the supplemental HVAC system/unit installed in the Subleased Premises is in good working order and has been maintained in good condition to date.

(iii) any sums which Subtenant becomes obligated to pay as a result of Subtenant’s failure to comply with any of the terms and provisions of this Sublease or the Master Lease or by any act or omission of Subtenant; and

(iv) taxes, if any, imposed upon or attributable to Subtenant’s personal property located in or about the Subleased Premises or any leasehold improvements installed or requested by Subtenant in the Subleased Premises by, for or on behalf of Subtenant during the Term.

The items set forth in clauses (ii) through (iv) above, inclusive, shall be deemed “Additional Rent”.

(b) **Time for Payment.** Base Rent shall be payable in advance on the first (1st)
day of each calendar month; provided, however, that prior to the Sublease Commencement Date, within five (5) days after Sublandlord’s receipt of the Master Landlord’s Consent, Subtenant shall pay Sublandlord the Base Rent for the fourth (4th) Sublease Month. Additional Rent shall be payable within thirty (30) days after Sublandlord’s written request. Base Rent for any partial calendar month of the Term shall be pro-rated on a per diem basis for each such partial month.

6. Exclusivity; Restriction on Sublandlord. Sublandlord acknowledges and understands that Subtenant shall suffer material damage in the event of any delay of or prevention of delivery of possession of the Premises on the Sublease Commencement Date. Accordingly, Sublandlord agrees to not sublease, assign, license or sublicense its interest in the Premises for the period commencing upon the Effective Date through the Sublease Commencement Date. Sublandlord covenants and agrees that it will not terminate the Master Lease for the period commencing upon the Effective Date through the Sublease Commencement Date, except to the extent of its rights in connection with a condemnation or casualty, in accordance with the Master Lease. Any violation of this restriction shall constitute an immediate breach by Sublandlord of this Sublease. Subtenant shall not be bound by any amendment or modification of the Master Lease after the Effective Date that would have an adverse effect on Subtenant’s interest in the Subleased Premises provided under this Sublease.

7. Security Deposit. OMITTED

8. Letter of Credit. Prior to the Sublease Commencement Date, within five (5) days after Sublandlord’s receipt of the Master Landlord’s Consent Subtenant shall deliver to Sublandlord, as collateral for the full performance by Subtenant of all of its obligations under this Sublease and for all losses and damages Sublandlord may suffer as a result of Subtenant’s failure to comply with one or more provisions of this Sublease, including, but not limited to, any post lease termination damages under Section 1951.2 of the California Civil Code, an Irrevocable Standby Letter of Credit (the “Letter of Credit”) in the amount of $246,674.97. The Letter of Credit shall be reasonable acceptable to Sublandlord and comply with the following terms and conditions:

(a) The Letter of Credit shall be in favor of Sublandlord, shall be issued by a bank acceptable to Sublandlord with a Standard & Poors rating of “A” or better. Sublandlord agrees that Silicon Valley Bank is an acceptable issuing bank.

(b) The Letter of Credit or any replacement Letter of Credit shall be irrevocable for the term thereof and shall automatically renew on a year to year basis until a period ending not earlier than two (2) months subsequent to the Expiration Date (the “LOC Expiration Date”) without any action whatsoever on the part of Sublandlord; provided that the issuing bank shall have the right not to renew the Letter of Credit by giving written notice to Sublandlord not less than sixty (60) days prior to the expiration of the then current term of the Letter of Credit that it does not intend to renew the Letter of Credit. Subtenant understands that the election by the issuing bank not to renew the Letter of Credit shall not, in any event, diminish the obligation of Subtenant to maintain such an irrevocable Letter of Credit in favor of Sublandlord through the LOC Expiration Date.
(c) Sublandlord, or its authorized representative, upon Subtenant’s failure to comply with one or more provisions of this Sublease, or as otherwise specifically agreed by Sublandlord and Subtenant pursuant to this Sublease or any amendment hereof, without prejudice to any other remedy provided in this Sublease or by any Applicable Law, shall have the right from time to time to make one or more draws on the Letter of Credit and use all or part of the proceeds in accordance with this Sublease. In addition, if Subtenant fails to furnish a renewal or replacement letter of credit complying with all of the provisions of this Section 8 at least sixty (60) days prior to the stated expiration date of the Letter of Credit then held by Sublandlord, Sublandlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) in accordance with the terms of this Section 8.

(d) Subtenant acknowledges and agrees (and the Letter of Credit shall so state) that the Letter of Credit shall be honored by the issuing bank without inquiry as to the truth of the statements set forth in such draw request and regardless of whether the Subtenant disputes the content of such statement. The proceeds of the Letter of Credit shall constitute Sublandlord’s sole and separate property (and not Subtenant’s property or the property of Subtenant’s bankruptcy estate) and Sublandlord may immediately upon any draw (and without notice to Subtenant) apply or offset the proceeds of the Letter of Credit: (i) against any rent or other amounts payable by Subtenant under this Sublease that is not paid when due; (ii) against all losses and damages that Sublandlord has suffered or that Sublandlord reasonably estimates that it may suffer as a result of Subtenant’s failure to comply with one or more provisions of this Sublease, including any damages arising under Section 1951.2 of the California Civil Code following termination of this Sublease; (iii) against any costs incurred by Sublandlord in connection with this Sublease (including attorneys’ fees); and (iv) against any other amount that Sublandlord may spend or become obligated to spend by reason of Subtenant’s default. Provided Subtenant has performed all of its obligations under this Sublease, Sublandlord agrees to pay to Subtenant within sixty (60) days after the LOC Expiration Date the amount of any proceeds of the Letter of Credit received by Sublandlord and not applied as allowed above; provided, that if prior to the LOC Expiration Date a voluntary petition is filed by Subtenant, or an involuntary petition is filed against Subtenant by any of Subtenant’s creditors, under the Federal Bankruptcy Code, then Sublandlord shall not be obligated to make such payment in the amount of the unused Letter of Credit proceeds until either all preference issues relating to payments under this Sublease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed, in each case pursuant to a final court order not subject to appeal or any stay pending appeal.

(e) If, as result of any application or use by Sublandlord of all or any part of the Letter of Credit, the amount of the Letter of Credit shall be less than the amount set forth in this Section 8, Subtenant shall, within ten (10) Business Days thereafter, provide Sublandlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total amount required pursuant to this Section 8), and any such additional (or replacement) letter of credit shall comply with all of the provisions of this Section 8, and if Subtenant fails to comply with the foregoing, notwithstanding anything to the contrary contained in this Sublease, the same shall constitute an incurable Event of Default by Subtenant. Subtenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Sublandlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.
(f) If the Letter of Credit expires earlier than the LOC Expiration Date, or the issuing bank notifies Sublandlord that it shall not renew the Letter of Credit, Sublandlord shall accept a renewal thereof or substitute Letter of Credit (such renewal or substitute Letter of Credit to be in effect not later than sixty (60) days prior to the expiration thereof), irrevocable and automatically renewable through the LOC Expiration Date upon the same terms as the expiring Letter of Credit or upon such other terms as may be acceptable to Sublandlord. However, if (a) the Letter of Credit is not timely renewed, or (b) a substitute Letter of Credit, complying with all of the terms and conditions of this Section 8 is not timely received, Sublandlord may present such Letter of Credit to the issuing bank, and the entire sum so obtained shall be paid to Sublandlord, to be held by Sublandlord as a cash security deposit, refundable within 30 days following expiration of the Sublease provided Subtenant performs all of its obligations through the Sublease Expiration Date.

(g) Notwithstanding the foregoing, Sublandlord shall be entitled to receive from Subtenant all reasonable attorneys’ fees and costs incurred in connection with the review of any proposed substitute Letter of Credit pursuant to this Section 8.

(h) Sublandlord and Subtenant (a) acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a “security deposit” under any Applicable Laws applicable to security deposits in the commercial context including Section 1950.7 of the California Civil Code, as such section now exist or as may be hereafter amended or succeeded (the “Security Deposit Laws”), (b) acknowledge and agree that the Letter of Credit (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Subtenant hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of all Applicable Laws, now or hereafter in effect, which (i) establish the time frame by which Sublandlord must refund a security deposit under a lease, and/or (ii) provide that Sublandlord may claim from the security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Subtenant or to clean the Subleased Premises, it being agreed that Sublandlord may, in addition, claim those sums specified above in this Section 8 and/or those sums reasonably necessary to compensate Sublandlord for any loss or damage caused by Subtenant’s breach of this Sublease or the acts or omission of Subtenant or any other Subtenant Entities, including any damages Sublandlord suffers following termination of this Sublease.

(i) Notwithstanding anything to the contrary contained in this Sublease, in the event that at any time the financial institution which issues said Letter of Credit is declared insolvent by the Federal Deposit Insurance Corporation or is closed for any reason, Subtenant must immediately provide a substitute Letter of Credit that satisfies the requirements of this Sublease hereby from a financial institution acceptable to Sublandlord, in Sublandlord’s reasonable discretion.
9. Sublandlord FF&E. In connection with this Sublease, Sublandlord hereby licenses to Subtenant the furniture, fixtures, and equipment and similar property located in the Subleased Premises as more particularly described in Exhibit C attached hereto (collectively, the “Sublandlord FF&E”). Subtenant agrees to maintain, or cause to be maintained, the Sublandlord FF&E in good condition and repair throughout the Term, subject to reasonable wear and tear. Subtenant shall return the Sublandlord FF&E to Sublandlord immediately after the termination or expiration of this Sublease. On or before the Sublease Expiration Date, by giving written notice to Subtenant not later than ninety (90) days prior the Sublease Expiration Date, Sublandlord, in its sole discretion, may elect to sell to Subtenant all or any portion of the Sublandlord FF&E at a price to be negotiated in good faith by the parties hereto. Any furniture, fixtures, and equipment and similar property, including, without limitation, the Subtenant Improvements and FF&E purchased or installed by Subtenant shall be removed from the Subleased Premises on or before the Sublease Expiration Date. Sublandlord shall be responsible for removal of any FF&E not purchased by Subtenant as per the terms of the Master Lease.


(a) The parking facility adjacent to the Building (the “Parking Facility”) consists of one hundred and thirty-one (131) parking stalls, including six (6) electric vehicle charging stalls, six (6) accessible parking stalls, eleven (11) van pool stalls and one hundred and eight (108) regular stalls. During the Term, Subtenant shall have the exclusive right to use ninety-two (92) regular stalls, three (3) electric vehicle charging stalls, three (3) accessible parking stalls and eight (8) van pool stalls. Subtenant’s allotted parking spaces are indicated on Schedule I attached hereto.

(b) Subtenant’s right to use the parking stalls is conditioned upon Subtenant abiding by all rules and regulations which may be prescribed by Master Landlord and Applicable Laws from time to time for the orderly operation and use of the Parking Facility, including any sticker or other identification system established by Master Landlord, Subtenant’s cooperation in seeing that Subtenant’s employees, agents, invitees and visitors also comply with such rules and regulations. Subtenant’s use of the Parking Facility shall be at Subtenant’s sole risk and Subtenant acknowledges and agrees that Sublandlord shall have no liability whatsoever for damage to the vehicles of Subtenant, its employees, agents, invitees or visitors, or for any personal injury or property damage or theft relating to or connected with the parking rights granted herein or any use of the Parking Facility by Subtenant, its employees, agents, invitees or visitors.

(a) The right to use the Parking Facility hereunder is granted to Subtenant solely for use by Subtenant’s own employees and personnel, agents, invitees and visitors, and such right may not be transferred, assigned, subleased or otherwise alienated by Subtenant without Master Landlord’s and Sublandlord’s prior approval, except to any Permitted Transferee or otherwise in accordance with the terms of the Master Lease and this Sublease, including Section 20 below.
11. **Condition of the Subleased Premises and Sublandlord FF&E.** Subtenant acknowledges that Subtenant has inspected the Subleased Premises and the FF&E, and hereby accepts the Subleased Premises and the Sublandlord FF&E in their respective existing condition “AS IS,” “WHERE IS” and “WITH ALL FAULTS;” provided that Sublandlord represents and warrants that on the Commencement Date, the Subleased Premises shall be delivered vacant (except for the FF&E) and professionally cleaned, including the removal of all security cameras existing in the Building, except for the security camera located at the interior and exterior of the Warehouse. Sublandlord represents and warrants that to Sublandlord’s actual knowledge, all structural, mechanical, electrical and plumbing systems of the Subleased Premises are in good working order and the Subleased Premises is separately demised from the Premises and is fully code-compliant. Sublandlord disclaims any and all representations and warranties, express or implied, regarding the Subleased Premises and the Sublandlord FF&E, including the warranties of fitness for a particular purpose, merchantability, and all warranties relating to the condition of the Subleased Premises and the Sublandlord FF&E. Subtenant acknowledges that Sublandlord has afforded Subtenant the opportunity for, and that Subtenant has undertaken, investigations, examinations, and inspections of the Subleased Premises and the Sublandlord FF&E and has determined that the Subleased Premises and the Sublandlord FF&E are suitable for Subtenant’s intended use, and agrees that Subtenant shall bear full responsibility for any special requirements in connection with Subtenant’s use of the Subleased Premises and the Sublandlord FF&E for any use other than the use for which the Premises is currently being used and occupied or uses similar to such current use. Sublandlord shall not have any obligation to alter, improve, decorate or otherwise prepare the Subleased Premises or the Sublandlord FF&E except as expressly provided in this Sublease.

12. **Utilities and Services.**

   (a) **Subtenant Utilities.** Subtenant shall be responsible for the payment of telecommunication, internet and security services for the Subleased Premises (collectively, “Subtenant Utilities”). Subtenant shall contract directly with service providers for the Subtenant Utilities.

   (b) **Utilities Paid by Sublandlord.** Sublandlord shall be responsible for the payment of reasonable use of electricity, gas, water, nightly weekday janitorial services and other utilities and services at the Subleased Premises other than the Subtenant Utilities (collectively, “Sublandlord Utilities”). For the purpose of this paragraph, “reasonable use” shall be usage in proportion to the rentable area of the Subleased Premise vis-à-vis the total rentable area of the Premises. If Subtenant’s use of utilities and services exceeds such “reasonable use” for a typical office tenant, Subtenant shall be responsible for the costs of the utilities and services in excess of the “reasonable use”.

   (c) **Sublandlord Not a Service Provider.** Sublandlord shall use commercially reasonable efforts to cause the Sublandlord Utilities to be provided for the Subleased Premises. If service for any Sublandlord Utility is interrupted, Sublandlord shall use commercially reasonable efforts to restore such utilities as soon as possible and/or enforce Sublandlord’s rights against Master Landlord under the Master Lease for the benefit of Subtenant upon Subtenant’s written request therefore to the extent any
failure in utilities services is attributable to the acts or omissions of Master Landlord, or if Sublandlord is the named party on such account, the acts or omissions of Sublandlord. Subtenant acknowledges that Sublandlord is not a service provider with respect to the Sublandlord Utilities. The failure of any service provider with respect to any Sublandlord Utility and Master Landlord to supply services or utilities or to perform its obligations under the Master Lease shall not be deemed a default by Sublandlord under this Sublease and shall confer no rights or remedies upon Subtenant against Sublandlord. Furthermore, if Sublandlord uses commercially reasonable efforts to cause the Sublandlord Utilities to be provided for the Subleased Premises, Sublandlord shall not be liable under any circumstances for loss of property or for injury to, or interfere with Subtenant’s business, including without limitation, loss of profits, however occurring through or in connection with or incidental to any failure to cause any Sublandlord Utility to be provided for the Subleased Premises.

(d) Project Services. At Subtenant’s request, Sublandlord shall use commercially reasonable efforts to cause Master Landlord to furnish to the Subleased Premises services that are provided directly by Master Landlord under the Master Lease on an as-needed basis and to enforce Sublandlord’s rights against Master Landlord under the Master Lease for the benefit of Subtenant upon Subtenant’s written request therefore (and to (i) forward to Master Landlord any notices or requests for consent as Subtenant may reasonably request and upon Subtenant’s request, (ii) make demands upon Master Landlord to fulfill its obligations under the Master Lease for the benefit of Subtenant and (iii) deliver to Subtenant responses from Master Landlord, in each case, within two (2) business days from receipt thereof). Subtenant shall pay to Sublandlord as Additional Rent all such amounts billed to Sublandlord by Master Landlord on account of such services. Master Landlord’s bills to Sublandlord for such services shall be conclusive and Sublandlord shall have no obligation to contest any such bills except to the extent of Sublandlord’s rights to contest pursuant to the Master Lease, which are hereby granted to Subtenant.

(e) Interruption in Utilities. Sublandlord shall not be liable for damages or otherwise for failure or interruption of any services or utilities or unavailability of access to the Subleased Premises, the Building or the Project, nor shall the same be construed either as an eviction of Subtenant, or result in any abatement of Rent when such failure is caused by acts of God, terrorism, strikes, pandemic (including the global Coronavirus “COVID-19” pandemic), lack of materials, governmental restrictions and closures, war, casualty or other similar causes beyond Sublandlord’s or Master Landlord’s reasonable control (collectively, “Force Majeure Events”); provided, however, that if Rent abates under the Master Lease for the Subleased Premises as a result of any such failure, interruption or unavailability, Rent hereunder for the Subleased Premises shall similarly abate to the same extent as the Master Lease.

13. Signage. Subject to the Master Lease and Master Landlord’s prior written approval, and provided all signs are in keeping with the quality, design and style of the Building and Project, Subtenant, at its sole cost and expense, may install identification signage with Subtenant’s logo on top of the Building. If Subtenant desires to install its signage, Sublandlord shall remove its building-top signage and street-front monument signage at Sublandlord’s sole expense. Such signage shall be subject to Subtenant’s obtaining all required governmental approvals, and shall
be maintained by Subtenant at its expense in a legal, safe condition and appearance. Upon the expiration or earlier termination of this Sublease, Subtenant shall remove all of its signs at Subtenant’s sole cost and expense. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Subtenant’s signage shall be subject to the prior written approval of Master Landlord, and shall be consistent and compatible with the quality and nature of the Building and the Project. Subtenant hereby acknowledges that, notwithstanding Master Landlord’s approval of Subtenant’s signage, Sublandlord has made no representation or warranty to Subtenant with respect to the probability of obtaining all necessary governmental approvals and permits for Subtenant’s signage. In the event Subtenant does not receive the necessary governmental approvals and permits for Subtenant’s signage, Subtenant’s and Sublandlord’s rights and obligations under the remaining terms of this Sublease shall be unaffected.


(a) This Sublease is expressly subject and subordinate to all of the terms and conditions of the Master Lease, including all exhibits and amendments thereto, as well as all rules and regulations issued from time to time by Master Landlord. Subtenant agrees to observe and perform all of the terms, conditions, covenants and obligations imposed upon Sublandlord as “Tenant” under the Master Lease to the extent applicable to the Subleased Premises (other than those set forth in Sections 5, 7.1, 8.1, 8.2, 11 and 22 and Exhibit D, Exhibit E and Exhibit F of the Master Lease) with respect to the Subleased Premises. Without limiting the generality of the forgoing, for the avoidance of any doubt, Subtenant shall comply with the requirements for tenant insurance provided under Section 9 of the Master Lease. Sublandlord shall have all rights, privileges, options, reservations and remedies with respect to this Sublease, the Subleased Premises, and Subtenant to the same extent granted or allowed to or held by Master Landlord under the Master Lease with respect to the Master Lease, the Premises and the Sublandlord. If any provision of this Sublease conflicts with the provisions of the Master Lease, this Sublease shall govern as between Sublandlord and Subtenant. Without limiting the generality of the foregoing, Subtenant shall have no rights under this Sublease with respect to the matters set forth in Sections 2, 3 and 27 and Exhibits D and E of the Master Lease.

(b) Sublandlord shall not be liable to Subtenant for any default by Master Landlord under the Master Lease; provided, however, that Sublandlord shall take all commercially reasonable actions against Master Landlord to enforce the provisions of the Master Lease with respect to the Subleased Premises to the extent of Sublandlord’s rights under the Master Lease, make demand upon Master Landlord to fulfill its obligations under the Master Lease for the benefit of Subtenant. If for any reason the Master Lease is terminated by Master Landlord prior to the expiration of the Term, this Sublease shall likewise terminate simultaneously and Subtenant shall have no right or cause of action against Master Landlord or Sublandlord by reason of such termination except to the extent such termination results from a default or breach by Sublandlord of its obligations as tenant under the Master Lease or a breach of Sublandlord’s obligations under this Sublease.

(c) Subtenant agrees not to do or commit any act which would constitute an “Event of Default” as defined in the Master Lease and agrees to indemnify, defend and save any Indemnified Party harmless from and against any and all liability, loss, cost, damage or expense,
including reasonable attorneys’ fees, arising out of or in connection with any act or failure to act by Subtenant which constitutes an Event of Default under the Master Lease. Sublandlord covenants and agrees that it will not terminate the Master Lease during the Term of the Sublease, except to the extent of its rights in connection with a condemnation or casualty, in accordance with the Master Lease. Subtenant shall not be bound by any amendment or modification of the Master Lease after the Effective Date that would have an adverse effect on Subtenant’s interest in the Subleased Premises provided under this Sublease. Sublandlord further covenants and agrees to pay Master Landlord all Rent (as defined under the Master Lease) and other charges as they become due and payable by Sublandlord pursuant to the Master Lease, as and when such amounts become due and payable thereunder. If this Sublease terminates prior the Expiration Date, Sublandlord shall promptly refund to Subtenant all rent paid by Subtenant applicable to the period of time after such termination date.

(d) Sublandlord hereby represents and warrants to Subtenant that, to Sublandlord’s knowledge, the Master Lease is in full force and effect, and that to Sublandlord’s knowledge neither Master Landlord nor Sublandlord is in default thereunder as of the date hereof, and that to Sublandlord’s knowledge no event has occurred which, with notice, the passage of time or both, would constitute a default by Sublandlord or Master Landlord thereunder.

(e) Subject to Sublandlord’s obligations to take commercially reasonable efforts to compel such performance as expressly provided herein, (i) Sublandlord shall not be liable to Subtenant for any failure in performance resulting from the failure in performance by Master Landlord under the Master Lease and (ii) Subtenant recognizes that the Sublandlord is not in a position to render any of the services or to perform any of the obligations of Master Landlord as set forth in the Master Lease. No breach or default on the part of Master Landlord under the Master Lease shall constitute a default or breach on the part of the Sublandlord under this Sublease, an actual or constructive total or partial eviction of the Subtenant or entitle Subtenant to a reduction or abatement of Rent hereunder except to the extent Sublandlord is entitled and actually receives a reduction or abatement of Rent (as defined under the Master Lease) under the Master Lease.

(f) Subtenant shall not do or cause to be done, or suffer or permit anything to be done, including without limitation, on or about the Project, Subleased Premises, or the Building which would cause Master Lease, or the rights of the Sublandlord, as tenant under the Master Lease, to be cancelled or terminated or which would cause Sublandlord to be in default thereunder.

(g) Notwithstanding anything to the contrary contained in this Sublease or the Master Lease, Sublandlord shall not be required to provide any of the indemnifications to Subtenant that Master Landlord has agreed to provide in the Master Lease, whether or not specified in the Master Lease, or required by law, and “Sublandlord and Master Landlord” shall be substituted for “Landlord” in the Master Lease in the case of all indemnification obligations of Subtenant incorporated by reference.

(h) Subtenant agrees to promptly deliver to the Sublandlord copies of any and all
notices or other correspondence received by Subtenant from Master Landlord and further agrees to deliver same as expeditiously as possible following receipt thereof, to ensure that Sublandlord will have sufficient time to respond to any such notices or other correspondence from Master Landlord within the time periods set forth in the Master Lease.

(i) Sublandlord agrees to promptly (within five (5) calendar Days) deliver to Subtenant copies of any and all default notices or other correspondence received by Sublandlord from the Master Landlord that affect Subtenant’s rights under this Sublease in any manner and further agrees to deliver same as expeditiously as possible following receipt thereof, to ensure that Subtenant will have sufficient time to respond to any such notices or other correspondence from Master Landlord within the time periods set forth in the Master Lease.

15. Alterations.

(a) Restriction on Alterations. Subtenant shall make no alteration, decoration, addition, repair or improvement to the Subleased Premises (collectively, “Alterations”), without the prior written consent of both Sublandlord, which shall not be unreasonably withheld (except with respect to Permitted Alterations subject to the requirements set forth in Section 12.1 of the Master Lease), and Master Landlord (if required under the Master Lease for any Alterations by Sublandlord). Notwithstanding the foregoing, Sublandlord hereby approves of Subtenant performing the following Alterations: paint walls in signature green color and install wall hangings and secured entry card system to the extent permitted under the Master Lease. Subtenant shall not install and make part of the Subleased Premises any materials, fixtures or articles which are subject to liens, conditional sales contracts or chattel mortgages other than trade fixtures, furniture and equipment. Alterations shall not include the installation and removal of movable furniture, equipment, and other personal property, as well as any proposed floor plans for the Subleased Premises. Subtenant shall reimburse Sublandlord for all reasonable out-of-pocket costs and expenses (including reasonable attorneys’ fees) incurred in connection with the review of proposed Alterations, including the plans with respect thereto.

(b) Removal and Surrender of Alterations.

(i) All Alterations which are attached to or built into the Subleased Premises by Subtenant shall, at the end of the Term, become the property of Sublandlord, without payment therefor by Sublandlord, immediately upon their completion, and shall be surrendered with the Subleased Premises; provided, however, that any moveable furniture, equipment and other personal property of Subtenant installed by Subtenant and used in the conduct of Subtenant’s trade or business (rather than to service the Subleased Premises, the Building or the Project generally) shall remain Subtenant’s Property and shall be removed, at Subtenant’s cost and expense, prior to the Sublease Expiration Date; but further provided that if any leasehold improvements made by Subtenant replaced any part of the Subleased Premises, such leasehold improvements shall be and remain Sublandlord’s property; and further provided, that if Master Landlord directs the

a. Subtenant shall, at Subtenant’s sole expense, keep the Subleased Premises and every part thereof clean and in the same condition and repair, other than reasonable wear and tear, as it was on the Sublease Commencement Date, and in the manner required under the Master Lease except: (a) for Master Landlord’s obligations specifically set forth in the Master Lease and (b) that, provided Subtenant maintains a regularly scheduled preventative maintenance/service contract for the HVAC units serving the Subleased Premises as required under Section 11.2 of the Master Lease, Subtenant shall not be responsible for paying for any repairs, maintenance or replacement (including any amortized costs passed through under Section 11.4 of the Master Lease) of the Premises, including the HVAC units or the Roof (as defined in Section 11.4 of the Master Lease) in excess of an aggregate amount equal to $10,000.00 per calendar year.

b. Self-Help for HVAC Unit Repairs. The parties agree that, Sublandlord and Subtenant, solely in connection with the need to repair the HVAC units, in the event Sublandlord’s response to a repair notice is delayed for more than ten (10) business days, and/or Sublandlord fails to complete such repair to the HVAC units so long as Subtenant observes and performs requirements imposed upon Sublandlord as “Tenant” under Section 11.1 of the Master Lease. In the event Subtenant exercises said right of self-help pursuant hereto, Subtenant’s actual out of pocket costs and expenses incurred with respect thereto (the “Self-Help Expenses”) shall be paid for by Sublandlord within thirty (30) days following receipt by Sublandlord of a detailed invoice from Subtenant. If Sublandlord fails to reimburse Subtenant within thirty (30) days, then Subtenant shall be entitled to deduct the Self-Help Expenses against the ensuing installments of Base Rent and Additional Rent under this Sublease until Subtenant is fully reimbursed.

17. Damage or Destruction. If the Subleased Premises or access thereto shall be damaged by fire or other casualty and Master Landlord or Sublandlord elects to terminate the
If this Sublease is not terminated pursuant to the preceding paragraph and Master Landlord is obligated to or elects to restore the damage from a casualty, then such restoration shall be to substantially the condition that existed prior to the casualty except for modifications required by applicable law and/or modifications to the Common Facilities deemed desirable by Master Landlord. Neither Sublandlord nor Master Landlord shall be required to repair or replace any of Subtenant’s Property or any leasehold improvements not existing in the Subleased Premises as of the date of this Sublease. Subtenant shall at its expense, promptly restore Subtenant’s Property and any improvements in the Subleased Premises which neither Master Landlord nor Sublandlord are obligated to restore, following restoration of the Subleased Premises to the stage that Subtenant is permitted access to the Subleased Premises to commence such restoration.

Neither Sublandlord nor Master Landlord shall be liable for any inconvenience or annoyance to Subtenant or its visitors, or injury to Subtenant’s business resulting in any way from such damage or the repair thereof, except that Sublandlord shall allow Subtenant a proportionate abatement of all Rent and other charges during the time and to the extent the Subleased Premises are unfit for occupancy by Subtenant as a result such casualty; provide that if such a material portion of the Subleased Premises are unfit for occupancy such that Subtenant cannot reasonably operate therefrom, all Rent and other charges shall abate in full. Notwithstanding the forgoing, the amount of abatement of Rent and other charges provided under this Section 17 shall not exceed the amount of abatement of Rent (as defined under the Master Lease) Sublandlord shall have actually received under the Master Lease with respect to the Subleased Premises.

18. **Eminent Domain.** As per Master Lease.

19. **Right of First Refusal.**

   (a) If at any time during the Term, on an ongoing and recurring basis, Sublandlord intends to sublet the warehouse portion of the Premises as depicted on Exhibit B attached hereto (the “Warehouse”), then prior to entering into any sublease by Sublandlord with respect to the Warehouse, Sublandlord shall give written notice of such intent to Subtenant (a “ROFR Notice”).

   (b) Upon Subtenant’s receipt of the ROFR Notice, Subtenant shall have the right to enter into a sublease with respect to the Warehouse, at the then current monthly base rent rate and on same terms of this Sublease, within (10) Business Days (the “ROFR Option Period”) following receipt of the related ROFR Notice by Subtenant. If Subtenant does not enter into such sublease with Sublandlord within the ROFR Option Period, then Sublandlord shall be free to entering into a sublease with a third party with respect to the Warehouse; provided that if Sublandlord does not enter into a sublease or assignment with
a third party with respect to the Warehouse within ninety (90) days following Subtenant’s rejection of the ROFR, then the terms of this Paragraph 18 shall be deemed to automatically renew, and Sublandlord shall comply with all requirements hereunder in connection with any potential transfer of the Warehouse.

20. Assignment and Subletting.

(a) The terms and provisions of Sections 15.1, 15.2, 15.3, 15.4, 15.6, 15.7, 15.8 of the Master Lease (the “Assignment and Subletting Provisions”) shall apply to any Transfer (as defined in the Master Lease) of the Subleased Premises or any portion thereof. Subtenant agrees to observe and perform all of the terms, conditions, covenants and obligations imposed upon Sublandlord as “Tenant” under the Assignment and Subletting Provisions. Sublandlord shall have all rights, privileges, options, reservations and remedies with respect to any Transfer of the Subleased Premises or any portion thereof to the same extent granted to or held by Master Landlord under the Assignment and Subletting Provisions. Subtenant shall have all rights to enter into an Affiliate Transfer, as tenant, under the Master Lease, not subject to the consent of Sublandlord or Master Landlord, but subject to all terms and conditions under Article 15.8 of the Master Lease.

(b) No Assignment or Sublease shall relieve Subtenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Subtenant hereunder. The acceptance of Rent by Sublandlord from any other person shall not be deemed to be a waiver by Sublandlord of any provision of this Sublease or to be a consent to any Assignment or Sublease. Consent to one Assignment or Sublease shall not be deemed to constitute consent to any subsequent Assignment or Sublease.

(c) Subtenant shall reimburse Sublandlord for Sublandlord’s reasonable costs and attorneys’ fees incurred in connection with the processing and documentation of any requested Assignment or Sublease whether or not Sublandlord consents to it or the same is finally consummated.

(d) With respect to any Assignment or subletting permitted under the Master Lease and this Sublease, Sublandlord shall be entitled to receive from Subtenant a net amount (after deduction of the payments required to be made under the Master Lease and costs and expenses (including attorneys’ fees) incurred, in each case by Sublandlord in connection with such Assignment or subletting) fifty percent (50%) of the rents or other considerations paid by Subtenant’s assignee or sub-lessee in excess of the amounts payable by Subtenant hereunder (the “Transfer Premium”). The Transfer Premium shall be reduced by reasonable brokerage commissions, subtenant improvements, legal fees, marketing expenses and downtime and any other costs directly related to the subletting and/or Assignment of all or any portion of the Subleased Premises.

21. Sublandlord’s Right of Entry. Sublandlord, Master Landlord and their agents shall have the right, at all reasonable times, but in such manner as to cause as little disturbance to Subtenant as reasonably practicable, to enter the Subleased Premises for the following
purposes: (a) inspecting the physical condition of the Subleased Premises; and (h) performing all obligations of Sublandlord under this Sublease and/or of Master Landlord under the Master Lease, as the case may be. Except for emergencies and for the furnishing of janitorial services, Sublandlord will give Subtenant reasonable notice, but not less than forty-eight (48) hours’ notice, (which may be oral) prior to any entry, and Subtenant shall have the right to have one of its employees accompany Sublandlord or its agent or representative, as the case may be. No such entry shall be construed under any circumstances as a forcible or unlawful entry into the Subleased Premises, or an eviction of Subtenant. Subtenant hereby waives any claim against Sublandlord and Master Landlord or their agents or representatives for damages for any injury or inconvenience to or interference with, Subtenant’s business or quiet enjoyment of the Subleased Premises, with the exception of any physical damage to the Subleased Premises or Subtenant’s Property or personal injury caused to any of Subtenant’s employees or visitors resulting from such entry.

22. Indemnification and Waiver

(a) **Indemnity by Subtenant.** Except to the extent directly caused by the gross negligence or willful misconduct of Sublandlord, Subtenant shall indemnify, protect, defend and hold harmless each Sublandlord Indemnified Party from and against any and all claims, suits, demands, liability, damages and expenses, including reasonable attorneys’ fees and costs (collectively, “Indemnified Claims”), arising from or in connection with Subtenant’s (including its employees, agents, contractors and invitees) use or alteration of the Subleased Premises, from any activity performed or authorized by Subtenant in or about the Subleased Premises, the Building or any part of the Project during the Term, from any acts or omissions which cause a breach or default under the Master Lease or this Sublease (including without limitation, any acts or omissions which cause Sublandlord to be in holdover under the Master Lease); or arising from any other negligence or willful misconduct of Subtenant or any of its employees, agents, contractors, licensees or invitees. If any action or proceeding is brought against any of the Sublandlord Indemnified Parties in connection with any Indemnified Claims, Subtenant, upon notice from Sublandlord, shall defend the same at Subtenant’s expense with counsel approved by Sublandlord, which approval shall not be unreasonably withheld. Subtenant’s indemnity obligation as aforesaid shall not be limited or affected by the provisions of any worker’s compensation acts, disability benefits acts or other employee benefits acts or similar acts or statutes. Subtenant’s obligations under this Subparagraph shall survive the expiration or earlier termination of this Sublease.

(b) **Waiver.** As a material part of the consideration to Sublandlord for entering into this Sublease, Subtenant hereby assumes all risk of and releases, discharges and holds harmless Sublandlord from and against any and all liability to Subtenant for damage to property or injury to persons in, upon or about the Subleased Premises from any cause whatsoever except that which is caused by the negligence or willful misconduct of Sublandlord. Sublandlord shall not be liable to Subtenant for any injury to any person in or about the Subleased Premises or damage to the Subleased Premises or for any loss, damage or injury to any property of Subtenant therein or by any malfunction of any utility or other equipment, installation or system, or by the rupture,
leakage or overflow of any plumbing or other pipes, including without limitation, water, steam and refrigeration lines, sprinklers, tanks, drains, drinking fountains or similar cause in, about or upon the Subleased Premises, the Building or any other portion of the Project unless such loss, damage or injury is caused by the negligence or willful misconduct of Sublandlord.

(c) Subject to the waiver of subrogation provisions set forth in the Master Lease, as incorporated herein by reference, Sublandlord agrees to protect, defend, indemnify and hold Subtenant harmless from all claims, losses, damages, liabilities and expenses which Subtenant may incur, or for which Subtenant may be liable to Master Landlord, arising solely from (a) a default by Sublandlord under the Master Lease or this Sublease (other than if such default is caused by a Default by Subtenant under this Sublease), (b) the gross negligence or intentional misconducts of Sublandlord, its employees, agents, and (c) any claim for any injury to or death of any person or damage to property arising out of, pertaining to, or resulting from the gross negligence or intentional misconducts of Sublandlord, its agents or employees arising from the use or occupancy of the (i) Subleased Premises and occurring prior to the Sublease Commencement Date, and (ii) the remainder of the Premises (other than Subleased Premises) prior to the Sublease Commencement Date and throughout the Sublease Term. Sublandlord's obligations to protect, defend, indemnify and hold harmless Subtenant hereunder are in no way conditioned upon Subtenant being free of negligence or wrongful conduct in connection therewith; provided, however, that Sublandlord shall not be required to indemnify or hold Subtenant harmless to the extent it is established that Subtenant's negligence or willful misconduct is the cause of any claim, demand, action, liability, expenses, loss or damage. If any action or proceeding is brought against Subtenant in connection with any claims for which Sublandlord hereby indemnifies Subtenant, Sublandlord, upon notice from Subtenant, shall defend the same at Sublandlord's expense with counsel approved by Subtenant, which approval shall not be unreasonably withheld. Sublandlord's indemnity obligation as aforesaid shall not be limited or affected by the provisions of any worker's compensation acts, disability benefits acts or other employee benefits acts or similar acts or statutes. Sublandlord's obligations under this Subparagraph shall survive the expiration or earlier termination of this Sublease.

23. Surrender of Subleased Premises and Removal of Property

(a) Surrender of Subleased Premises and Sublandlord FF&E. Upon the expiration of the Term or upon any earlier termination hereof, Subtenant shall quit and surrender possession of the Subleased Premises and Sublandlord FF&E to Sublandlord in as good order and condition as the Subleased Premises and Sublandlord FF&E are on the Sublease Commencement Date subject to reasonable wear and tear. Subtenant shall, without expense to Sublandlord, remove from the Subleased Premises all of Subtenant's property, and if requested by Sublandlord, all Subtenant Improvements and FF&E, and Subtenant shall repair all damage to the Premises (including, without limitation, the Subleased Premises), the Building and/or the Project resulting from such removal. Except to the extent Subtenant purchases any of the Sublandlord FF&E from Sublandlord, Sublandlord shall be solely responsible for removal of the Sublandlord FF&E.
Disposal of Property. Upon the expiration (or sooner termination) of the Term, if any of Subtenant’s property is not removed by Subtenant upon the expiration of the Term of this Sublease, or within ten (10) days after a termination by reason of Subtenant’s default, Subtenant’s Property shall be considered abandoned and Sublandlord may remove it and dispose of it in any manner or store it in a public warehouse or elsewhere for the account of, and at the expense and risk of, Subtenant. After thirty (30) days, Sublandlord may sell any or all of such property at public or private sale, in such manner and at such places as Sublandlord, in its sole discretion, may deem proper, without notice to or demand upon Subtenant. Sublandlord shall apply the proceeds of such sale, first, to the cost and expense of sale, including reasonable attorneys’ fees; second, to the repayment of the cost of removal and storage; third, to the repayment of any other sums which may then thereafter be due to Sublandlord from Subtenant under any of the terms of this Sublease; and fourth, the balance, if any, to Subtenant.

24. Holding Over. If Subtenant holds over after the expiration of the Term, such tenancy shall be from month-to-month only, and not a renewal or an extension for any further term, and such month-to-month tenancy shall be subject to each and every term, covenant and agreement contained herein; provided, however, that Subtenant shall pay as fixed monthly rent during any holding over period, an amount equal to the greater of (a) one hundred fifty (150%) of the monthly Base Rent in effect immediately prior to the expiration or earlier termination of this Sublease for each month (or portion thereof) that such failure(s) continue(s), and (b) the holdover rent and other charges Sublandlord is required to pay to Master Landlord under the Master Lease due to Subtenant’s Holding Over, which shall be paid in satisfaction of such holdover rent, and not in addition; further, provided, however, that nothing in this Section 23 shall be construed as a consent by Sublandlord to any holding over by Subtenant and Sublandlord expressly reserves the right to require Subtenant to surrender possession of the Subleased Premises upon the expiration of the Term or upon the earlier termination hereof and to assert any remedy in law or equity to evict Subtenant and/or collect damages in connection with such holding over. Subtenant acknowledges that if it holds over beyond the Sublease Expiration Date, such hold over may cause Sublandlord to be in default under the Master Lease, and accordingly, Subtenant shall defend and indemnify Sublandlord for all costs, expenses, claims, suits and legal proceedings suffered by Sublandlord as a result of Subtenant’s holding over, including further, without limitation, all claims for direct, indirect, punitive and consequential damages. Notwithstanding anything to the contrary stated herein, to the extent Subtenant is unable to surrender possession of the Subleased Premises upon expiration of the Term due to Force Majeure Events, Subtenant shall not be deemed to be in holdover, and the terms of this Paragraph 24 shall not apply, provided however, Subtenant shall indemnify Sublandlord for any Sublandlord’s damage resulting from Subtenant’s failure to surrender possession of the Subleased Premises.

25. Defaults and Remedies.

  (a) Defaults by Subtenant. The occurrence of any of the following shall constitute a material default and breach of this Sublease by Subtenant (each, an “Event of Default”):

  (i) If Subtenant fails to pay the Rent or make any other payment required
to be made by Subtenant under this Sublease as and when due and such failure continues for five (5) days after written notice thereof by Sublandlord to Subtenant; provided, however, that said written notice shall not be required with respect to the third or subsequent failure by Subtenant to timely pay any such Rent in any twelve (12) consecutive month period;

(ii) If Subtenant enters into any Assignment or Sublease in violation of the terms of this Sublease;

(iii) If Subtenant fails to observe or perform any other provisions of this Sublease to be observed or performed by Subtenant, and such failure continues for fifteen (15) days after written notice thereof by Sublandlord to Subtenant; provided, however, that if the nature of such failure is such that it cannot reasonably be cured within such 15-day period, Subtenant shall not be deemed to be in default if Subtenant shall within such period commence such cure and thereafter diligently prosecute the same to completion, but in no event shall such cure period exceed thirty (30) days; provided, however, that if Subtenant defaults in the performance of the same covenant or agreement more than two (2) times during the Term, then notwithstanding that such defaults have each been cured by Subtenant, any further defaults shall be deemed an Event of Default without the ability to cure; and/or

(iv) If any action is taken by or against Subtenant pursuant to any statute pertaining to bankruptcy or insolvency or the reorganization of Subtenant (unless, in the case of a petition filed against Subtenant, the same is dismissed within sixty (60) days); if Subtenant makes any general assignment for the benefit of creditors; if a trustee or receiver is appointed to take possession of all or any portion of Subtenant’s assets located at the Subleased Premises or of Subtenant’s interest in this Sublease, where possession is not restored to Subtenant within sixty (60) days; or if all or any portion of Subtenant’s assets located at the Subleased Premises or of Subtenant’s interest in this Sublease is attached, executed upon, or otherwise judicially seized and such seizure is not discharged within sixty (60) days.

(b) **Sublandlord’s Remedies.** If there shall occur an Event of Default, Sublandlord shall have and may exercise all remedies available to Master Landlord under the Master Lease and all remedies provided under this Sublease or otherwise available to Sublandlord at law or in equity or under any statute or ordinance. Without limitation of the foregoing, Sublandlord may at its option:

(i) Termination. In the event of the occurrence of any Event of Default beyond any applicable notice and cure period set forth in Section 7(a) above, Sublandlord shall have the right to give a written termination notice to Subtenant, and on the date specified in such notice, Subtenant’s right to possession shall terminate, and this Sublease shall terminate unless on or before such date all Rent and other charges in arrears and all costs and expenses incurred by or on behalf of Sublandlord hereunder shall have been paid by Subtenant and all other Events of
Default of this Sublease by Subtenant at the time existing shall have been fully remedied to the satisfaction of Sublandlord. At any time after such termination, Sublandlord may recover possession of the Subleased Premises or any part thereof and expel and remove therefrom Subtenant and any other person occupying the same, including any subtenant or subtenants notwithstanding Sublandlord’s consent to any sublease, by any lawful means, and again repossess and enjoy the Subleased Premises without prejudice to any of the remedies that Sublandlord may have under this Sublease, or at law or equity by any reason of Subtenant’s default or of such termination. Sublandlord hereby reserves the right, but shall not have the obligation, to recognize the continued possession of any subtenant. The delivery or surrender to Sublandlord by or on behalf of Subtenant of keys, entry codes, or other means to bypass security at the Subleased Premises shall not terminate this Sublease.

(ii) Continuation After Default. Even though an Event of Default may have occurred, this Sublease shall continue in effect for so long as Sublandlord does not terminate Subtenant’s right to possession under Section 25(b)(i) hereof. Sublandlord shall have the remedy described in California Civil Code Section 1951.4 (“Sublandlord may continue this Sublease in effect after Subtenant’s breach and abandonment and recover Rent as it becomes due, if Subtenant has the right to sublet or assign, subject only to reasonable limitations”), or any successor code section. Accordingly, if Sublandlord does not elect to terminate this Sublease on account of any event of default by Subtenant, Sublandlord may enforce all of Sublandlord’s rights and remedies under this Sublease, including the right to recover Rent as it becomes due. Acts of maintenance, preservation or efforts to lease the Subleased Premises or the appointment of a receiver under application of Sublandlord to protect Sublandlord’s interest under this Sublease or other entry by Sublandlord upon the Subleased Premises shall not constitute an election to terminate Subtenant’s right to possession.

(iii) Damages After Default. Should Sublandlord terminate this Sublease pursuant to the provisions of Section 25(b)(i) hereof, Sublandlord shall have the rights and remedies of a Sublandlord provided by Section 1951.2 of the Civil Code of the State of California, or any successor code sections. Upon such termination, in addition to any other rights and remedies to which Sublandlord may be entitled under applicable law or at equity, Sublandlord shall be entitled to recover from Subtenant: (1) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination, (2) the worth at the time of award of the amount by which the unpaid Rent and other amounts that would have been earned after the date of termination until the time of award exceeds the amount of such Rent loss that Subtenant proves could have been reasonably avoided; (3) the worth at the time of award of the amount by which the unpaid Rent and other amounts for the balance of the Term after the time of award exceeds the amount of such Rent loss that Subtenant proves could be reasonably avoided; and (4) any other amount and court costs necessary to compensate Sublandlord for all detriment proximately caused by Subtenant’s failure to perform Subtenant’s obligations under this Sublease or which, in the ordinary course of things, would be likely to result
therefrom. The “worth at the time of award” as used in (1) and (2) above shall be computed at the Default Rate (as defined below). The “worth at the time of award” as used in (3) above shall be computed by discounting such amount at the Federal Discount Rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). If this Sublease provides for any periods during the Term during which Subtenant is not required to pay Rent or if Subtenant otherwise receives a Rent concession or abatement, then upon the occurrence of an Event of Default beyond any applicable notice and cure periods, Subtenant shall owe to Sublandlord the unamortized amount of such Rent or value of such Rent concession or abatement (i.e. based upon the amortization of such amount in equal monthly amounts during the period commencing on date on which such abatement or concession commences and ending on the Expiration Date), plus interest at the Applicable Interest Rate, calculated from the date that such Rent or Rent concession or abatement would have been payable.

(iv) Recovery of Possession; Reletting. Whether or not this Sublease has been terminated as herein provided, re-enter and repossess the Subleased Premises or any part thereof by summary proceedings, ejectment or other judicial process, and Sublandlord shall have the right to remove all persons and property therefrom. Sublandlord shall be under no liability for or by reason of any such entry, repossession or removal; and no such re-entry or taking of possession of the Subleased Premises by Sublandlord shall be construed as an election on Sublandlord’s part to terminate this Sublease or to accept a surrender thereof unless a written notice of such intention he given to Subtenant or unless the termination of this Sublease be decreed by a court of competent jurisdiction. Sublandlord shall use commercially reasonable efforts to mitigate damages; provided, however, that Sublandlord shall not be required to accept any subtenant offered by Subtenant or observe any instruction given by Subtenant about such reletting. For the purpose of such reletting, Sublandlord may decorate or make repairs, changes, alterations or additions in or to the Subleased Premises or any part thereof to the extent deemed by Sublandlord desirable or convenient, and the cost of such decoration, repairs, changes, alterations or additions shall be charged to and be payable by Subtenant as Rent hereunder, as well as any reasonable brokerage and legal fees expended by Sublandlord. Sublandlord reserves the right to terminate this Sublease at any time after taking possession of the Subleased Premises as aforesaid. Neither termination nor repossession and reletting shall relieve Subtenant of its obligations hereunder, all of which shall survive such termination, repossession or reletting. Subtenant agrees that Sublandlord may file suit to recover any sums falling due under the terms of this Paragraph from time to time and that no suit or recovery of any portion due Sublandlord hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Sublandlord; and/or

(c) Attorneys’ Fees: Sublandlord may include as an item of Rent its reasonable attorneys’ fees and costs in enforcing its rights hereunder.
In the event that Sublandlord receives a notice of default from Master Landlord under the Master Lease as a result of Sublandlord’s act or omission, or if Sublandlord fails to perform its obligations hereunder (including with respect to its obligation to timely pay all Sublandlord Utilities), if Sublandlord is unable or unwilling to so cure such default, Sublandlord shall deliver such notice to Subtenant, who, promptly upon Subtenant’s receipt of such notice, shall have the right, but not the obligation, to so cure such default and offset any related costs under this Sublease; provided, however, that any such actions to cure shall comply in all respects with the terms and obligations of Sublandlord as tenant under the Master Lease.

(e) Waivers by Subtenant. In the event of a termination of this Sublease as a result of an Event of Default, Subtenant hereby waives all right to recover or regain possession of the Subleased Premises, to save forfeiture by payment of Rent due or by other performance of the conditions, terms or provisions hereof, and without limitation of or by the foregoing, Subtenant waives all right to reinstate or redeem this Sublease notwithstanding any provisions of any statute, law or decision now or hereafter in force or effect, and Subtenant waives all right to any second or further trial in summary proceedings, ejectment or in any other action provided by any statute or decision now or hereafter in force or effect.

(f) Right of Sublandlord to Injunction; Remedies Cumulative. Upon any actual Event of Default or any Event of Default threatened in writing by Subtenant, Sublandlord shall have the right of injunction to restrain the same. The rights and remedies given to Sublandlord in this Sublease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Sublandlord, shall be deemed to be in exclusion of any of the others.

(g) WAIVER OF JURY TRIAL. SUBLANDLORD AND SUBTENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS SUBLLEASE, THE RELATIONSHIP OF SUBLANDLORD AND SUBTENANT, SUBTENANT’S USE OR OCCUPANCY OF THE SUBLLEASED PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE, OR FOR THE ENFORCEMENT OF ANY REMEDY UNDER ANY STATUTE, ORDINANCE OR OTHERWISE.

26. Covenant Against Liens. Subtenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Subtenant, operation of law or otherwise, to attach to or be placed upon the Project or on Subtenant’s subleasehold hereunder. Subtenant further agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Project or any portion thereof, with respect to work or services performed for or materials furnished to Subtenant or the Subleased Premises during the Term. Subtenant agrees to cause any such lien to be released and removed of record within ten (10) days after Subtenant’s receipt of notice of the filing thereof, at Subtenant’s expense.
27. **Late Charges; Default Rate.** If Subtenant is more than five (5) days late in paying any amount of Rent due under this Sublease, Subtenant shall pay Sublandlord a late charge equal to five percent (5%) of each delinquent amount of Rent and any subsequent delinquent amount of Rent; provided there shall be no late charge due or payable in connection with the first late payment in any 12 month period during the Term. The parties agree that the amount of such late charge represents a reasonable estimate of the cost and expense that would be incurred by Sublandlord in processing each delinquent payment of Rent by Subtenant and that such late charge shall be paid to Sublandlord as liquidated damages for each delinquent payment, but the payment of such late charge shall not excuse or cure any default by Subtenant under this Sublease. Any payment due from Subtenant to Sublandlord shall bear interest from the date due until paid, at an annual rate of the lesser of ten percent (10%) per annum or the maximum interest rate allowed by the Applicable Law (the “Default Rate”). The parties further agree that the payment of late charges and the payment of interest provided for in this paragraph are distinct and separate from one another in that the payment of interest is to compensate Sublandlord for the use of Sublandlord’s money by Subtenant, while the payment of a late charge is to compensate Sublandlord for the additional administrative expense incurred by Sublandlord in handling and processing delinquent payments, but excluding attorneys’ fees and costs incurred with respect to such delinquent payments.

28. **Quiet Enjoyment.** So long as no Event of Default shall occur and be continuing, Subtenant shall lawfully and quietly hold, occupy and enjoy the Subleased Premises during the Term without hindrance or molestation of anyone lawfully claiming by, through or under Sublandlord, subject, however, to the terms and conditions of this Sublease and the Master Lease.

29. **Brokers.** Sublandlord shall pay the commission to Colliers International (the “Listing Agent”) pursuant to a separate agreement and a full marketing commission in the amount of $[__________] to Savills, Inc. (the “Procuring Broker”). Other than the Listing Agent with respect to Sublandlord and the Procuring Broker with respect to Subtenant, Sublandlord and Subtenant each warrants to the other that it has not had any contact or dealings with any real estate broker or other intermediary, which would give rise to the payment of any fee or brokerage commission in connection with this Sublease. Sublandlord and Subtenant shall each indemnify the other from and against any loss, liability or damage (including reasonable counsel fees and costs) with respect to any fee or brokerage commission which may be claimed by any broker, finder or similar party, arising out of any act or omission of the indemnifying party. Each of Subtenant’s and Sublandlord’s respective obligations under this Section 28 shall survive the termination or expiration of this Sublease.

30. **General Provisions.**

   (a) **No Waiver.** The waiver by either party of any breach of any provision contained in this Sublease, or the failure of either party to insist on strict performance by the other, shall not be deemed to be a waiver of such provision as to any subsequent breach thereof or of any other provision contained in this Sublease. The acceptance of Rent hereunder by Sublandlord shall not be deemed to be a waiver of any breach or default by Subtenant regardless of Sublandlord’s knowledge of such breach or default at the time of acceptance of Rent.
(b) **Sublandlord’s Right to Perform.** If Subtenant fails to perform any act required to be performed by Subtenant, Sublandlord may, after giving any notice and allowing any grace period required by Section 25 (“Defaults and Remedies”), without obligation, and without waiving or releasing Subtenant from any default or obligations of Subtenant, make any such payment or perform any other act which Subtenant should have performed. All sums so paid by Sublandlord and all reasonable costs incurred by Sublandlord in making such payment or performing such other act or obligation and/or in enforcing this Sublease, including reasonable attorneys’ fees, together with interest thereon at the Default Rate, shall be payable to Sublandlord on demand and Subtenant agrees to pay any such sums, and Sublandlord shall have (in addition to any other right or remedy hereunder) the same rights and remedies in the event of the non-payment thereof by Subtenant as in the case of default by Subtenant in the payment of Rent.

(c) **Terms; Headings.** The words “Sublandlord” and “Subtenant” as used herein shall include the plural, as well as the singular. The headings or titles of this Sublease shall have no effect upon the construction or interpretation of any part hereof.

(d) **Entire Agreement.** This Sublease constitutes the entire and exclusive agreement between Sublandlord and Subtenant with respect to the Subleased Premises. This Sublease may be amended or revoked only by an instrument in writing signed by both Sublandlord and Subtenant. Sublandlord and Subtenant hereby agree that all prior or contemporaneous oral and written understandings, agreements or negotiations relative to the leasing of the Subleased Premises are merged into and superseded by this instrument.

(e) **Successors and Assigns.** Subject to the provisions of Section 20 relating to Assignment and Sublease, this Sublease is intended to and does bind the successors and assigns of any and all of the parties hereto.

(f) **Notices.** All notices, consents, requests, demands and other communications (collectively “notices”) which Sublandlord or Subtenant are required or desire to deliver to the other shall be in writing and shall be sent by certified or registered U.S. mail, return receipt requested, or by a reputable commercial overnight courier service (such as, but not limited to, Federal Express), to the appropriate address indicated below, or at such other place or places as either Sublandlord or Subtenant may, from time to time, designate in a written notice given to the other. Notices shall be deemed sufficiently served or given at the time of receipt or rejection as applicable. Any notice to Subtenant or Sublandlord shall be addressed as follows:

To Sublandlord:  
Facility Manager, Davy Zhao  
Baidu USA LLC  
1195 Bordeaux Dr., Sunnyvale CA 94089

With copy to:  
Legal Director, Parker Zhang
(g) **Severability.** If any provision of this Sublease, the deletion of which would not adversely affect the receipt of any material benefit by either party hereunder, shall be held invalid or unenforceable to any extent, the remaining provisions of this Sublease shall not be affected thereby and each of said provisions shall be valid and enforceable to the fullest extent permitted by Law.

(h) **Time of Essence.** Time is of the essence of this Sublease and each provision hereof in which time of performance is established.

(i) **Governing Law.** This Sublease shall be governed by and construed in accordance with the laws of the state where the Project is located.

(j) **Attorneys’ Fees.** In the event of any litigation between the parties, the prevailing party shall be entitled to obtain, as part of the judgment, all reasonable attorneys’ fees, costs and expenses incurred in connection with such litigation.

(k) **Force Majeure.** Neither party shall be liable for any failure to comply or delay in complying with its obligations hereunder (other than the obligation to pay sums of money) if such failure or delay is due to Force Majeure Events. Sublandlord shall not be obliged to settle any strike to avoid a Force Majeure Event from continuing.

(l) **Applicable Laws.** At its sole cost and expense, Subtenant shall promptly comply with all requirements of Applicable Laws relating to or arising out of the use, occupancy, repair or alteration of the Subleased Premises.

(m) **Estoppel Certificates.** Subtenant shall, without charge, at any time and from time to time hereafter, within ten (10) business days after written request by Sublandlord, certify to any party specified in such request: (a) whether this Sublease has been amended, and, if so, the substance and manner of such amendment; (b) the validity and force and effect of this Sublease; (c) to Subtenant’s knowledge, the
existence of any default hereunder; (d) the existence of any offsets, counterclaims or defenses thereto on the part of such other party; (e) the commencement and expiration dates of the Term and the date to which Rent has been paid; and (f) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other party to whom the same may be exhibited or delivered and the contents of such certificate shall be binding on Subtenant.

(n) **Subtenant Representation.** Subtenant represents and warrants (i) that it has all required approvals, and is authorized to enter into this Sublease, and to perform the obligations required of Subtenant hereunder; and (ii) that the individual signing below is authorized to execute this Sublease and to bind the Subtenant hereeto.

(o) **Sublandlord Representation.** Sublandlord represents and warrants (i) that it has all required approvals, and is authorized to enter into this Sublease, and to perform the obligations required of Sublandlord hereunder; (ii) that the individual signing below is authorized to execute this Sublease and to bind the Sublandlord hereeto, (iii) a true, correct and complete copy of the Master Lease, as may be redacted in Sublandlord’s reasonable discretion, has been delivered to Subtenant; (iv) the Master Lease is in full force and effect; (v) Sublandlord is not now, and as of the Sublease Commencement Date will not be, in default or material breach of any of the provisions of the Master Lease and Sublandlord has no knowledge of any claim by Master Landlord that Sublandlord is in default or breach of any of the provisions of the Master Lease; and (vi) Sublandlord has no knowledge that Master Landlord is in default or breach of any provisions of the Master Lease.

(p) **Time Periods.** Any time periods referenced in the Master Lease that apply to Subtenant’s obligations and notices under the Master Lease or this Sublease, including but not limited to those obligations and notices relating to default cure periods, estoppel delivery, and payments to be made under the Master Lease shall be deemed to be (i) three (3) days shorter than those time periods included in the Master Lease where the cure period in the Master Lease is at least five (5) calendar days, and (ii) two (2) days if the cure period in the Master Lease is less than five (5) calendar days and longer than two (2) days and (iii) the same time period if the cure period in the Master Lease is two (2) days or less.

(q) **Counterparts.** This Sublease may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement. The parties will be entitled to rely upon delivery of an executed electronic copy of this Sublease, and such executed electronic copy will be legally effective to create a valid and binding agreement between the parties.

[Signature Page Follows]
IN WITNESS WHEREOF, and intending to be legally bound hereby, Sublandlord and Subtenant have executed this Sublease as of the date first above-written.

SUBLANDLORD:

BAIDU USA LLC,
a California limited liability company

By: /s/ Xing Li
Name: Xing Li
Title: Deputy General Manager

SUBTENANT:

JFROG, INC.,
a Delaware corporation

By: /s/ Shlomi Ben Haim
Name: Shlomi Ben Haim
Title: CEO
<table>
<thead>
<tr>
<th>Location</th>
<th>Item</th>
<th>Quantity</th>
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<tbody>
<tr>
<td>Meeting 206 - Phuket</td>
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<td>1</td>
</tr>
<tr>
<td>Meeting 206 - Phuket</td>
<td>D-Shape Desk</td>
<td>1</td>
</tr>
<tr>
<td>Meeting 206 - Phuket</td>
<td>Access Mesh Work Chair with Arms</td>
<td>5</td>
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<td>Meeting 206 - Phuket</td>
<td>White Board (installed on the wall)</td>
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<tr>
<td>Meeting 205 - Bali</td>
<td>VIZIO D-Series 43” LED TV</td>
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<td>Meeting 205 - Bali</td>
<td>D-Shape Desk</td>
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<td>Access Mesh Work Chair with Arms</td>
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<tr>
<td>Meeting 204 - Oahu</td>
<td>VIZIO Smartcast 70” LED Smart TV</td>
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<tr>
<td>Meeting 204 - Oahu</td>
<td>VIZIO Smartcast 70” LED Smart TV</td>
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<td>Meeting 204 - Oahu</td>
<td>Access Mesh Work Chair with Arms</td>
<td>4</td>
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<tr>
<td>Meeting 204 - Oahu</td>
<td>Entertainment Credenza</td>
<td>1</td>
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<tr>
<td>Meeting 204 - Oahu</td>
<td>Conference Table, Rectangle</td>
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</tr>
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<tr>
<td>Meeting 221 - Maui</td>
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<td>Meeting 220 - Hainan</td>
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<td>Meeting 217 - Kauai</td>
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<td>Meeting 218 - Big Island</td>
<td>D-Shape Desk</td>
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<td>Meeting 218 - Big Island</td>
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<tr>
<td>Meeting 215 - Santorini</td>
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<td>Meeting 215 - Santorini</td>
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<tr>
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<td>Armless Sofa: 69&quot;L x 27”D x 31”, Hedge Color</td>
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<tr>
<td>Meeting 212 - Tahiti</td>
<td>Samsung QM-D Series 85&quot; 4K LED TV</td>
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<td>Samsung QM-D Series 85&quot; 4K LED TV</td>
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| Meeting 213 - Puerto Rico | VIZIO D-Series 43" LED TV | 1 |
| | Access Mesh Work Chair with Arms | 4 |
| | White Board (installed on the wall) | 1 |
| | Desk | 1 |

| Meeting 214 - Maldives | Samsung QM-D Series 85" 4K LED TV | 1 |
| | Samsung QM-D Series 85" 4K LED TV | 1 |
| | Access Mesh Work Chair with Arms | 18 |
| | Entertainment Credenza | 2 |
| | Conference Table, Rectangle | 1 |
| | White Board (installed on the wall) | 2 |

| Café | 30D x 72W Dimming Table, White with Silver Base | 14 |
| | Café Table, Square | 4 |
| | Café Armless Chairs, Red Color | 72 |
| | 43.8 x 19.7 x 26 Technology Ready Lectern | 1 |
| | Stage | 1 |
| | Projector | 1 |

| Meeting 200 - Virgin Islands | VIZIO D-Series 43" LED TV | 1 |
| | Conference Table, White with Silver Base | 1 |
| | Access Mesh Work Chair with Arms | 4 |
| | White Board (installed on the wall) | 1 |

| Meeting 201 - Bora Bora | VIZIO D-Series 43" LED TV | 1 |
| | Conference Table, White with Silver Base | 1 |
| | Access Mesh Work Chair with Arms | 4 |
| | White Board (installed on the wall) | 1 |

<p>| Lobby | Access Mesh Work Chair with Arms | 2 |
| | Glass Top End Table, Round | 2 |
| | Conventional Lounge, Poppy | 2 |
| | Reception Desk | 1 |
| | Box/Box/File Pedestal 16&quot;W x 22&quot;D x 27&quot;H, White | 1 |
| | File/File Pedestal 16&quot;W x 22&quot;D x 27&quot;H, White | 1 |
| | Scoop Stool, Upholstered Seat Pad, Lizard | 2 |
| | Enea Lottus Table-CafT, Square, 30W x 42H, White | 1 |
| | Samsung 65&quot; LED Smart 4K UHD TV with HDR | 1 |</p>
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<thead>
<tr>
<th>Area</th>
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<tr>
<td>Collaborative Area</td>
<td>Conventional Lounge, Urban Mica</td>
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<tr>
<td></td>
<td>Round Mobile, Twilight Tangerine</td>
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</tr>
<tr>
<td></td>
<td>Round Mobile, Spectrum Grape</td>
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<tr>
<td></td>
<td>Square Table, White with Silver Base</td>
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</tr>
<tr>
<td></td>
<td>Wrapp; Chair, 4 legs, 20 1/2D x 19H seat x 28H; metal frame; flight color</td>
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<tr>
<td></td>
<td>Cube Solo; indigo color</td>
<td>2</td>
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<tr>
<td></td>
<td>Millbrae; Sofa-3 seat, No arms; mushroom</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Enea Lottus; Table-Conference, Square, 30W x 30H</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Cube Solo, Taffy Color</td>
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<tr>
<td></td>
<td>Cube Solo, Purple Color</td>
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<td>74” H Nexel Chrome Wire Shelving - 36” W x 24” D</td>
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<td>74” H Nexel Chrome Wire Shelving - 48” W x 24” D</td>
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<td>Work Area</td>
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<td>Access Mesh Work Chair with Arms</td>
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<td>Mobile Pedestal, Box/File</td>
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<td>IT Sever Room</td>
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<td>Symmetra PX UPS Model: AP9215RM</td>
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<td>APC Server Cabinet</td>
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<td>Raritan PDU Model: PX2-1972</td>
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<td></td>
<td>Open Rack</td>
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<td></td>
<td>Commen Area</td>
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<td></td>
<td>Football Table</td>
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<td>Area outside of Meeting 215 Santorini</td>
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<tr>
<td></td>
<td>Scoop Stool, Upholstered Seat Pad, Blue Jay</td>
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<tr>
<td></td>
<td>Enea Lottus Table-CafT, Square, 30W x 42H, White</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Enea Lottus; Table-Conference, Square, 30W x 30H</td>
<td>1</td>
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<tr>
<td></td>
<td>Wrapp; Chair, 4 legs, 20 1/2D x 19H seat x 28H; metal frame; flight color</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Original Driver Area</td>
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<td>Sofa, Hedge Color</td>
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<tr>
<td></td>
<td>Mother’s Room</td>
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</tr>
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<td>Haier Small Refrigerator</td>
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<tr>
<td></td>
<td>Rocking Chair Set with Foot Rest</td>
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Schedule II

Alternations Required to be Removed by Sublandlord
## Subsidiaries of JFrog Ltd.

<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>JFrog, Inc.</td>
<td>Delaware</td>
</tr>
</tbody>
</table>
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 23, 2020 in the Registration Statement (Form S-1) and the related Prospectus of JFrog Ltd. dated August 24, 2020.

August 24, 2020
/s/ Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

Tel-Aviv, Israel