

fiverr.

Q4 | 2024

Shareholder Letter

[FIVERR.COM](https://www.fiverr.com)



Ada Mazurek, Seller
Founder @ Pitch Deck Studios
Barcelona, Spain



ON THE COVER:
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Founder
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Ada Mazurek is the Founder of Pitch Deck Studios, a presentation design agency that seeks to help businesses tell their stories visually and drive funding success. Her diverse expertise in film, TV development, advertising, branding, and marketing communications, has allowed her to create impactful pitch decks that have closed over \$500 million in deals and funding. Notably, the agency has brought to life presentations for shows and movies streaming on platforms like Netflix, HBO, Hulu, Travel Channel, and BBC.

Ada joined Fiverr in 2016, while working full-time in the film industry. What started as a side gig quickly became her full-time work, after seeing sizable demand for effective presentation design, with everyone from solopreneurs to big companies needing this service. Her typical clients are startups and small businesses in film, many who are just getting started and need support in showing their ideas clearly. With a team of 15 designers that have helped manage workload while keeping quality high, her business has grown meaningfully as clients value their reliability, communication, and timely delivery.

During her time on Fiverr, she has worked on over 5,000 projects, and helped more than 3,000 clients, with typical project size ranging from \$300 to \$1K and beyond. Ada has been a Top Rated Seller since joining and has been active on Fiverr Pro since 2022. Fiverr is her main platform, as she found its simple project management, secure payments, organization, and great quality clients to be superior to others.

“Fiverr gave me room to try different things by offering various gigs, and helped me figure out what I really enjoy doing and what people need. I love seeing clients succeed and the platform has been instrumental in building my business.”

Summary

- Delivered an outstanding year of growth and profitability.** We finished 2024 on a strong note, with double-digit revenue growth and a 20.0% Adjusted EBITDA margin for Q4'24. Our strong execution of upmarket initiatives such as Fiverr Pro and Dynamic Matching, and our strategy to expand Services revenue as a key growth catalyst, allowed us to deliver results ahead of expectations.
- Introduced an open platform for first-of-its-kind Generative AI solutions for creators and customers:** Fiverr Go is a human-centered AI platform that unites businesses, creative talent and AI developers all in one place. It leverages Fiverr's massive first-party transaction data and creates a revolutionary platform that gives talent full control and pricing power over their AI counterparts.
- Announcing industry-first Freelancer Equity Program:** The program is designed to reward high-performing Fiverr freelancers by granting ordinary shares of Fiverr based on their annual earnings growth on the platform. With this initiative, Fiverr is deepening its commitment to independent talent by giving top creators a real stake in our growth. Just as Fiverr Go empowers freelancers to scale like never before, this program ensures they're not just shaping the future of work—they own a piece of it.
- Going upmarket continues to be a key focus:** With the rollout of multi-tier subscription plans of Fiverr Pro, as well as the addition of Team Accounts for freelancers and agencies, we continue to focus on driving upmarket in terms of growing buyers with larger spending capacity as well as enabling larger sellers and more complex projects to transact on the platform.
- Strong setup for 2025:** Our guidance for 2025 implied double-digit revenue growth at the midpoint and continued steady progress toward our three-year targets laid out in 2024. We believe the strong momentum in Services revenue will serve as a short-term growth catalyst, while our investments in upmarket initiatives and AI will position us for long-term growth opportunities.

Q4'24 Results

| | Guidance | Actual | |
|--------------------------------|---|---|--|
| REVENUE | \$100.2 - \$102.2 million +9-12% y/y | \$103.7 million +13.3% y/y | |
| ADJUSTED EBITDA ⁽¹⁾ | \$19.5 - \$21.5 million | \$20.7 million | |
| MARKETPLACE | 3.6 million Annual Active Buyers ⁽¹⁾ | \$302 Annual Spend per Buyer ⁽¹⁾ | 27.6% Marketplace Take Rate ⁽¹⁾ |
| SERVICES | \$30.1 million Services Revenue | +102.1% y/y Services Revenue Growth | 29.1% of Total Revenue |

(1) This is a non-GAAP financial measure or Key Performance Metric. See "Key Performance Metrics and Non-GAAP Financial Measures" and reconciliation tables at the end of the shareholder letter for additional information regarding key performance metrics and non-GAAP metrics used in this shareholder letter

Financial Outlook

| | Q1 2025 | FY 2025 |
|-----------------|---|--|
| REVENUE | \$103.5 - \$108.5 million 11-16% y/y growth | \$422.0 - \$438.0 million 8-12% y/y growth |
| ADJUSTED EBITDA | \$18.0 - \$20.0 million | \$82.0 - \$90.0 million |

To Our Shareholders

We wrapped up 2024 with an outstanding fourth quarter underpinned by revenue growth of 13.3% y/y and an Adjusted EBITDA margin⁽¹⁾ of 20.0%. **Our strategy to expand value-added services across advertising, subscriptions and software offerings has clearly paid off, with Services revenue more than doubling year over year in Q4'24.** We also continue to focus on improving the quality of our buyer base, maintaining marketing efficiency, and strengthening our upmarket capabilities on the Marketplace. While the overall growth in GMV⁽¹⁾ and annual active buyers were muted, both high-value transaction volume and high-spending buyer base showed resilient growth. We believe this focus on quality and efficiency positions us well for when the overall hiring demand environment rebounds. All of these factors allowed us to deliver full-year revenue and Adjusted EBITDA well ahead of the targets we set at the beginning of 2024.

Our ability to deliver growth amid a challenging macro is further complemented by our continued discipline in driving profitability and delivering shareholder value. During 2024, we laid out solid three-year targets to achieve a 25% Adjusted EBITDA margin by the end of 2027, and a 14% CAGR in free cash flow⁽¹⁾ for the next three years. Our 2024 results demonstrated steady progress towards these goals, and we reiterated our confidence in achieving these three-year targets. During 2024, we also completed a \$100 million share repurchase, underscoring our confidence in the long term opportunity for our business and commitment to creating shareholder value. We expect to continue executing a thoughtful capital allocation strategy in 2025, balancing the need for growth as well as returning capital to shareholders.

2024 also marks a year of significant investment in AI for Fiverr. The expansion of Neo across search, inbox and post-order reviews, and the rollout of Dynamic Matching that enables AI-powered matching of complex project briefs are already showing promising results. Just yesterday, we launched a revolutionary Fiverr Go platform that empowers our talent community to build personalized creation models and AI assistants to supercharge the way they work. **Unlike any other AI platform, Fiverr Go is unique in several aspects: 1) It's human-centered AI.** Every delivery via Fiverr Go is backed by the full faith of the talent behind the creation model; **2) We give talent full control and pricing power over their AI counterpart.** This is more than just fairness or transparency - we believe undermining talent's original creativity poses a threat to humanity as a whole; **3) Fiverr Go is not a software tool, but a three-sided marketplace where**

talent, businesses, and AI developers come together. Fiverr's proprietary know-how in empowered end-to-end digital service transactions, including millions of projects and billions of work interactions, gives us a unique edge in building the new AI-powered economy.

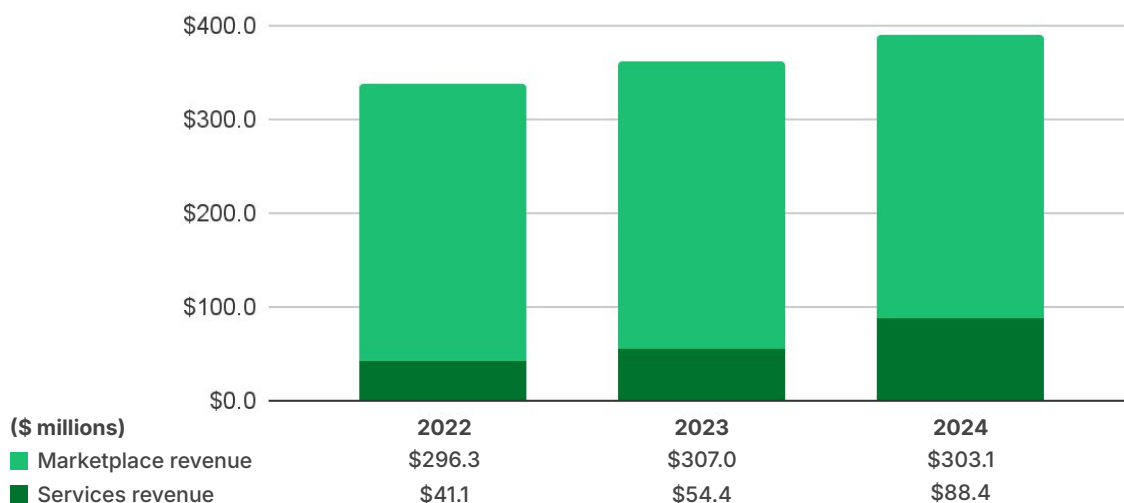
We are entering 2025 with a tremendous amount of momentum and optimism. This is not only reflected in the financial guidance we provided for the year, but also across our product pipeline and growth initiatives. This includes the continued investment in Fiverr Pro to drive wallet share expansion among high-value buyers, the scale of Dynamic Matching to facilitate more large complex projects on Fiverr, and the investment in AI and Fiverr Go to build the future of work. It's truly an exciting time - the energy across our teams and the opportunity ahead of us reminds me of the early days when I first started the company. I look forward to sharing this journey with all of you.

Services Revenue as a Continued Growth Driver into 2025

For full year 2024, we delivered total revenue of \$391.5 million, representing y/y growth of 8.3%, an acceleration from 7.1% y/y in 2023. **Our strategies to go upmarket and drive wallet share expansion among large customers, as well as to expand value-added services to increase monetization among our buyers and sellers, allowed us to achieve solid results for 2024.** We expect to continue these strategies into 2025 to drive annual spend per buyer growth and Services revenue expansion, and we believe the macro rebound, when it happens, could serve as an additional catalyst to growth.

In order to provide more transparency into the various revenue components of our business, especially as we expand our product offerings, we will start to provide a breakdown of our revenue into Marketplace revenue and Services revenue. Marketplace revenue is defined as the revenue generated from transaction commissions paid by buyers and sellers based on orders completed on our marketplace. Services revenue is defined as revenue from optional value-added services that we provide to our buyers and sellers. This includes advertising services of Fiverr Ads, subscription services such as Seller Plus and AutoDS, as well as other services such as financial or learning tools.

Marketplace vs. Services Revenue



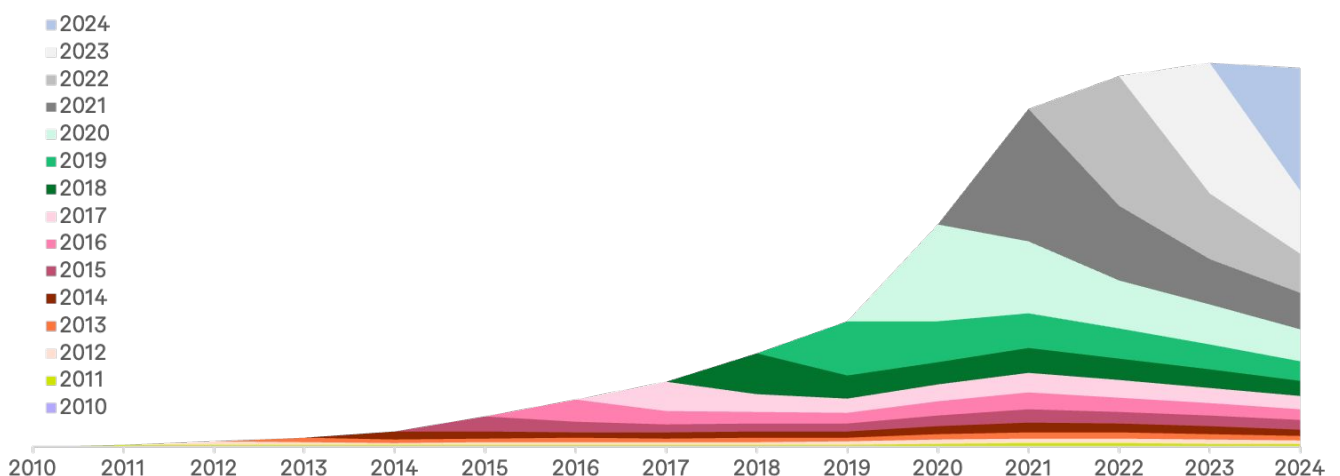
The breakdown provides additional clarity on the strength and growth outlook of different parts of our business. For Marketplace revenue, overall revenue growth has been relatively muted in the last two years due to the continued weakness we see across SMB sentiment and freelance hiring demand. **That said, we believe that the cyclical nature of macro conditions and companies' hiring needs present a growth catalyst for Marketplace revenue down the road. It's not a matter of if, but when.** Furthermore, it enjoys a strong, steady and sustainable Marketplace take rate of 27.6% thanks to our unique catalog business that significantly reduces friction in connecting businesses and freelancers to engage with each other.

Services revenue for 2024 was \$88.4 million, increasing 62.5% y/y. It represents 23% of our total business, up from 15% a year ago. The significant growth is driven by our focus and efforts in the past year to double down on the investments in value-added products, diversifying Fiverr's revenue source and expanding our business from a transaction marketplace to a comprehensive platform with multiple offerings. **We believe Services revenue will continue to show healthy double-digit growth, increase its contribution to our overall revenue, and serve as a key growth driver for our business in 2025.**

Expanding Marketplace Offerings to Capture Upmarket Demand

For full year 2024, Marketplace revenue was \$303.1 million, driven by 3.6 million annual active buyers, \$302 annual spend per buyer, and a 27.6% marketplace take rate. Under the existing macro backdrop, we continue to focus on improving the quality of our revenue by growing market share and conversion among larger buyers and projects, while maintaining strong marketing efficiency. **We continue to drive consistent performance across our annual cohorts, with recent cohorts typically smaller in number of buyers but bigger in average spend per buyer in their first year.** We are also seeing more new buyers coming with more complex project needs in more complex categories. For example, 11% of new buyers in 2024 came from the Programming & Tech vertical, compared to 7% five years ago, and they are spending much more than new buyers in other verticals. We believe this mix shift in part reflects the constant evolving demand trends and how our catalog evolves with it, and partly also speaks to our efforts in improving our ability to fulfill complex projects on our marketplace.

Marketplace Revenue Composition by Annual Cohorts



The number of active buyers who spend over \$10K annually grew 2% y/y, meaningfully better than the overall annual active buyer trends as Fiverr Pro continues to make strides among larger customers. The loyalty plan we launched a few months ago has garnered encouraging feedback and demand from our business community, and to further strengthening the awareness and reach of Fiverr Pro's offerings, we launched tiered Fiverr Pro subscription plans which include popular features such as two-week money-back guarantee, team accounts, and flexible payment plans.

We are also seeing larger and more complex projects show robust growth, with GMV from projects of over \$500 growing 7.9% y/y in 2024 compared to 2023. We launched Dynamic Matching in the second half of last year, which allows buyers to create detailed job briefs in order to find a talent match. The adoption of GenAI not only allows buyers to create better quality briefs with less time, it also allows our matching algorithm to interpret the job briefs with better accuracy and provides more relevant seller recommendations. While still in very early days, it's already showing amazing growth and potential. **The total number of job briefs submitted grew 30% month over month in January, and the average brief fulfillment rate is 3-4x of the average conversion rate on Fiverr.** Moreover, nearly 10% of the job briefs come with a budget of over \$1,000, amounting to tens of millions dollars worth of projects value. While our fulfillment rate for those high-value projects are still in early stages, it allows us to gain significant insights from our customers in order to iterate and improve conversion. We are truly excited about the potential impact this product will have down the road.

Fiverr Pro's Tiered Subscription Plans

Fiverr

Perfect for finding skilled freelancers worldwide for any project and budget.

Available for everyone

Go to Fiverr

Key benefits:

- ✓ On-demand, global freelance talent
- ✓ Verified work history and client reviews
- ✓ Instant freelancer matching
- ✓ Clear scope and upfront pricing per project
- ✓ 1 person per account
- ✓ Wide range of price points
- ✓ 24/7 support from a dedicated team of agents

Fiverr Pro Essential

Ideal for those seeking vetted freelance talent or hands-on hiring services.

Based on eligibility

*Maintain your eligibility by ordering services worth \$1,000 or more annually.

Join Fiverr Pro

Everything on Fiverr, plus:

- ✓ Vetted freelance talent catalog
- ✓ Money-back guarantee
- ✓ Freelancer shortlisting services by Fiverr Pro experts
- ✓ Hourly or project-based hiring
- ✓ Team account with unlimited members
- ✓ Earn credits on orders with our rewards program
- ✓ 25% discount on sourcing services

Fiverr Pro Advanced

Tailored for compliant hiring while providing advanced management tools.

\$129 /month

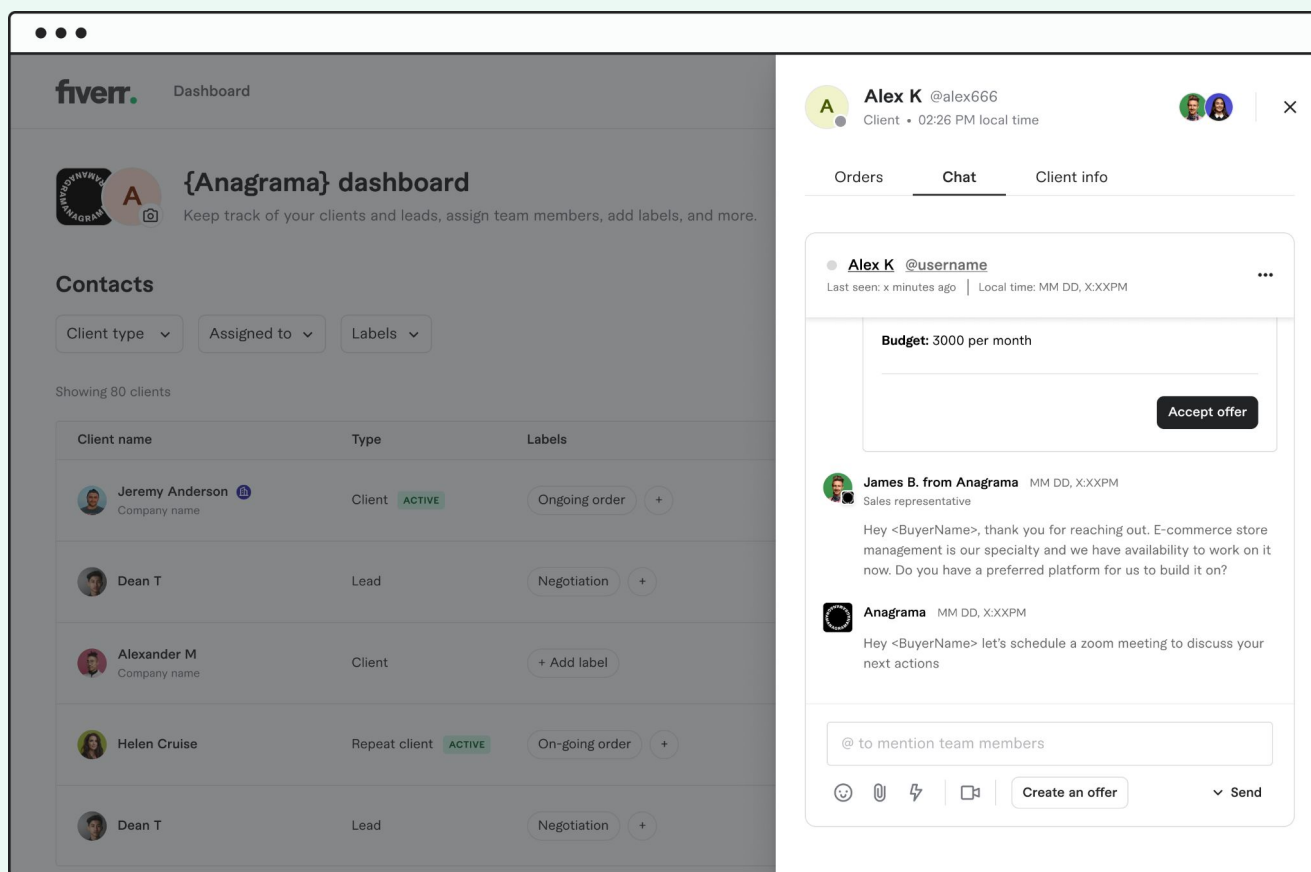
Contact us

Everything in Essential, plus:

- ✓ Legal document management
- ✓ Support from a dedicated Business Success Manager
- ✓ 1 background check and worker classification every month
- ✓ 10% off project management services

On the talent side, we continued to build products and tools to empower sellers to work on more complex projects and collaborate with bigger teams. We are also seeing increasing engagement among agencies on Fiverr, and as such, we are rolling out some highly sought after team account features for sellers, so that they can manage orders and coordinate workflows more seamlessly among their team members. **In addition, we are super excited to announce an all-new Freelancer Equity Program so that our most loyal and engaging sellers can share the success of our company.** Under the program, freelancers who meet a certain earnings threshold will receive FVRR share grants. This program further demonstrates our commitment to our freelancer community, and provides additional incentive and aspirations for our entire community to build their career on Fiverr.

Team Accounts Help Sellers to Manage Orders and Coordinate Workflows

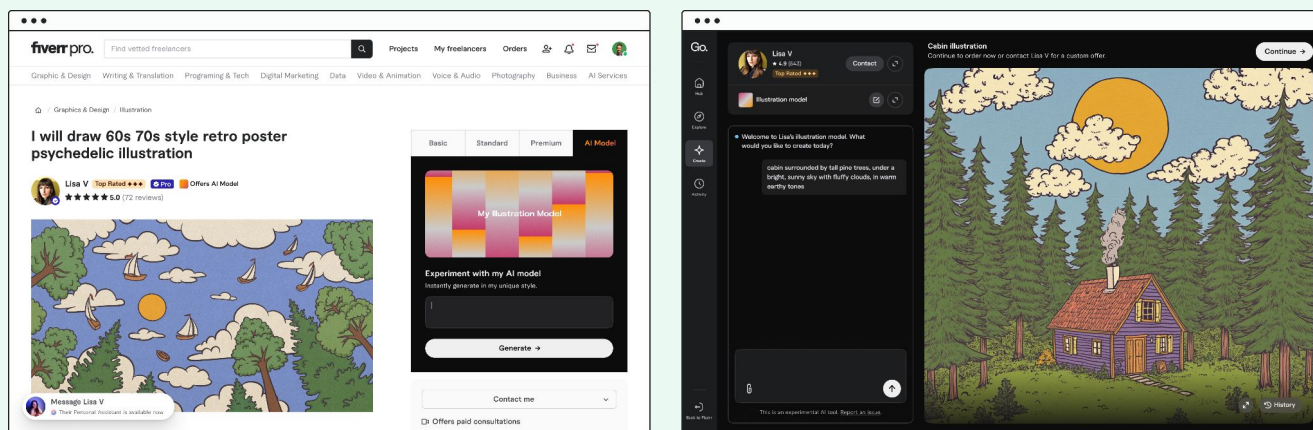


Fiverr Go Supercharges Freelancers with the Power of AI

We started Fiverr more than 15 years ago as a marketplace with 8 categories. Over the years, we have expanded and become a comprehensive platform that empowers millions of businesses and hundreds of thousands of freelancers to work together, providing them not only the connections with each other, but also a suite of marketing, productivity and operation tools to do better work. Now, as GenAI emerges as a new enabler for human creativity, Fiverr, once again, strives to stay at the forefront of innovation, to lead the transformation of work in the age of AI.

Fiverr Go was incubated and developed under such ambition. To watch the recording of the Launch Event, please click [here](#). Fiverr Go allows talent on Fiverr to build personalized creation models that are uniquely aligned with the talent's style and Gigs based on all the past transactions and deliverables on Fiverr. **Unlike other AI platforms, the AI generated content through Fiverr Go is backed by the full faith of the talent behind it and comes with a human revision as the freelancer defines.** It is also a key enabler for complex projects where it allows buyers to make seller selections with more confidence, and enables buyers and sellers to collaborate more seamlessly on project discovery and ideation.

How Fiverr Go Empowers Talent with a Personalized Creation Model



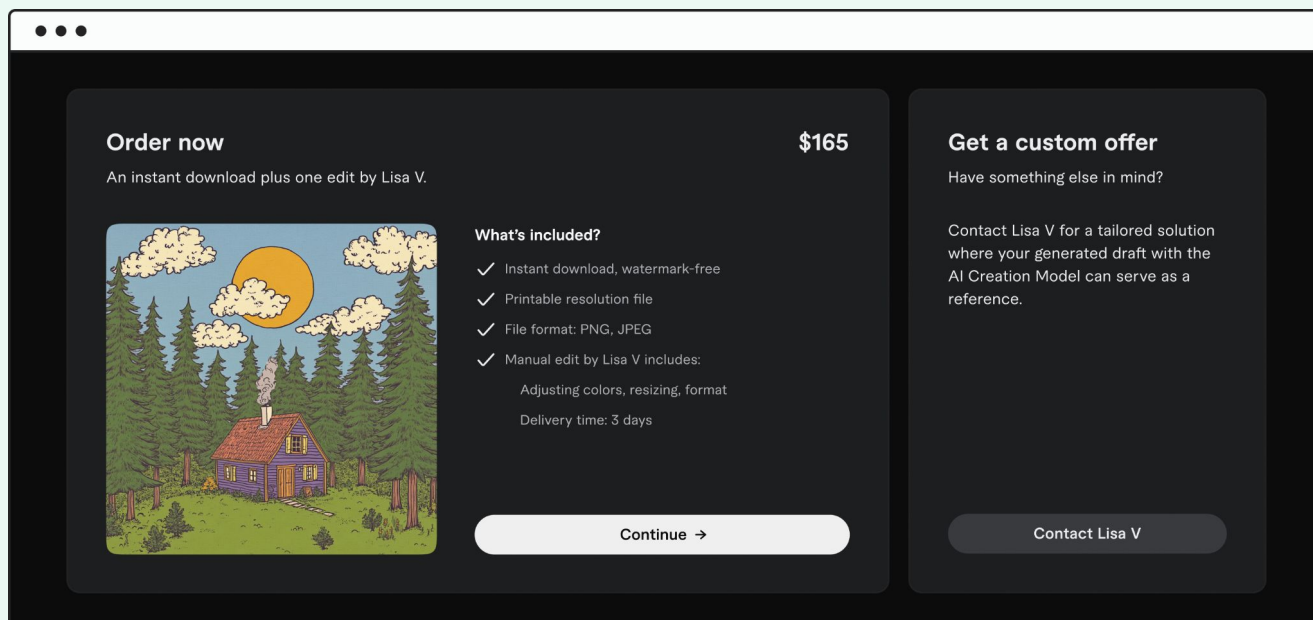
In addition, Fiverr Go allows sellers to create personalized AI assistants in order to facilitate client interactions. **For freelancers, it frees up valuable time for them to focus on more strategic and creative work, instead of answering inquiries and managing processes.** It also allows them to provide more timely responses to their customers when they are offline or occupied. As a marketplace, we know that every second saved in client response time translates into conversion and revenue improvement.

But it's not just about the creation models and AI assistants. These are just the first two use cases we have built for our talent community. **We are developing Fiverr Go into a robust ecosystem where we will enable talent to leverage AI developers to build any AI agents for them, whether it's workflow automation, marketing automation or project management.** While there are many companies working on AI agents, it is incredibly difficult to create AI agents uniquely tuned to an individual level. It is the intangible know-how, expertise and experience that makes one human so different from the other, making training those personalized AI agents nuanced, costly and time consuming. Fiverr is uniquely positioned to solve this problem, thanks to the vast amount of buyer, seller and transaction data on our platform, including the millions of deliverables and billions of messages we facilitated in the past. **With Fiverr Go, talent can tap into the power of AI without the need to understand AI engineering or building training datasets.**

Last but not least, Fiverr Go gives talent full control over the packaging and pricing of their AI counterparts. We believe the talent's creativity belongs to the talent, even when the output is generated via AI without their efforts. It's not only fair, but also important to preserve and motivate

human creativity for humanity as a whole. **As such, Fiverr Go is seamlessly embedded into the existing service listings on Fiverr, allowing freelancers to create an additional package based on the AI model, if they choose to, and at the price they set.** Freelancers who choose to deploy Fiverr Go will pay Fiverr a monthly subscription fee. Fiverr Go offers both a standalone subscription plan or a bundled subscription plan with Seller Plus.

Talent Controls the Packaging and Pricing of Their AI counterpart



The screenshot shows a Fiverr Go service listing for a digital illustration of a cabin in a forest. The listing is presented in a dark-themed interface. On the left, there is a preview of the artwork: a blue cabin with a red roof and a chimney, surrounded by tall evergreen trees under a bright sun and fluffy clouds. To the right of the preview, the text reads 'Order now' followed by 'An instant download plus one edit by Lisa V.' and a price of '\$165'. Below this, a 'What's included?' section lists several benefits: 'Instant download, watermark-free', 'Printable resolution file', 'File format: PNG, JPEG', and 'Manual edit by Lisa V includes: Adjusting colors, resizing, format' and 'Delivery time: 3 days'. A 'Continue →' button is positioned below the list. To the right of the main listing, there is a 'Get a custom offer' section with the text 'Have something else in mind?' and 'Contact Lisa V for a tailored solution where your generated draft with the AI Creation Model can serve as a reference.' A 'Contact Lisa V' button is located at the bottom of this section.

Fiverr Go is a game changer, both for our sellers and for us as a company. It puts a stake in the ground and demonstrates our solidarity with our community. At a time when AI threatens to replace humans and many AI companies inadvertently undermine talent originality, we are offering a more sensible, fair and powerful alternative. We believe talent should be the beneficiary of this wonderful technology instead of the victim; we believe they should be able to maintain control and credits to their creativity; we believe only a human-centered AI can allow businesses to achieve results with quality and accountability. **We are envisioning a very exciting future of work where Fiverr Go can turn any individual into a powerhouse and supercharge their earnings potential.**

CONFERENCE CALL AND WEBCAST DETAILS

Fiverr's management will host a conference call to discuss its financial results on Wednesday, February 19, 2025, at 8:00 a.m. Eastern Time. A live call webcast can be accessed from Fiverr's [Investor Relations website](#). An archived version will be available on the website after the call. To participate in the conference call, please register using the link [here](#).

Investor Relations

investors@fiverr.com

Press

press@fiverr.com

CONSOLIDATED BALANCE SHEETS

(in thousands)

| | December 31, 2024 | December 31, 2023 |
|---|----------------------|----------------------|
| | (Audited) | (Audited) |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 133,472 | \$ 183,674 |
| Marketable securities | 288,947 | 147,806 |
| User funds | 153,309 | 151,602 |
| Bank deposits | 144,843 | 85,893 |
| Restricted deposit | 1,315 | 1,284 |
| Other receivables | 34,198 | 24,217 |
| Total current assets | <u>756,084</u> | <u>594,476</u> |
| Long-term assets: | | |
| Marketable securities | 122,009 | 328,332 |
| Property and equipment, net | 4,271 | 4,735 |
| Operating lease right of use asset | 5,122 | 6,720 |
| Intangible assets, net | 41,882 | 10,722 |
| Goodwill | 110,218 | 77,270 |
| Other non-current assets | 30,388 | 1,349 |
| Total long-term assets | <u>313,890</u> | <u>429,128</u> |
| TOTAL ASSETS | <u>\$ 1,069,974</u> | <u>\$ 1,023,604</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Trade payables | \$ 5,533 | \$ 5,494 |
| User accounts | 141,691 | 142,203 |
| Deferred revenue | 20,090 | 11,047 |
| Other account payables and accrued expenses | 57,167 | 44,110 |
| Operating lease liabilities | 2,608 | 2,571 |
| Convertible notes, net | 457,860 | - |
| Total current liabilities | <u>684,949</u> | <u>205,425</u> |
| Long-term liabilities: | | |
| Convertible notes, net | - | 455,305 |
| Operating lease liabilities | 2,747 | 4,482 |
| Other non-current liabilities | 19,628 | 2,618 |
| Total long-term liabilities | <u>22,375</u> | <u>462,405</u> |
| TOTAL LIABILITIES | <u>\$ 707,324</u> | <u>\$ 667,830</u> |
| Shareholders' equity: | | |
| Share capital and additional paid-in capital | 727,176 | 640,846 |
| Accumulated deficit | (366,193) | (284,358) |
| Accumulated other comprehensive income (loss) | 1,667 | (714) |
| Total shareholders' equity | <u>362,650</u> | <u>355,774</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 1,069,974</u> | <u>\$ 1,023,604</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------|----------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| | (Unaudited) | | (Audited) | |
| Revenue | \$ 103,666 | \$ 91,502 | \$ 391,481 | \$ 361,375 |
| Cost of revenue | 20,201 | 15,473 | 70,566 | 61,846 |
| Gross profit | 83,465 | 76,029 | 320,915 | 299,529 |
| Operating expenses: | | | | |
| Research and development | 22,329 | 22,054 | 90,241 | 90,720 |
| Sales and marketing | 45,232 | 39,767 | 171,678 | 161,208 |
| General and administrative | 21,782 | 15,816 | 74,814 | 62,710 |
| Total operating expenses | 89,343 | 77,637 | 336,733 | 314,638 |
| Operating loss | (5,878) | (1,608) | (15,818) | (15,109) |
| Financial income (expenses), net | 5,662 | 6,914 | 27,706 | 20,163 |
| Income (loss) before taxes on income | (216) | 5,306 | 11,888 | 5,054 |
| Tax benefit (taxes on income) | 13,054 | (605) | 6,358 | (1,373) |
| Net income attributable to ordinary shareholders | \$ 12,838 | \$ 4,701 | \$ 18,246 | \$ 3,681 |
| Basic net income per share attributable to ordinary shareholders | \$ 0.36 | \$ 0.12 | \$ 0.49 | \$ 0.10 |
| Basic weighted average ordinary shares | 35,658,287 | 38,501,155 | 36,984,757 | 38,066,203 |
| Diluted net income per share attributable to ordinary shareholders | \$ 0.33 | \$ 0.12 | \$ 0.48 | \$ 0.09 |
| Diluted weighted average ordinary shares | 38,947,644 | 39,286,967 | 37,840,154 | 39,151,047 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|------------|----------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| | (Unaudited) | | (Audited) | |
| Cash flows from operating activities: | | | | |
| Net income | \$ 12,838 | \$ 4,701 | \$ 18,246 | \$ 3,681 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 4,328 | 1,287 | 10,476 | 5,987 |
| Amortization of premium and accretion of discount of marketable securities, net | (1,647) | (1,841) | (4,753) | (730) |
| Amortization of discount and issuance costs of convertible notes | 640 | 637 | 2,555 | 2,541 |
| Shared-based compensation | 18,020 | 16,792 | 73,942 | 68,698 |
| Exchange rate fluctuations and other items, net | 166 | (214) | 226 | 71 |
| Impairment of lease ROU asset | - | 211 | - | 211 |
| Revaluation of Earn-out | 3,059 | (570) | 3,202 | (570) |
| Changes in assets and liabilities: | | | | |
| User funds | 6,017 | 8,880 | (1,707) | (8,582) |
| Operating lease ROU assets and liabilities | 89 | 358 | (104) | (205) |
| Other receivables | (12,250) | 3,379 | (18,316) | (2,877) |
| Trade payables | 2,653 | 2,099 | (409) | (3,195) |
| Deferred revenue | 484 | (1,989) | 2,275 | (306) |
| User accounts | (6,597) | (7,140) | (512) | 9,171 |
| Payment of earn out | (843) | - | (843) | - |
| Escrow payment for contingent consideration | - | - | (12,168) | - |
| Account payable, accrued expenses and other | 1,098 | 752 | 7,967 | 8,232 |
| Non-current liabilities | 1,979 | 207 | 2,991 | 1,059 |
| Net cash provided by operating activities | 30,034 | 27,549 | 83,068 | 83,186 |
| Investing Activities | | | | |
| Investment in marketable securities | (56,606) | (46,394) | (87,340) | (309,155) |
| Proceeds from maturities of marketable securities | 25,361 | 40,780 | 159,216 | 273,186 |
| Investment in short-term bank deposits | (20,007) | - | (66,357) | - |
| Proceeds from short-term bank deposits | - | 31,245 | 8,213 | 46,858 |
| Acquisition of business, net of cash acquired | (383) | - | (39,738) | - |
| Acquisition of intangible asset | (1,106) | - | (1,106) | - |
| Purchase of property and equipment | (326) | (135) | (1,303) | (1,053) |
| Capitalization of internal-use software | (83) | (3) | (103) | (60) |
| Other receivables and non-current assets | - | - | (300) | - |
| Net cash provided by (used in) investing activities | (53,150) | 25,493 | (28,818) | 9,776 |
| Financing Activities | | | | |
| Repurchases of ordinary shares | - | - | (100,081) | - |
| Proceeds from exercise of share options | 989 | 364 | 3,349 | 2,765 |
| Payment of earn out | (4,357) | - | (4,357) | - |
| Proceeds from (payments of) withholding tax related to employees' exercises of share options and RSUs | 879 | 163 | 859 | 87 |
| Repayment of debt to previous shareholder of the acquired business | - | - | (3,992) | - |
| Net cash provided by (used in) financing activities | (2,489) | 527 | (104,222) | 2,852 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (168) | 220 | (230) | (29) |
| Increase (decrease) in cash, cash equivalents | (25,773) | 53,789 | (50,202) | 95,785 |
| Cash, cash equivalents at the beginning of period | 159,245 | 129,885 | 183,674 | 87,889 |
| Cash and cash equivalents at the end of period | \$ 133,472 | \$ 183,674 | \$ 133,472 | \$ 183,674 |

REVENUE BREAKDOWN

(in thousands ⁽¹⁾)

| | Three Months Ended December 31, | | Year Ended December 30, | |
|------------------------|------------------------------------|-----------|----------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Marketplace Revenue | \$ 73,510 | \$ 76,583 | \$ 303,069 | \$ 306,981 |
| Annual Active Buyers | 3,630 | 4,027 | 3,630 | 4,027 |
| Annual Spend per Buyer | \$ 302 | \$ 278 | \$ 302 | \$ 278 |
| Marketplace Take Rate | 27.6% | 27.4% | 27.6% | 27.4% |
| Services Revenue | \$ 30,156 | \$ 14,919 | \$ 88,412 | \$ 54,394 |
| Total Revenue | \$ 103,666 | \$ 91,502 | \$ 391,481 | \$ 361,375 |

(1) Except for Annual Spend per Buyer and Marketplace Take Rate

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

| | Q4' 23 | Q1' 24 | Q2' 24 | Q3' 24 | Q4' 24 | FY 2023 | FY 2024 |
|---|-----------|-----------|-------------|-----------|-----------|------------|------------|
| | | | (Unaudited) | | | (Audited) | (Audited) |
| GAAP gross profit | \$ 76,029 | \$ 78,076 | \$ 78,639 | \$ 80,735 | \$ 83,465 | \$ 299,529 | \$ 320,915 |
| Add: | | | | | | | |
| Share-based compensation | 633 | 678 | 499 | 514 | 445 | 2,497 | 2,136 |
| Depreciation and amortization | 709 | 613 | 791 | 2,415 | 3,198 | 3,253 | 7,017 |
| Earn-out revaluation, acquisition related costs and other | - | - | - | 11 | 17 | - | 28 |
| Non-GAAP gross profit | \$ 77,371 | \$ 79,367 | \$ 79,929 | \$ 83,675 | \$ 87,125 | \$ 305,279 | \$ 330,096 |
| Non-GAAP gross margin | 84.6% | 84.9% | 84.4% | 84.0% | 84.0% | 84.5% | 84.3% |

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME AND NET INCOME PER SHARE

(in thousands, except share and per share data)

| | Q4' 23 | Q1' 24 | Q2' 24 | Q3' 24 | Q4' 24 | FY 2023 | FY 2024 |
|---|------------|------------|-------------|------------|------------|------------|------------|
| | | | (Unaudited) | | | (Audited) | (Audited) |
| GAAP net income attributable to ordinary shareholders | \$ 4,701 | \$ 788 | \$ 3,267 | \$ 1,353 | \$ 12,838 | \$ 3,681 | \$ 18,246 |
| Add: | | | | | | | |
| Depreciation and amortization | 1,287 | 1,150 | 1,606 | 3,392 | 4,328 | 5,987 | 10,476 |
| Share-based compensation | 16,792 | 19,020 | 18,438 | 18,464 | 18,020 | 68,698 | 73,942 |
| Earn-out revaluation, acquisition related costs and other | (359) | 9 | 109 | 1,273 | 4,240 | (359) | 5,631 |
| Convertible notes amortization of discount and issuance costs | 637 | 637 | 638 | 640 | 640 | 2,541 | 2,555 |
| Taxes on income related to non-GAAP adjustments | - | - | (71) | (290) | (16,249) | - | (16,610) |
| Exchange rate (gain)/loss, net | 42 | 128 | (156) | (221) | 1,108 | (131) | 859 |
| Non-GAAP net income | \$ 23,100 | \$ 21,732 | \$ 23,831 | \$ 24,611 | \$ 24,925 | \$ 80,417 | \$ 95,099 |
| Weighted average number of ordinary shares - basic | 38,501,155 | 38,756,151 | 38,089,060 | 35,435,532 | 35,658,287 | 38,066,203 | 36,984,757 |
| Non-GAAP basic net income per share attributable to ordinary shareholders | \$ 0.60 | \$ 0.56 | \$ 0.63 | \$ 0.69 | \$ 0.70 | \$ 2.11 | \$ 2.57 |
| Weighted average number of ordinary shares - diluted | 41,440,827 | 41,758,840 | 40,909,724 | 38,359,853 | 38,947,644 | 41,304,907 | 39,994,015 |
| Non-GAAP diluted net income per share attributable to ordinary shareholders | \$ 0.56 | \$ 0.52 | \$ 0.58 | \$ 0.64 | \$ 0.64 | \$ 1.95 | \$ 2.38 |

RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

(in thousands, except Adjusted EBITDA margin data)

| | Q4' 23 | Q1' 24 | Q2' 24 | Q3' 24 | Q4' 24 | FY 2023 | FY 2024 |
|---|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
| | | | (Unaudited) | | | (Audited) | (Audited) |
| GAAP net income | \$ 4,701 | \$ 788 | \$ 3,267 | \$ 1,353 | \$ 12,838 | \$ 3,681 | \$ 18,246 |
| Add: | | | | | | | |
| Financial expenses (income), net | (6,914) | (6,661) | (8,502) | (6,881) | (5,662) | (20,163) | (27,706) |
| Tax benefit (taxes on income) | 605 | 1,713 | 2,931 | 2,052 | (13,054) | 1,373 | (6,358) |
| Depreciation and amortization | 1,287 | 1,150 | 1,606 | 3,392 | 4,328 | 5,987 | 10,476 |
| Share-based compensation | 16,792 | 19,020 | 18,438 | 18,464 | 18,020 | 68,698 | 73,942 |
| Earn-out revaluation, acquisition related costs and other | (359) | 9 | 109 | 1,273 | 4,240 | (359) | 5,631 |
| Adjusted EBITDA | \$ 16,112 | \$ 16,019 | \$ 17,849 | \$ 19,653 | \$ 20,710 | \$ 59,217 | \$ 74,231 |
| Adjusted EBITDA margin | 17.6% | 17.1% | 18.9% | 19.7% | 20.0% | 16.4% | 19.0% |

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(in thousands)

| | Q4' 23 | Q1' 24 | Q2' 24 | Q3' 24 | Q4' 24 | FY 2023 | FY 2024 |
|---|-----------|-----------|-------------|-----------|-----------|------------|------------|
| | | | (Unaudited) | | | (Audited) | (Audited) |
| GAAP research and development | \$ 22,054 | \$ 23,633 | \$ 21,855 | \$ 22,424 | \$ 22,329 | \$ 90,720 | \$ 90,241 |
| Less: | | | | | | | |
| Share-based compensation | 5,836 | 6,836 | 5,897 | 5,273 | 5,563 | 24,310 | 23,569 |
| Depreciation and amortization | 191 | 201 | 193 | 190 | 247 | 799 | 831 |
| Earn-out revaluation, acquisition related costs and other | - | - | - | 700 | (672) | - | 28 |
| Non-GAAP research and development | \$ 16,027 | \$ 16,596 | \$ 15,765 | \$ 16,261 | \$ 17,191 | \$ 65,611 | \$ 65,813 |
| GAAP sales and marketing | \$ 39,767 | \$ 42,152 | \$ 41,324 | \$ 42,970 | \$ 45,232 | \$ 161,208 | \$ 171,678 |
| Less: | | | | | | | |
| Share-based compensation | 3,166 | 3,436 | 3,389 | 3,605 | 3,162 | 13,304 | 13,592 |
| Depreciation and amortization | 309 | 264 | 553 | 721 | 770 | 1,601 | 2,308 |
| Earn-out revaluation, acquisition related costs and other | - | - | - | 67 | 1,811 | - | 1,878 |
| Non-GAAP sales and marketing | \$ 36,292 | \$ 38,452 | \$ 37,382 | \$ 38,577 | \$ 39,489 | \$ 146,303 | \$ 153,900 |
| GAAP general and administrative | \$ 15,816 | \$ 16,451 | \$ 17,764 | \$ 18,817 | \$ 21,782 | \$ 62,710 | \$ 74,814 |
| Less: | | | | | | | |
| Share-based compensation | 7,157 | 8,070 | 8,653 | 9,072 | 8,850 | 28,587 | 34,645 |
| Depreciation and amortization | 78 | 72 | 69 | 66 | 113 | 334 | 320 |
| Earn-out revaluation, acquisition related costs and other | (359) | 9 | 109 | 495 | 3,084 | (359) | 3,697 |
| Non-GAAP general and administrative | \$ 8,940 | \$ 8,300 | \$ 8,933 | \$ 9,184 | \$ 9,735 | \$ 34,148 | \$ 36,152 |

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

(in thousands)

| | Q4' 23 | Q1' 24 | Q2' 24 | Q3' 24 | Q4' 24 | FY 2023 | FY 2024 |
|---|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
| | | | (Unaudited) | | | (Audited) | (Audited) |
| Net cash provided by operating activities | \$ 27,549 | \$ 21,196 | \$ 20,971 | \$ 10,867 | \$ 30,034 | \$ 83,186 | \$ 83,068 |
| Purchase of property and equipment | (135) | (378) | (309) | (290) | (326) | (1,053) | (1,303) |
| Capitalization of internal-use software | (3) | (20) | - | - | (83) | (60) | (103) |
| Free cash flow | \$ 27,411 | \$ 20,798 | \$ 20,662 | \$ 10,577 | \$ 29,625 | \$ 82,073 | \$ 81,662 |

Key Performance Metrics and Non-GAAP Financial Measures

This shareholder letter includes certain key performance metrics and financial measures not based on GAAP, including Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income (loss), non-GAAP net income (loss) per share and free cash flow, as well as operating metrics, including marketplace Gross Merchandise Value or GMV, annual active buyers, annual spend per buyer and marketplace take rate. Some amounts in this shareholder letter may not total due to rounding. All percentages have been calculated using unrounded amounts. We updated the definitions of annual active buyers, GMV, annual spend per buyer and marketplace take rate to align with our supplemental revenue presentation, which disaggregates revenue into two components, marketplace revenue and services revenue. These metrics will now exclusively reflect the marketplace, as amounts related to services previously included in these metrics are deemed immaterial.

We define each of our non-GAAP measures of financial performance, as the respective GAAP balances shown in the above tables, adjusted for, as applicable, depreciation and amortization, share-based compensation expenses, contingent consideration revaluation, acquisition related costs and other, income taxes, amortization of discount and issuance costs of convertible note, financial (income) expenses, net. Non-GAAP gross profit margin represents non-GAAP gross profit expressed as a percentage of revenue. We define non-GAAP net income (loss) per share as non-GAAP net income (loss) divided by GAAP weighted-average number of ordinary shares basic and diluted. We use free cash flow as a liquidity measure and define it as a net cash provided by operating activities less capital expenditures.

We define GMV or marketplace Gross Merchandise Value as the total value of transactions ordered through our marketplace, excluding value added tax, goods and services tax, service chargebacks and refunds. Annual active buyers on any given date is defined as buyers who have ordered a Gig on our marketplace within the last 12-month period, irrespective of cancellations. Annual spend per buyer on any given date is calculated by dividing our GMV within the last 12-month period by the number of annual active buyers as of such date. Marketplace take rate for a given period means marketplace revenue for such period divided by GMV for such period. When we refer in this shareholder letter to the marketplace we refer to transactions conducted between buyers and freelancers on Fiverr.com. When we refer to the platform we refer to the marketplace and our additional services.

Management and our board of directors use certain metrics as supplemental measures of our performance that is not required by, or presented in accordance with GAAP because they assist us in comparing our operating performance on a consistent basis, as they remove the impact of items not directly resulting from our core operations. We also use these metrics for planning purposes, including the preparation of our internal annual operating budget and financial projections, to evaluate the performance and effectiveness of our strategic initiatives and capital expenditures and to evaluate our capacity to expand our business. In addition, we believe that free cash flow, which we use as a liquidity measure, is useful in evaluating our business because free cash flow reflects the cash surplus available or used to fund the expansion of our business after the payment of capital expenditures relating to the necessary components of ongoing operations. Capital expenditures consist primarily of property and equipment purchases and capitalized software costs.

Free cash flow should not be used as an alternative to, or superior to, cash from operating activities. In addition, Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income (loss) and non-GAAP net income (loss) per share as well as operating metrics, including GMV, annual active buyers, annual spend per buyer, marketplace take rate and tROI should not be considered in isolation, as an alternative to, or superior to net income (loss), revenue, cash flows or other performance measure derived in accordance with GAAP. These metrics are

frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Management believes that the presentation of non-GAAP metrics is an appropriate measure of operating performance because they eliminate the impact of expenses that do not relate directly to the performance of our underlying business. These non-GAAP metrics should not be construed as an inference that our future results will be unaffected by unusual or other items. Additionally, Adjusted EBITDA and other non-GAAP metrics used herein are not intended to be a measure of free cash flow for management's discretionary use, as they do not reflect our tax payments and certain other cash costs that may recur in the future, including, among other things, cash requirements for costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using Adjusted EBITDA and other non-GAAP metrics as supplemental measures of our performance. Our measures of Adjusted EBITDA, free cash flow and other non-GAAP metrics used herein are not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

See the tables above regarding reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

We are not able to provide a reconciliation of Adjusted EBITDA to net income (loss), the nearest comparable GAAP measure and Adjusted EBITDA margin guidance for the first quarter of 2025, the fiscal year ending December 31, 2025, or the period ending December 31, 2027, because certain items that are excluded from Adjusted EBITDA and Adjusted EBITDA margin cannot be reasonably predicted or are not in our control. We are also not able to provide a reconciliation of free cash flow guidance for the fiscal year ended December 31, 2025 or the three year period from 2024-2027 to cash from operating activities, the nearest comparable GAAP measure, because certain items that are reflected in free cash flow cannot be reasonably predicted or are not in our control. In particular, in the case of Adjusted EBITDA and Adjusted EBITDA margin, we are unable to forecast the timing or magnitude of share based compensation, amortization of intangible assets, impairment of intangible assets, income or loss on revaluation of contingent consideration, other acquisition-related costs, convertible notes amortization of discount and issuance costs and exchange rate income or loss, and in the case of free cash flow, we are unable to forecast property and equipment purchases and capitalized software costs, in each case, as applicable without unreasonable efforts, and these items could significantly impact, either individually or in the aggregate, GAAP measures in the future.

Forward Looking Statements

This shareholder letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this shareholder letter that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our expected financial performance and operational performance including our long term free cash flow expectations, our business plans and strategy, the growth of our business, AI services and developments, our product portfolio and features, our freelancer equity program, as well as statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “forecast,” “estimate,” “may,” “should,” “anticipate” and similar statements of a future or forward-looking nature. These forward-looking statements are based on management’s current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: our ability to successfully implement our business plan within adverse economic conditions that may impact consumers, business spending and the demand for our services or have a material adverse impact on our business, financial condition and results of operations; our ability to attract and retain a large community of buyers and freelancers; our ability to generate sufficient revenue to maintain profitability or positive net cash flow generated by operating activities; our ability to maintain and enhance our brand; our dependence on the continued growth and expansion of the market for freelancers and the services they offer; our dependence on traffic to our websites; our ability to maintain user engagement on our websites and to maintain and improve the quality of our operations within a competitive market; political, economic and military instability in Israel, including related to the war in Israel; our ability and the ability of third parties to protect our users’ personal or other data from a security breach and to comply with laws and regulations relating to data privacy, data protection and cybersecurity; our ability to manage our current and potential future growth; our dependence on decisions and developments in the mobile device industry, over which we do not have control; our ability to detect errors, defects or disruptions in our platform; our ability to comply with the terms of underlying licenses of open source software components on our platform; our ability to expand into markets outside the United States and our ability to manage the business and economic risks of international expansion and operations; our ability to achieve desired operating margins; our ability to comply with a wide variety of U.S. and international laws and regulations, including with regulatory frameworks around the development and use of AI; our ability to attract, recruit, retain and develop qualified employees; our reliance on Amazon Web Services; our ability to mitigate payment and fraud risks; our dependence on relationships with payment partners, banks and disbursement partners; and the other important factors discussed under the caption “Risk Factors” in our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission (“SEC”) on February 19, 2025 as such factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. In addition, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements that we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this shareholder letter are inherently uncertain and may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, you should not rely upon forward-looking statements as predictions of future events. In addition, the forward-looking statements made in this shareholder letter relate only to events or information as of the date on which the statements are made in this shareholder letter. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.