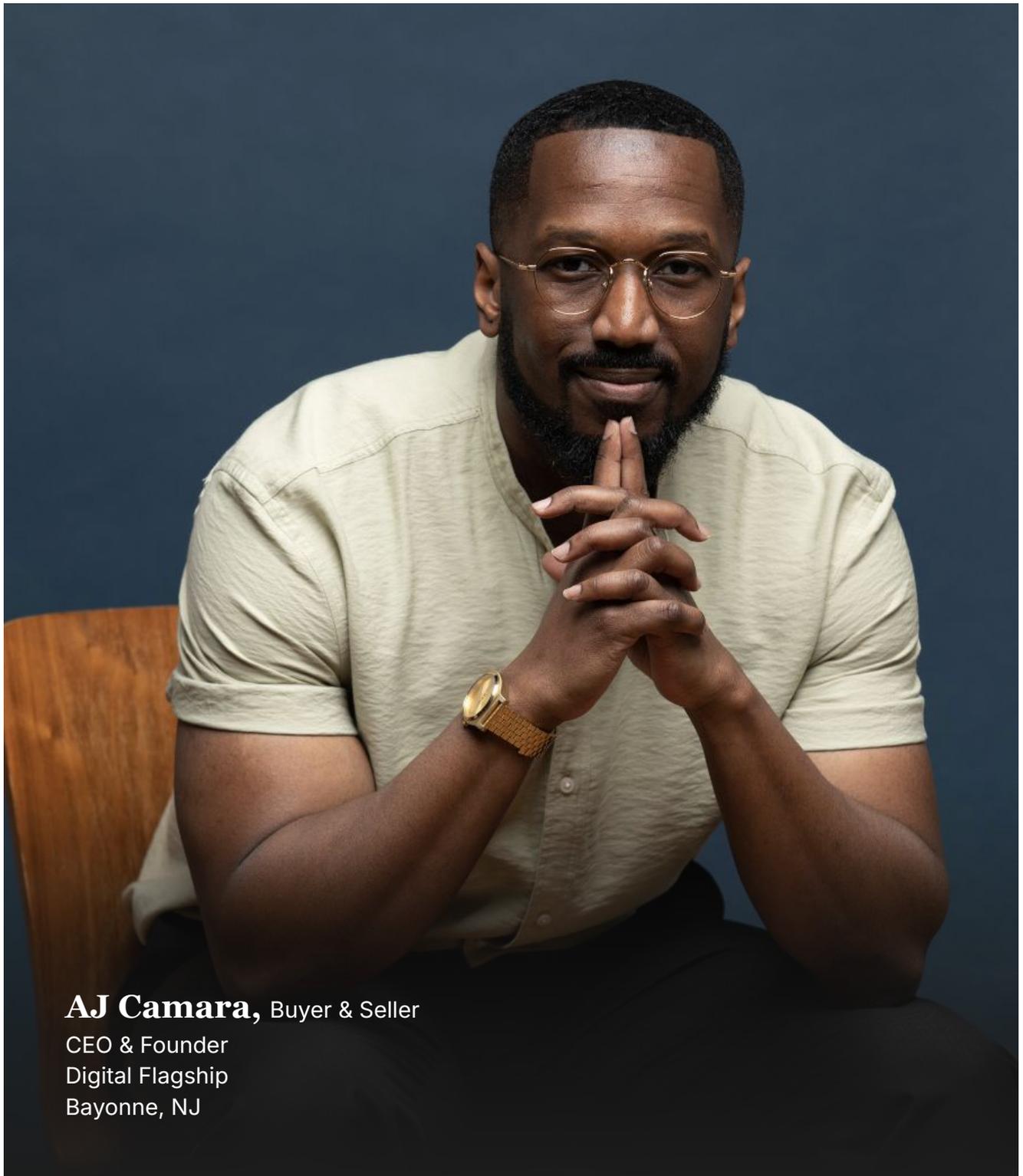


fiverr.

Q3 | 2025

Shareholder Letter

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



AJ Camara, Buyer & Seller
CEO & Founder
Digital Flagship
Bayonne, NJ



ON THE COVER:

AJ Camara, Buyer & Seller
CEO & Founder
Digital Flagship
Bayonne, NJ

AJ Camara founded his website design and development company six years ago with the goal of creating websites that truly connect, prioritizing human creativity and genuine stories. Over the years, they've launched over 120 websites and partnered with well-known brands like EarthLink, Google, and Kohler, to achieve impactful and successful results. Digital Flagship has also been featured on Bloomberg, Business Insider, CBS, and many other publications.

AJ joined Fiverr in 2020 while looking to expand his own freelance work. He has used both sides of the platform, selling web design and development services, and hiring freelancers to support client work with Digital Flagship. When a project requires services outside his core skill set, such as animation, custom illustration, or data extraction, he utilizes a specialist on the platform. He also hires freelancers for marketing needs, like SEO and advertising creative. He finds the new AI chat particularly helpful, effectively keeping communications flowing while he's offline to move projects forward and maintain leads.

AJ was selected as one of fifteen accepted entrepreneurs in the 2024 cohort for Fiverr's Future Collective, our 6-month accelerator program for underrepresented businesses. The program has helped give him more clarity in his business, forge new connections, and prioritize for real impact while he continues to scale sustainably. Digital Flagship has spent close to \$10K on the platform and worked with a handful of trusted freelancers.

"Fiverr always stood out to me because of how straightforward it is for independent creators to build something substantial on the platform."

"Being part of the Future Collective opened doors to new relationships and client referrals, which speaks to the quality of the network Fiverr has built around the program."

Summary

- **Strong Q3 results:** Q3'25 represents another quarter of Rule-of-30, with revenue above the midpoint and Adjusted EBITDA exceeding the high end of our guidance. The continued growth of AI, upmarket, and value-added services led to revenue strength, and we delivered the highest-ever quarter of Adjusted EBITDA and Adjusted EBITDA margin as we accelerated our pace towards long-term targets.
- **Acceleration in Spend per Buyer growth:** With tailwinds from both AI-related categories and the expansion of Managed Services and Dynamic Matching, Marketplace revenue continued to benefit from strong growth in complex projects, resulting in higher ticket-sized purchases and growth of customer wallet size.
- **Continued strength of Services revenue:** Services revenue continued to grow at a robust pace, with Fiverr Go serving as a key driver for Seller Plus adoption, which grew over 20% y/y. Fiverr Ads maintained double-digit growth as we expanded ads into the Fiverr Pro catalog. AutoDS benefited from synergies with Fiverr and the partnership with Shopify.
- **Positioning the business for 2026:** As we look to close 2025 with strong execution, we are working through the transformation to position the business for a successful 2026. This includes focused investments in AI and upmarket to reaccelerate marketplace growth, as well as continued expansion of our value-added service portfolio, which remains a key driver of growth.

Q3'25 Results

	Guidance	Actual	
REVENUE	\$105 - \$110 million +5-10% y/y	\$107.9 million +8.3% y/y	
ADJUSTED EBITDA ⁽¹⁾	\$21.5 - \$23.5 million	\$24.2 million	
MARKETPLACE	3.3 million Annual Active Buyers ⁽¹⁾	\$330 Annual Spend per Buyer ⁽¹⁾	27.6% Marketplace Take Rate ⁽¹⁾
SERVICES	\$34.3 million Services Revenue	+39.6% y/y Services Revenue Growth	31.8% of Total Revenue

Financial Outlook

	Q4 2025	FY 2025
REVENUE	\$104.3 - \$112.3 million 1% - 8%	\$428 - \$436 million +9%-11% y/y
ADJUSTED EBITDA	\$23.9 - \$27.9 million	\$88 - \$93 million

(1) See "Key Performance Metrics and Non-GAAP Financial Measures" for additional information regarding key performance metrics and non-GAAP metrics used in this shareholder letter

To Our Shareholders

We delivered another strong quarter, with solid performance on both the top and bottom lines. Revenue came in at \$107.9 million, ahead of the midpoint of our guidance and representing 8.3% y/y growth. Momentum in AI-related services and our upmarket initiatives drove accelerated growth in spend per buyer, while Services revenue remained a key contributor to overall growth. We also achieved our highest ever Adjusted EBITDA and Adjusted EBITDA margin for a quarter, underscoring the intrinsic leverage in our marketplace model and our ability to execute with discipline.

In early September, we undertook a company-wide restructuring to streamline our organization, unlock resources and accelerate our transformation into an AI-first company. For us, being AI-first means three things: 1) building an AI-native team through hiring and upskilling; 2) upgrading our tech infrastructure to drive faster AI integration and operational efficiency; and 3) reimagining our marketplace in a world where internet and e-commerce experiences are rapidly evolving. These investments position us to better serve upmarket clients, support more complex projects, and ultimately drive long-term success well into 2026 and beyond.

At the same time, we remain laser-focused on re-accelerating GMV, especially in the face of persistent macro uncertainty and mixed economic signals. While a lower interest rate environment could provide relief for SMBs, job market weakness continues to weigh on sentiment. Our goal is to build our growth strategy to be as macro agnostic as possible. Within the marketplace, we are clearly seeing the divergence in demand: high-quality talent with specialized skills continue to outperform, while commoditized skills face pressure. The key to unlocking growth is to build product capabilities that support nuanced hiring requirements and in-depth talent skill mapping. The good news is, between our expansive and proprietary data assets on talent and transactions, and the latest and greatest AI technologies at our fingertips, there is a lot to work with, and we are super excited about our vision there.

As we approach the end of 2025, I'm incredibly proud of our team to have achieved Rule-of-30, delivering consistent growth and profitability in a dynamic environment. It's a testament to the strength of our model, the agility of our team, and the strategic clarity that guides us forward. We're heads-down for the final stretch of the year, and I look forward to sharing more progress with you in the new year.

Complex Projects Led Marketplace Growth

In Q3'25, Marketplace revenue was \$73.6 million, driven by 3.3 million annual active buyers, an annual spend per buyer of \$330, and a marketplace take rate of 27.6%. Spend per buyer grew 12% y/y, the fastest pace we've seen in the last three years. The last time we saw spend per buyer growing at this level was during COVID, when SMBs rapidly increased their spending on digital transformation to reach customers during a lock-down environment. This time, the accelerating trend in spend per buyer was primarily driven by strong growth across complex, higher-value projects.

Historically, Fiverr has been known as the place to get smaller, quick-turnaround work done. For larger or more involved projects, customers often looked elsewhere. That dynamic is changing. With the rollout of Dynamic Matching and Managed Services, we're now successfully capturing demand for more sophisticated use cases that require deeper talent matching, higher budgets, and greater complexity.

Dynamic Matching is a self-serve AI-powered tool that enables buyers to submit structured job briefs directly into the marketplace. Unlike traditional RFP models, we don't broadcast these briefs to the entire seller base. Instead, they're sent to a highly curated shortlist of freelancers, delivered in batch format, to ensure buyers receive only a few, highly relevant, custom proposals. This creates a hiring experience that mirrors traditional recruiting, while retaining the ease of Fiverr's click-and-buy workflow. Since launch, Dynamic Matching has seen steady adoption, growing 22% year-over-year in Q3. Importantly, around 15% of job briefs submitted through the product now exceed \$1,000 in budget, with an average project size of approximately \$2,200.

Managed Services is the second key driver of growth in complex projects. This concierge-style offering supports high-budget clients with hands-on help in project scoping and end-to-end management. It's designed for engagements starting at \$3,000 and command additional service fees. Since launching in early 2024, we've consistently optimized the process to drive higher conversion. In Q3, GMV from Managed Services grew 65% y/y, with the average project size reaching nearly \$17K. Notable deals this quarter include a \$150K contract with a digital marketing agency to develop a self-serve DSP platform integrated with The Trade Desk API, and a \$96K contract with a Florida-based mechanical repair company to build a custom shop management system for heavy-duty truck maintenance.

With Dynamic Matching and Managed Services, we are now capturing a much broader range of complex projects with efficiency and scalability. Combined with the expansive top of funnel traffic from our marketplace, Fiverr is increasingly positioning itself as a full-spectrum talent partner for businesses with complex digital service needs.

AI-Related and Hourly Contracts Boost Programming & Tech Vertical

As AI continues to reshape how work is done across industries, we're seeing continued momentum in AI-related services on our marketplace. Demand remains particularly strong in areas such as AI agents, workflow automation, and vibe coding, where Fiverr freelancers have become the go-to partners for SMBs seeking to implement AI and drive measurable outcomes. As a result, the Programming & Tech (P&T) vertical delivered another strong quarter, growing 14% year-over-year.

Within P&T, AI development led the way, with revenue up 199% year-over-year, reflecting the explosive demand for technical talent who can help businesses build, deploy, and refine AI solutions. Other core categories, including mobile app development and website development, also maintained strong double-digit growth, highlighting the breadth of momentum across the vertical. Another key driver of growth in P&T has been the continued adoption of **Hourly Contracts**, which we introduced in May last year. This product enables buyers and sellers to form

ongoing relationships with greater flexibility and ease. This is an especially important fit for development work, which often involves phased milestones and long-term maintenance. We're currently seeing an average contract value of around \$2,000, with contract durations averaging approximately four weeks. As awareness and usage of Hourly Contracts continue to expand, we believe this product unlocks meaningful growth runway for deeper engagement and long-term retention across our marketplace.

CONFERENCE CALL AND WEBCAST DETAILS

Fiverr's management will host a conference call to discuss its financial results on Wednesday, November 5, 2025, at 8:30 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

Balance sheet GAAP
(in thousands)

	September 30 2025	December 31 2024
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 559,661	\$ 133,472
Marketable securities	152,809	288,947
User funds	168,291	153,309
Bank deposits	39,000	144,843
Restricted deposit	1,502	1,315
Other receivables	35,269	34,198
Total current assets	<u>956,532</u>	<u>756,084</u>
Long-term assets:		
Marketable securities	-	122,009
Property and equipment, net	3,562	4,271
Operating lease right of use asset	3,179	5,122
Intangible assets, net	30,014	41,882
Goodwill	110,218	110,218
Other non-current assets	32,136	30,388
Total long-term assets	<u>179,109</u>	<u>313,890</u>
TOTAL ASSETS	<u>\$ 1,135,641</u>	<u>\$ 1,069,974</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 4,873	\$ 5,533
User accounts	155,704	141,691
Deferred revenue	19,624	20,090
Other account payables and accrued expenses	74,643	57,167
Operating lease liabilities	2,917	2,608
Convertible notes, net	459,786	457,860
Total current liabilities	<u>717,547</u>	<u>684,949</u>
Long-term liabilities:		
Operating lease liabilities	860	2,747
Other non-current liabilities	18,586	19,628
Total long-term liabilities	<u>19,446</u>	<u>22,375</u>
TOTAL LIABILITIES	<u>\$ 736,993</u>	<u>\$ 707,324</u>
Shareholders' equity:		
Share capital and additional paid-in capital	772,916	727,176
Accumulated deficit	(379,190)	(366,193)
Accumulated other comprehensive income	4,922	1,667
Total shareholders' equity	<u>398,648</u>	<u>362,650</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,135,641</u>	<u>\$ 1,069,974</u>

P&L GAAP

(In \$ thousands, except loss per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
Revenue	\$ 107,903	\$ 99,628	\$ 323,735	\$ 287,815
Cost of revenue	19,766	18,893	60,546	50,365
Gross profit	88,137	80,735	263,189	237,450
Operating expenses:				
Research and development	25,150	22,424	72,771	67,912
Sales and marketing	40,669	42,970	132,903	126,446
General and administrative	22,214	18,817	64,595	53,032
Total operating expenses	88,033	84,211	270,269	247,390
Operating loss	104	(3,476)	(7,080)	(9,940)
Financial income, net	6,815	6,881	20,694	22,044
Income before taxes on income	6,919	3,405	13,614	12,104
Taxes on income	(1,382)	(2,052)	(4,091)	(6,696)
Net income attributable to ordinary shareholders	\$ 5,537	\$ 1,353	\$ 9,523	\$ 5,408
Basic net income per share attributable to ordinary shareholders	\$ 0.15	\$ 0.04	\$ 0.26	\$ 0.14
Basic weighted average ordinary shares	36,415,189	35,435,532	36,340,110	37,426,914
Diluted net income per share attributable to ordinary shareholders	\$ 0.15	\$ 0.04	\$ 0.26	\$ 0.14
Diluted weighted average ordinary shares	37,237,699	36,205,992	37,343,283	38,188,945

Cash flow GAAP

(in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net income	\$ 5,537	\$ 1,353	\$ 9,523	\$ 5,408
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,074	3,392	11,447	6,148
Amortization of premium and accretion of discount of marketable securities, net	772	(858)	(825)	(3,106)
Amortization of discount and issuance costs of convertible notes	643	640	1,926	1,915
Shared-based compensation	11,925	18,464	41,734	55,922
Exchange rate fluctuations and other items, net	(169)	(106)	(513)	60
Impairment of intangible assets	2,400	-	2,400	-
Revaluation of earn out	2,274	143	9,603	143
Changes in assets and liabilities:				
User funds	(4,172)	(3,032)	(14,982)	(7,724)
Operating lease ROU assets and liabilities	53	82	365	(193)
Other receivables	1,798	(893)	(1,713)	(6,066)
Trade payables	(2,004)	(2,482)	(642)	(3,062)
Deferred revenue	(1,215)	673	(466)	1,791
User accounts	3,657	2,794	14,013	6,085
Payment of earn out	(2,714)	-	(2,714)	-
Escrow payment for contingent consideration	-	(12,168)	-	(12,168)
Other accounts payable and accrued expenses	7,387	2,735	13,674	6,869
Non-current liabilities	(40)	130	(111)	1,012
Net cash provided by operating activities	29,206	10,867	82,719	53,034
Investing Activities:				
Investment in marketable securities	-	-	(55,652)	(30,734)
Proceeds from maturities of marketable securities	136,505	25,258	316,776	133,855
Investment in short-term bank deposits	(187)	(10,112)	(2,187)	(46,350)
Proceeds from short-term bank deposits	107,000	1,862	107,843	8,213
Acquisition of business, net of cash acquired	-	(30,192)	-	(39,355)
Purchase of property and equipment	(77)	(290)	(549)	(977)
Capitalization of internal-use software	-	-	(661)	(20)
Other receivables and non-current assets	-	(300)	-	(300)
Net cash provided by (used in) investing activities	243,241	(13,774)	365,570	24,332
Financing Activities				
Repurchases of common stock	(22,520)	(22,980)	(22,520)	(100,081)
Proceeds from exercise of share options	632	530	3,211	2,360
Payment of earn out	(2,486)	-	(2,486)	-
Proceeds from withholding tax related to employees' exercises of share options and RSUs	(2,073)	(240)	(785)	(20)
Repayment of debt to previous shareholder of the acquired business	-	(3,992)	-	(3,992)
Net cash (used in) financing activities	(26,447)	(26,682)	(22,580)	(101,733)
Effect of exchange rate fluctuations on cash and cash equivalents	141	105	480	(62)
Increase (decrease) in cash, cash equivalents	246,141	(29,484)	426,189	(24,429)
Cash, cash equivalents at the beginning of period	313,520	188,729	133,472	183,674
Cash and cash equivalents at the end of period	\$ 559,661	\$ 159,245	\$ 559,661	\$ 159,245

REVENUE BREAKDOWN

(in thousands¹)

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
Marketplace Revenue	\$ 73,592	\$ 75,056	\$ 225,955	\$ 229,558
Annual Active Buyers	3,297	3,733	3,297	3,733
Annual Spend per Buyer	\$ 330	\$ 295	\$ 330	\$ 295
Marketplace Take Rate	27.6%	27.8%	27.6%	27.8%
Services Revenue	\$ 34,311	\$ 24,572	\$ 97,780	\$ 58,257
Total Revenue	\$ 107,903	\$ 99,628	\$ 323,735	\$ 287,815

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Q3' 24	Q4' 24	Q1' 25 (Unaudited)	Q2' 25	Q3' 25	FY 2023 (Audited)	FY 2024 (Audited)
GAAP gross profit	\$ 80,735	\$ 83,465	\$ 86,788	\$ 88,264	\$ 88,137	\$ 299,529	\$ 320,915
Add:							
Share-based compensation	514	445	423	403	365	2,497	2,136
Depreciation and amortization	2,415	3,198	3,164	3,155	2,186	3,253	7,017
Restructuring costs	-	-	-	-	238	-	-
Earn-out revaluation, acquisition related costs and other	11	17	44	-	(43)	-	28
Non-GAAP gross profit	\$ 83,675	\$ 87,125	\$ 90,419	\$ 91,822	\$ 90,883	\$ 305,279	\$ 330,096
Non-GAAP gross margin	84.0%	84.0%	84.4%	84.5%	84.2%	84.5%	84.3%

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

(in thousands, except gross margin data)

	Q3' 24	Q4' 24	Q1' 25 (Unaudited)	Q2' 25	Q3' 25	FY 2023 (Audited)	FY 2024 (Audited)
GAAP net income attributable to ordinary shareholders	\$ 1,353	\$ 12,838	\$ 798	\$ 3,188	\$ 5,537	\$ 3,681	\$ 18,246
Add:							
Depreciation and amortization	3,392	4,328	4,284	4,089	3,074	5,987	10,476
Share-based compensation	18,464	18,020	15,754	14,055	11,925	68,698	73,942
Impairment of intangible assets	-	-	-	-	2,400	-	-
Restructuring costs	-	-	-	-	3,567	-	-
Earn-out revaluation, acquisition related costs and other	1,273	4,240	4,599	5,294	3,111	(359)	5,631
Convertible notes amortization of discount and issuance costs	640	640	641	642	643	2,541	2,555
Taxes on income related to non-GAAP adjustments	(290)	(16,249)	(380)	(351)	(235)	-	(16,610)
Exchange rate (gain)/loss, net	(221)	1,108	(642)	531	431	(131)	859
Non-GAAP net income	\$ 24,611	\$ 24,925	\$ 25,054	\$ 27,448	\$ 30,453	\$ 80,417	\$ 95,099
Weighted average number of ordinary shares - basic	35,435,532	35,658,287	36,019,143	36,585,998	36,415,189	38,066,203	36,984,757
Non-GAAP basic net income per share attributable to ordinary shareholders	\$ 0.69	\$ 0.70	\$ 0.70	\$ 0.75	\$ 0.84	\$ 2.11	\$ 2.57
Weighted average number of ordinary shares - diluted	38,359,853	38,947,644	39,446,707	39,653,165	39,391,560	41,304,907	39,994,015
Non-GAAP diluted net income per share attributable to ordinary shareholders	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.69	\$ 0.77	\$ 1.95	\$ 2.38

RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

(In thousands, except gross margin data)

	Q3' 24	Q4' 24	Q1' 25 (Unaudited)	Q2' 25	Q3' 25	FY 2023 (Audited)	FY 2024 (Audited)
GAAP net income	\$ 1,353	\$ 12,838	\$ 798	\$ 3,188	\$ 5,537	\$ 3,681	\$ 18,246
Add:							
Financial expenses (income), net	(6,881)	(5,662)	(7,325)	(6,554)	(6,815)	(20,163)	(27,706)
Taxes on income (tax benefit)	2,052	(13,054)	1,332	1,377	1,382	1,373	(6,358)
Depreciation and amortization	3,392	4,328	4,284	4,089	3,074	5,987	10,476
Share-based compensation	18,464	18,020	15,754	14,055	11,925	68,698	73,942
Impairment of intangible assets	-	-	-	-	2,400	-	-
Restructuring costs	-	-	-	-	3,567	-	-
Earn-out revaluation, acquisition related costs and other	1,273	4,240	4,599	5,294	3,111	(359)	5,631
Adjusted EBITDA	\$ 19,653	\$ 20,710	\$ 19,442	\$ 21,449	\$ 24,181	\$ 59,217	\$ 74,231
Adjusted EBITDA margin	19.7%	20.0%	18.1%	19.7%	22.4%	16.4%	19.0%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(In thousands)

	Q3' 24	Q4' 24	Q1' 25 (Unaudited)	Q2' 25	Q3' 25	FY 2023 (Audited)	FY 2024 (Audited)
GAAP research and development	\$ 22,424	\$ 22,329	\$ 23,627	\$ 23,994	\$ 25,150	\$ 90,720	\$ 90,241
Less:							
Share-based compensation	5,273	5,563	4,730	4,129	3,229	24,310	23,569
Depreciation and amortization	190	247	265	313	309	799	831
Restructuring costs	-	-	-	-	2,258	-	-
Earn-out revaluation, acquisition related costs and other	700	(672)	65	62	(83)	-	28
Non-GAAP research and development	\$ 16,261	\$ 17,191	\$ 18,567	\$ 19,490	\$ 19,437	\$ 65,611	\$ 65,813
GAAP sales and marketing	\$ 42,970	\$ 45,232	\$ 47,390	\$ 44,844	\$ 40,669	\$ 161,208	\$ 171,678
Less:							
Share-based compensation	3,605	3,162	2,246	1,369	1,338	13,304	13,592
Depreciation and amortization	721	770	716	550	507	1,601	2,308
Restructuring costs	-	-	-	-	829	-	-
Earn-out revaluation, acquisition related costs and other	67	1,811	1,197	1,147	805	-	1,878
Non-GAAP sales and marketing	\$ 38,577	\$ 39,489	\$ 43,231	\$ 41,778	\$ 37,190	\$ 146,303	\$ 153,900
GAAP general and administrative	\$ 18,817	\$ 21,782	\$ 20,966	\$ 21,415	\$ 22,214	\$ 62,710	\$ 74,814
Less:							
Share-based compensation	9,072	8,850	8,355	8,154	6,993	28,587	34,645
Depreciation and amortization	66	113	139	71	72	334	320
Impairment of intangible assets	-	-	-	-	2,400	-	-
Restructuring costs	-	-	-	-	242	-	-
Earn-out revaluation, acquisition related costs and other	495	3,084	3,293	4,085	2,432	(359)	3,697
Non-GAAP general and administrative	\$ 9,184	\$ 9,735	\$ 9,179	\$ 9,105	\$ 10,075	\$ 34,148	\$ 36,152

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

(In thousands)

	Q3' 24	Q4' 24	Q1' 25 (Unaudited)	Q2' 25	Q3' 25	FY 2023 (Audited)	FY 2024 (Audited)
Net cash provided by operating activities	\$ 10,867	\$ 30,034	\$ 28,309	\$ 25,204	\$ 29,206	\$ 83,186	\$ 83,068
Purchase of property and equipment	(290)	(326)	(287)	(185)	(77)	(1,053)	(1,303)
Capitalization of internal-use software	-	(83)	(661)	-	-	(60)	(103)
Free cash flow	\$ 10,577	\$ 29,625	\$ 27,361	\$ 25,019	\$ 29,129	\$ 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 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 additional revenue disclosure, which now distinguishes between 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. We define Rule-of-30 as percentage of revenue growth plus Adjusted EBITDA Margin.

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 measure of Adjusted EBITDA, free cash flow and other non-GAAP metrics used herein is 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 guidance and Adjusted EBITDA margin guidance for the fourth quarter of 2025 and the fiscal year ending December 31, 2025, and long term to net income (loss), the nearest comparable GAAP measure, 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 expectations, our business plans and strategy, the growth of our business, AI services and developments, future investments, 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 reduction in force could adversely affect our business, results of operations and financial condition; 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 and our 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 website; our ability to maintain user engagement on our website and to maintain and improve the quality of our platform; 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.