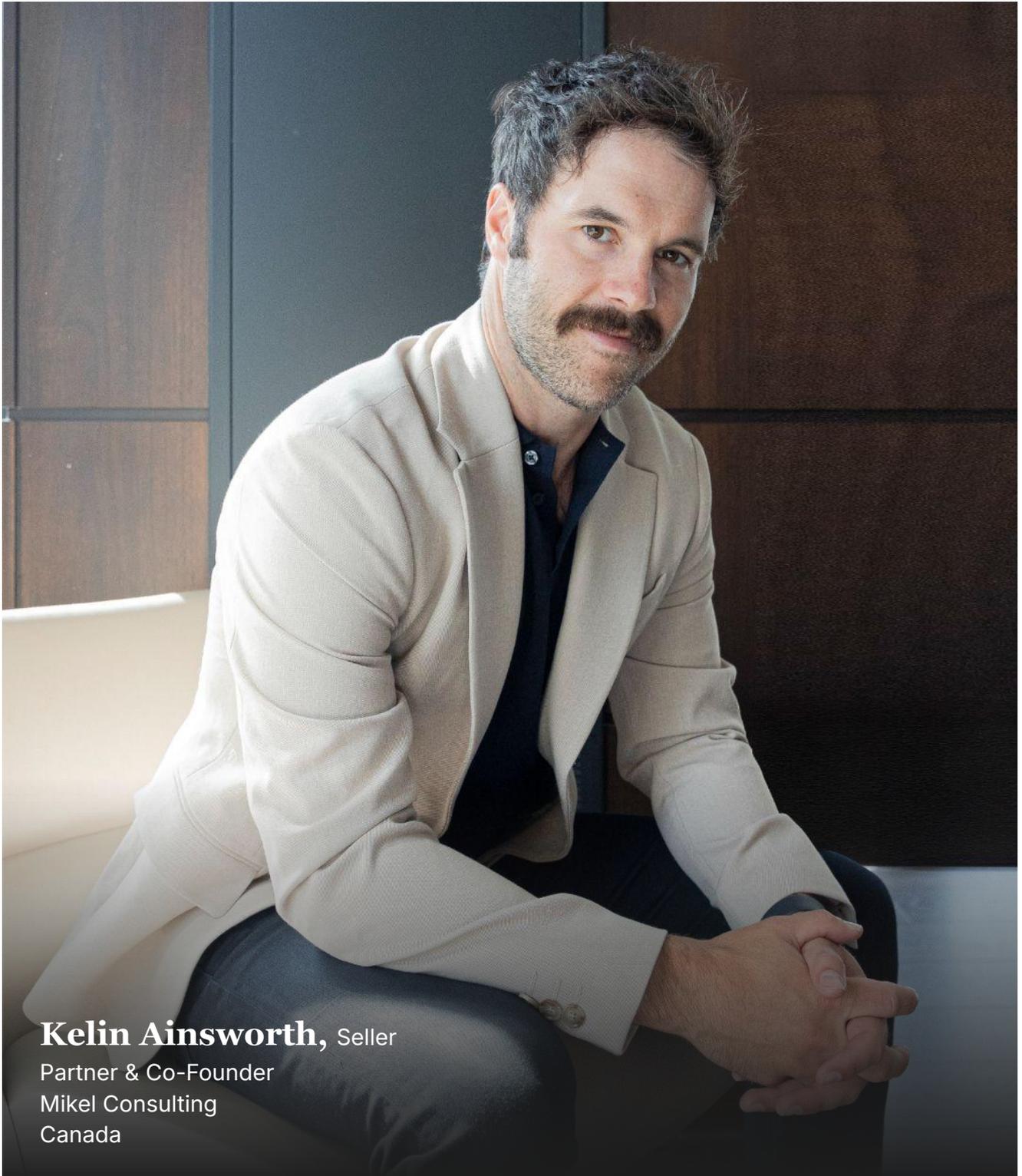


fiverr.

Q4 | 2025

Shareholder Letter

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



Kelin Ainsworth, Seller
Partner & Co-Founder
Mikel Consulting
Canada



On the cover:
Kelin Ainsworth, Seller
Partner & Co-Founder
Mikel Consulting
Canada

Kelin Ainsworth is the co-founder of Mikel Consulting, a full-scale consulting firm dedicated to providing world-class business planning and investment strategy services to entrepreneurs and growth-stage companies globally. Projects range from helping boutique cafes launch their first locations to securing multi-million-dollar funding for tech innovators and large-scale enterprises. Their expertise has allowed them to raise over \$1.6 billion in capital for clients to date.

Kelin and his business partner, Mitch Fillman, joined Fiverr in 2018 as a side hustle while they were transitioning away from their professional hockey careers. They initially offered business plans for as little as \$5 to build early credibility and collect reviews. Their first month on the platform yielded only \$16, but by 2021, they had surpassed \$200,000 in annual earnings. This success served as a proof of concept, prompting them to join Seller Plus in 2022 and quickly scale into a multimillion-dollar agency. A major turning point in their journey was the decision to hire their first full-time employee, moving from a two-person operation to a structured agency model capable of facilitating complex, high-value projects.

Today, Mikel Consulting has reached our Million Dollar Milestone, earning over \$1 million on Fiverr, using the platform as its primary channel for connecting with global clientele. As Top Rated Sellers, they have completed over 2,500 orders and supported thousands of clients across industries.

“We’ve always believed in the power of digital platforms like Fiverr to democratize access to high-quality consulting. Our journey is proof that with the right expertise and vision, you can build a truly global business. Fiverr isn’t just for freelancers, it’s where real companies are built, partnerships are formed, and futures are shaped.”

Summary

- Solid execution in 2025:** 2025 was a year of disciplined execution, with revenue growing 10.1% year over year to \$430.9 million and Adjusted EBITDA margin reaching 21.3%. We accelerated top-line growth compared to 2024 while maintaining strong profitability and cash generation. These results reflect the structural strength of our marketplace model and our continued financial discipline.
- Continued expansion into complex, high-value projects:** Our marketplace continued to evolve toward high-value work. Spend per buyer increased 13.3% year over year, accelerating from the prior year, while GMV from transactions over \$1,000 grew 22.8%. The number of buyers spending over \$10,000 annually also accelerated 7%. These trends validate our upmarket strategy and demonstrate the growing adoption of Dynamic Matching and Managed Services, enabling us to capture larger, more complex projects.
- Transformation plan underway:** Since our restructuring in September, we have initiated a focused transformation to scale trust, quality, and AI-native capabilities across the platform. Anchored around upgrades in matching infrastructure, product experience, go-to-market execution, and operational excellence, this multi-year plan is designed to extend our leadership in high-value work while maintaining a disciplined cost structure. We expect to see measurable progress within the next four to six quarters.
- Resetting expectations to invest for long-term growth:** As we execute this transformation, we are aligning expectations around a disciplined investment phase. While near-term growth may be volatile due to market conditions and the scope of our initiatives, we are committed to protecting structural profitability and generating healthy cash flow. We believe these investments position Fiverr to accelerate growth and drive value creation in 2027 and beyond.

Q4'25 Results

	Guidance	Actual	
REVENUE	\$104.3 - \$112.3 million +1-8% y/y	\$107.2 million +3.4% y/y	
ADJUSTED EBITDA ⁽¹⁾	\$23.9 - \$27.9 million	\$26.5 million	
MARKETPLACE	3.1 million Annual Active Buyers ⁽¹⁾	\$342 Annual Spend per Buyer ⁽¹⁾	27.7% Marketplace Take Rate ⁽¹⁾
SERVICES	\$35.6 million Services Revenue	+18.2% y/y Services Revenue Growth	33.3% of Total Revenue

Financial Outlook

	Q1 2026	FY 2026
REVENUE	\$100 - \$108 million (7)% - 1% y/y	\$380 - \$420 million (12)% - (3)% y/y
ADJUSTED EBITDA	\$19 - \$23 million	\$60 - \$80 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

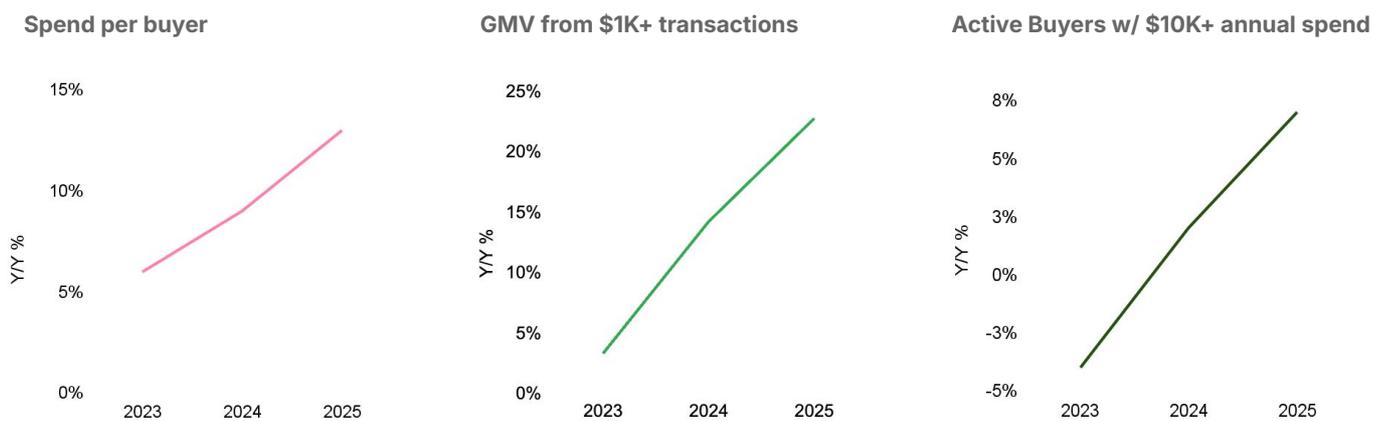
To Our Shareholders

As we wrap up 2025, I'm incredibly proud of how our team executed with focus and resilience to deliver the revenue and EBITDA targets we set at the beginning of the year. We grew revenue 10% year over year in 2025, an acceleration from 8% growth in 2024. We continue to deliver strong profitability. Adjusted EBITDA reached \$92 million, up 23% year over year, representing a 21% margin. These results reflect the structural strength of our marketplace model, and our consistent execution and discipline.

Fiverr's high-end work flywheel is accelerating

Importantly, the types of work on our platform continue to evolve in the right direction. Our marketplace is increasingly oriented toward high-value buyers and complex projects. Spend per buyer increased 13.3% year over year in 2025, accelerating from 8.7% growth in 2024. GMV from transactions over \$1,000 grew 22.8% year over year, also accelerating. And the number of buyers spending more than \$10,000 annually increased 7%, compared to 2% growth the prior year. These trends reinforce our conviction that the strategic investments we've made in moving upmarket, particularly through Dynamic Matching and Managed Services, are strengthening customer trust and positioning Fiverr as a credible partner for high-skilled, high-value work. Our deal flow increasingly reflects this transition to complex engagements as well. We recently completed a successful PoC for a high-growth HR technology leader, and in our creative categories we are transitioning from project-based gigs to recurring managed workstreams, working in an ongoing partnership with an automotive technology firm to produce UGC video content.

Growth of high-value work flywheel on our marketplace



AI is expanding the opportunity for high-quality talent

The trends we're seeing on our marketplace closely mirror what's happening across the broader economy. What began as novel products has evolved into meaningful adoption of workflow automation and AI-enabled tools across industries. As businesses integrate AI into daily operations, the nature of value creation is evolving.

Importantly, this shift is expanding the opportunity for high-quality human talent. While automation enhances efficiency, it also raises the bar for expertise. As tools become more accessible, competitive advantage increasingly comes from judgment, context, creativity, and the ability to orchestrate complex outcomes. Businesses are seeking professionals who can not only use AI, but apply it thoughtfully - designing systems, integrating workflows, and taking ownership of results.

We see this reflected clearly in our data. Demand for higher-value, specialized work continues to accelerate, and buyer behavior increasingly favors projects that require deeper expertise and end-to-end execution. In an AI-enabled world, skilled human talent becomes more essential.

Fiverr's right to win in the AI-enabled economy

In this new environment, Fiverr is more relevant than ever. The fundamental need for human talent has not changed. If anything, matching the right talent to the right outcomes is becoming more complex and mission-critical.

We believe Fiverr has a strong right to win for three core reasons:

First, the future of work is human-in-the-loop.

AI enhances productivity, but scarcity lies in high-quality human judgment, specialization, and accountability. Fiverr operates one of the largest global talent networks and has deep expertise in managing marketplace liquidity, quality, and engagement.

Second, our transaction model is inherently outcome-based.

Unlike traditional hiring systems optimized around resumes and applications, Fiverr is built around completed projects and verified delivery. This structure aligns naturally with emerging human-in-the-loop workflows and AI-assisted work environments.

Third, data is a durable competitive advantage.

Over the years, we have accumulated millions of transactions and billions of buyer-seller interactions. More importantly, our data captures outcomes, not just transactions. We understand who delivered what, in which context, for which client, and with what results.

This depth of data enables precision matching for increasingly nuanced requirements. These capabilities become even more powerful when combined with AI.

The need for foundational investment

While we are encouraged by our progress, the pace of AI advancement requires us to move faster and build more deeply if we are to fully capture the opportunity ahead. The early success of Dynamic Matching and Managed Services validates our ability to establish a game-changing level of trust with customers and demonstrates our differentiating capability to orchestrate complex, high-value projects without the friction and overhead of traditional recruiting models.

The opportunity now is to take the trust model we've proven and scale it platform-wide. Doing so requires meaningful upgrades to our infrastructure, matching capabilities, product experience, and go-to-market execution. As AI adoption accelerates and expectations around precision and quality rise, we must act decisively to scale these capabilities across the entire marketplace and extend our leadership in high-value work.

Our transformation plan

Several months ago, we began this next phase of transformation by restructuring the organization to become leaner, faster, and more agile. Since then, we have developed a comprehensive multi-year strategy anchored around four core pillars:

Matching

We are upgrading our matching infrastructure to deliver step-change improvements in trust, precision, and quality. Our objective is to embed trust and outcome reliability as foundational primitives of the Fiverr platform.

Product

We are evolving from a transactional marketplace into a more integrated work platform that supports end-to-end workflows, collaboration, orchestration, and fulfillment.

Go-to-Market

We are building scalable, repeatable growth engines that strengthen trust-based relationships and reduce reliance on traditional paid acquisition channels. This includes expanding into AI-native distribution environments.

Operational Excellence

Internally, we are transforming how we operate, fully embracing AI across product development, engineering, and operational processes to drive efficiency and speed.

Leadership update

As part of this next phase of execution, we are also aligning our leadership structure to support our long-term strategy. Ofer Katz will continue to serve as President of Fiverr, with a strong focus on driving strategic investments and leading our M&A efforts.

After nearly a decade with Fiverr, including the past four years as EVP Finance, Esti Levy Dadon will assume the role of Chief Financial Officer, alongside overseeing multiple business and operational responsibilities. Her deep institutional knowledge and disciplined financial leadership provide important continuity as we execute through this transformation.

In addition, Jinjin Qian has stepped into the role of Chief Business Officer, overseeing revenue, talent, fulfillment, and business operations. This expanded mandate will help drive stronger alignment across growth initiatives and deepen operational impact as we scale the next growth chapter at Fiverr.

These leadership adjustments are designed to sharpen accountability, accelerate decision-making, and ensure we are structured to execute our strategic priorities effectively.

Financial discipline through transformation

As we execute this transformation, financial discipline is paramount.

We expect to continue protecting the structural profitability of our core marketplace and generate healthy cash flow to fund long-term investments. While revenue growth may experience greater volatility during this period, due to both market uncertainty and the scope of our transformation, we plan to execute this phase in a thoughtful manner.

Our investments are expected to be deliberate and focused. We are leaning heavily into AI adoption across the organization, and while this may require targeted investments in talent and infrastructure, we will deploy capital thoughtfully and maintain a disciplined cost structure. Our objective is to balance long-term value creation with continued operating rigor.

We will also provide shareholders with consistent transparency as this transformation progresses.

What success looks like

Within the next four to six quarters, we expect to see measurable signals of progress:

- Significant GMV expansion in high-value work, resulting in high-value work representing a materially larger share of total GMV
- At least one proven AI-native distribution channel contributing meaningful GMV
- Tangible improvements in trust and quality, reflected in stronger retention and repeat behavior among high-value cohorts

We will continue to report Active Buyers and Spend per Buyer as key performance indicators to ensure full transparency and continuity for investors. That said, as our marketplace continues to evolve toward higher-value, more complex work, these metrics may become less indicative of the structural progress we are making. As we execute this plan, we will provide additional context on the business's evolution and, when appropriate, provide more relevant metrics that better capture Fiverr's next phase of growth. We believe these milestones will lay the foundation for renewed growth acceleration in 2027 and beyond.

Looking ahead

The transformation underway is ambitious, but necessary. AI is redefining how businesses operate across industries. Our responsibility is to ensure Fiverr evolves alongside, and ahead of, these shifts. We are confident in the strength of our model, disciplined in our capital allocation, and focused on building a durable platform for long-term value creation.

Thank you for your continued partnership.

Q4'25 and 2025 Financial Highlights

For the full year 2025, we delivered total revenue of \$430.9 million, representing y/y growth of 10.1%, an acceleration from 8.3% y/y in 2024. Our focus on moving upmarket and increasing wallet share among larger clients, combined with a push for value-added services, helped us achieve solid yearly results.

Marketplace revenue for 2025 was \$297.5 million, driven by 3.1 million annual active buyers, \$342 annual spend per buyer, and a steady 27.7% marketplace take rate. The decline in growth in this segment continues to be influenced by broader softness in SMB sentiment and muted freelance hiring demand.

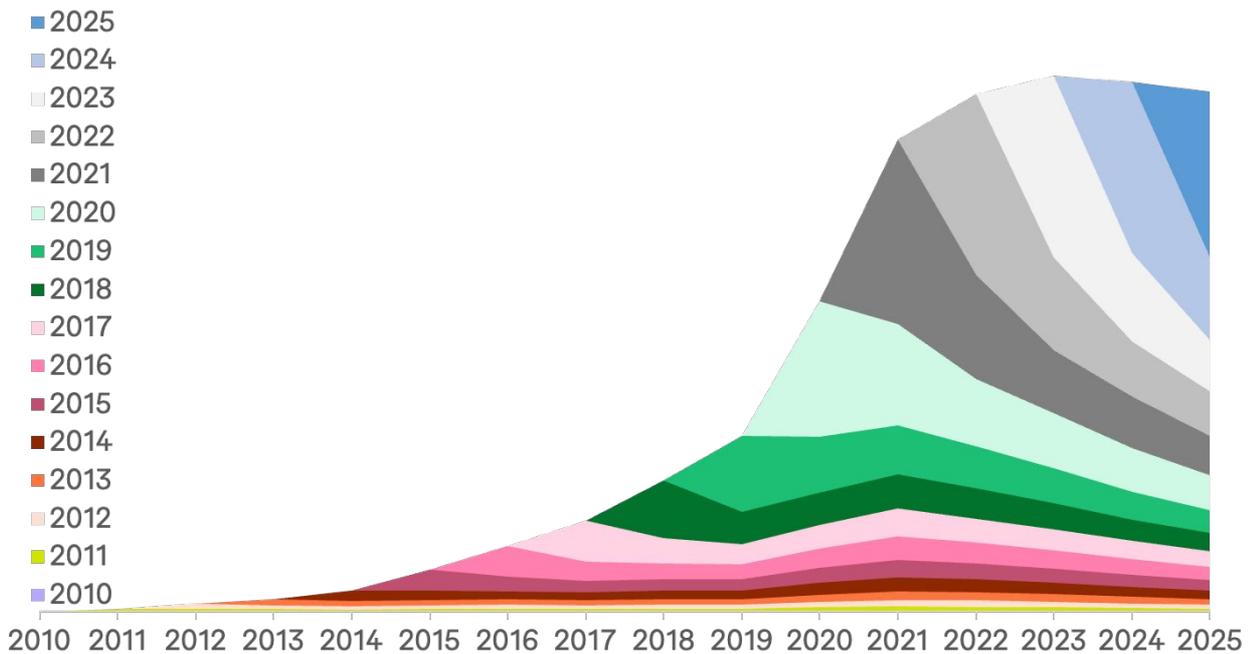
Services revenue for 2025 was \$133.4 million, increasing 50.9% y/y, driven by the continued strength in Fiverr Ads, Seller Plus, and AutoDS. With continued investments in value-added products, we are evolving beyond simple transactions and strengthening Fiverr's position as a comprehensive platform with diverse revenue streams, which enhances our long-term revenue durability.

Services revenue as a key growth driver for 2025



From a cohort perspective, we continue to prioritize high-value buyers while maintaining strong marketing efficiency. The time to return on investment (tROI) remained below 6 months in 2025. Recent cohorts are smaller in buyer count, but demonstrate higher average spend in their first year, reflecting a deliberate shift toward more complex, higher-value demand. We are also seeing a growing share of new buyers entering the platform with sophisticated project needs across specialized categories. This mix shift reinforces our ability to align our catalog with evolving market demand and validates our execution in delivering complex, outcome-driven work at scale.

Recent cohorts have fewer buyers, but each is spending more



Cash Flow and Capital Allocation

We continue to generate strong cash flow. In 2025, we generated free cash flow of \$103.3 million, up 26.5% y/y. Our capital allocation strategy remains disciplined and consistent, with key priorities in driving growth, conducting equity buybacks, and evaluating strategic M&A opportunities. Our share repurchase program has returned \$132 million to shareholders since 2024, including \$10 million in Q4'25. As of December 31, 2025, we have \$67.5 million in remaining authorization in our share repurchase program. The ongoing share repurchase program underscores our confidence in the long-term opportunities in our business and commitment to delivering shareholder value. Overall, we believe maintaining a strong cash position with healthy cash flow generation is a strategic asset in this market that we will prudently deploy across our capital allocation priorities.

Financial Guidance

For Q1'26 and full-year 2026 guidance, the wider-than-normal revenue range reflects the elevated uncertainty on our business as the transformation plan underway focuses on high-value work, and intentionally deprioritizes incremental optimization of low-end transactions. This is coupled with the continued uncertainty around external market conditions. On Adjusted EBITDA, the updated guidance for this year reflects the revenue trends we see, as well as the impact from investments we're making in foundational work. The core business unit economics remain structurally sound, and our ability to drive intrinsic leverage in the marketplace business model remains intact.

Fiverr Forward

As we look ahead, I want to share an initiative that reflects the culture driving our next chapter: Fiverr Forward.

Rooted in our mission to change how the world works together, Fiverr Forward is designed to cultivate curiosity, courage, and bold thinking across the organization. It reinforces a culture that is not only resilient in times of change but energized by it.

The program has two components. First, immersive, bootcamp-style experiences outside the office that connect our teams directly with the broader ecosystem, from engaging with Fiverr communities and university leaders to exploring historical context and conducting purpose-driven research projects. Second, ongoing learning initiatives centered around AI, innovation, and cross-disciplinary dialogue, fostering a deeper understanding of the forces reshaping work and technology.

In a year marked by rapid technological change and global uncertainty, what gives me the greatest confidence is our people. The video we are sharing below captures the energy, curiosity, and mission-driven mindset that defines Fiverr. That culture, vision, adaptability, and being grounded in purpose, is ultimately our most enduring advantage.

It is this spirit that will carry Fiverr forward.

Fiverr Forward: driving the future of work



CONFERENCE CALL AND WEBCAST DETAILS

Fiverr's management will host a conference call to discuss its financial results on Wednesday, February 18, 2026, 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 dial: Toll-Free: 1-833-630-1956 or International: 1-412-317-1837.

Investor Relations

investors@fiverr.com

Press

press@fiverr.com

Balance sheet GAAP

In \$ thousands

1/2	December 31 2025	December 31 2024
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 125,215	\$ 133,472
Marketable securities	117,705	288,947
User funds	159,849	153,309
Bank deposits	40,000	144,843
Restricted deposit	3,409	1,315
Other receivables	32,970	34,198
Total current assets	<u>479,148</u>	<u>756,084</u>
Long-term assets:		
Marketable securities	-	122,009
Property and equipment, net	3,360	4,271
Operating lease right of use asset	3,513	5,122
Deferred tax assets, net	26,423	22,517
Intangible assets, net	36,554	41,882
Goodwill	126,313	110,218
Other non-current assets	7,795	7,871
Total long-term assets	<u>203,958</u>	<u>313,890</u>
TOTAL ASSETS	<u>\$ 683,106</u>	<u>\$ 1,069,974</u>

Balance sheet GAAP

In \$ thousands

2/2

	December 31 2025	December 31 2024
	(Unaudited)	(Audited)
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 9,081	\$ 5,533
User accounts	149,454	141,691
Deferred revenue	18,567	20,090
Other account payables and accrued expenses	66,931	57,167
Operating lease liabilities	3,365	2,608
Convertible notes, net	-	457,860
Total current liabilities	<u>247,398</u>	<u>684,949</u>
Long-term liabilities:		
Operating lease liabilities	798	2,747
Other non-current liabilities	22,926	19,628
Total long-term liabilities	<u>23,724</u>	<u>22,375</u>
TOTAL LIABILITIES	<u>\$ 271,122</u>	<u>\$ 707,324</u>
Shareholders' equity:		
Share capital and additional paid-in capital	786,195	727,176
Accumulated deficit	(377,739)	(366,193)
Accumulated other comprehensive income	3,528	1,667
Total shareholders' equity	<u>411,984</u>	<u>362,650</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 683,106</u>	<u>\$ 1,069,974</u>

P&L GAAP

In \$ thousands, except loss per share data

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	(Audited)
Revenue	\$ 107,174	\$ 103,666	\$ 430,909	\$ 391,481
Cost of revenue	18,870	20,201	79,416	70,566
Gross profit	88,304	83,465	351,493	320,915
Operating expenses:				
Research and development	17,893	22,329	90,664	90,241
Sales and marketing	43,772	45,232	176,675	171,678
General and administrative	20,736	21,782	85,331	74,814
Total operating expenses	82,401	89,343	352,670	336,733
Operating income (loss)	5,903	(5,878)	(1,177)	(15,818)
Financial income and other, net	3,899	5,662	24,593	27,706
Income (loss) before taxes on income	9,802	(216)	23,416	11,888
Tax benefit (taxes on income)	1,658	13,054	(2,433)	6,358
Net income attributable to ordinary shareholders	\$ 11,460	\$ 12,838	\$ 20,983	\$ 18,246
Basic net income per share attributable to ordinary shareholders	\$ 0.32	\$ 0.36	\$ 0.58	\$ 0.49
Basic weighted average ordinary shares	36,107,120	35,658,287	36,281,883	36,984,757
Diluted net income per share attributable to ordinary shareholders	\$ 0.31	\$ 0.33	\$ 0.56	\$ 0.48
Diluted weighted average ordinary shares	36,669,122	38,947,644	37,174,763	37,840,154

Cash flow GAAP

In \$ thousands

1/2

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	(Audited)
Cash flows from operating activities:				
Net income	\$ 11,460	\$ 12,838	\$ 20,983	\$ 18,246
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,245	4,328	14,692	10,476
Amortization of premium and accretion of discount of marketable securities, net	(309)	(1,647)	(1,134)	(4,753)
Amortization of discount and issuance costs of convertible notes	214	640	2,140	2,555
Shared-based compensation	9,655	18,020	51,389	73,942
Exchange rate fluctuations and other items, net	122	166	(391)	226
Gain from sale of subsidiary	(750)	-	(750)	-
Impairment of intangible asset	-	-	2,400	-
Revaluation of earn-outs	5,955	3,059	15,558	3,202
Changes in assets and liabilities:				
User funds	8,442	6,017	(6,540)	(1,707)
Operating lease ROU assets and liabilities	52	89	417	(104)
Other receivables	4,190	10,267	7,262	4,201
Deferred Tax Assets, net	1,000	(22,517)	(3,785)	(22,517)
Trade payables	3,231	2,653	2,589	(409)
Deferred revenue	(1,057)	484	(1,523)	2,275
User accounts	(6,250)	(6,597)	7,763	(512)
Payment of earn-out	-	(843)	(2,714)	(843)
Escrow Payment for contingent consideration	(5,746)	-	(5,746)	(12,168)
Other accounts payable and accrued expenses	(12,691)	1,098	983	7,967
Non-current liabilities	1,107	1,979	996	2,991
Net cash provided by operating activities	21,870	30,034	104,589	83,068

Cash flow GAAP

In \$ thousands

2/2

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	(Audited)
Investing Activities:				
Investment in marketable securities	-	(56,606)	(55,652)	(87,340)
Proceeds from maturities of marketable securities	35,399	25,361	352,175	159,216
Investment in short-term bank deposits	(2,867)	(20,007)	(5,054)	(66,357)
Proceeds from short-term bank deposits	-	-	107,843	8,213
Acquisition of business, net of cash acquired	(20,147)	(383)	(20,147)	(39,738)
Proceeds from sale of subsidiary	750	-	750	-
Acquisition of intangible asset	-	(1,106)	-	(1,106)
Purchase of property and equipment	(98)	(326)	(647)	(1,303)
Capitalization of internal-use software	-	(83)	(661)	(103)
Other receivables and non-current assets	-	-	-	(300)
Net cash provided by (used in) investing activities	13,037	(53,150)	378,607	(28,818)
Financing Activities				
Repurchases of ordinary shares	(10,009)	-	(32,529)	(100,081)
Proceeds from exercise of share options	160	989	3,371	3,349
Payment of earn-out	-	(4,357)	(2,486)	(4,357)
Proceeds from withholding tax related to employees' exercises of share options and RSUs	632	879	(153)	859
Repayment of debt to previous shareholder of the acquired business	-	-	-	(3,992)
Repayment of convertible notes at maturity	(460,000)	-	(460,000)	-
Net cash (used in) financing activities	(469,217)	(2,489)	(491,797)	(104,222)
Effect of exchange rate fluctuations on cash and cash equivalents	(136)	(168)	344	(230)
Decrease in cash, cash equivalents	(434,446)	(25,773)	(8,257)	(50,202)
Cash, cash equivalents at the beginning of period	559,661	159,245	133,472	183,674
Cash and cash equivalents at the end of period	\$ 125,215	\$ 133,472	\$ 125,215	\$ 133,472

Revenue breakdown

(in thousands)

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Marketplace Revenue	\$ 71,534	\$ 73,510	\$ 297,489	\$ 303,069
Annual Active Buyers	3,135	3,630	3,135	3,630
Annual Spend per Buyer	\$342	\$302	\$342	\$302
Marketplace Take Rate	27.7%	27.6%	27.7%	27.6%
Services Revenue	\$ 35,640	\$ 30,156	\$ 133,420	\$ 88,412
Total Revenue	\$ 107,174	\$ 103,666	\$ 430,909	\$ 391,481

Reconciliation of GAAP to non-GAAP gross profit

(In thousands, except gross margin data)

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	FY 24	FY 25
			(Unaudited)			(Unaudited)	(Unaudited)
GAAP gross profit	\$ 83,465	\$ 86,788	\$ 88,264	\$ 88,137	\$ 88,304	\$ 320,915	\$ 351,493
Add:							
Share-based compensation	445	423	403	365	39	2,136	1,230
Depreciation and amortization	3,198	3,164	3,155	2,186	2,446	7,017	10,951
Restructuring costs	-	-	-	238	(35)	-	203
Earn-out revaluation, acquisition related costs and other	17	44	-	(43)	6	28	7
Non-GAAP gross profit	\$ 87,125	\$ 90,419	\$ 91,822	\$ 90,883	\$ 90,760	\$ 330,096	\$ 363,884
Non-GAAP gross margin	84.0%	84.4%	84.5%	84.2%	84.7%	84.3%	84.4%

Reconciliation of GAAP net income to non-GAAP net income and net income per share

(In thousands)

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	FY 24	FY 25
			(Unaudited)			(Unaudited)	(Unaudited)
GAAP net income attributable to ordinary shareholders	\$ 12,838	\$ 798	\$ 3,188	\$ 5,537	\$ 11,460	\$ 18,246	\$ 20,983
Add:							
Depreciation and amortization	4,328	4,284	4,089	3,074	3,245	10,476	14,692
Share-based compensation	18,020	15,754	14,055	11,925	9,655	73,942	51,389
Impairment of intangible assets	-	-	-	2,400	-	-	2,400
Restructuring costs	-	-	-	3,567	(143)	-	3,424
Earn-out revaluation, acquisition related costs and other	4,240	4,599	5,294	3,111	7,854	5,631	20,858
Convertible notes amortization of discount and issuance costs	640	641	642	643	214	2,555	2,140
Taxes on income related to non-GAAP adjustments	(16,249)	(380)	(351)	(235)	(268)	(16,610)	(1,234)
Exchange rate (gain)/loss, net	1,108	(642)	531	431	126	859	446
Non-GAAP net income	\$ 24,925	\$ 25,054	\$ 27,448	\$ 30,453	\$ 32,143	\$ 95,099	\$ 115,098
Weighted average number of ordinary shares - basic	35,658,287	36,019,143	36,585,998	36,415,189	36,107,120	36,984,757	36,281,883
Non-GAAP basic net income per share attributable to ordinary shareholders	\$ 0.70	\$ 0.70	\$ 0.75	\$ 0.84	\$ 0.89	\$ 2.57	\$ 3.17
Weighted average number of ordinary shares - diluted	38,947,644	39,446,707	39,653,165	39,391,560	37,387,076	39,994,015	38,969,647
Non-GAAP diluted net income per share attributable to ordinary shareholders	\$ 0.64	\$ 0.64	\$ 0.69	\$ 0.77	\$ 0.86	\$ 2.38	\$ 2.95

Reconciliation of GAAP net income to adjusted EBITDA

(In thousands, except adjusted EBITDA margin data)

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	FY 24	FY 25
			(Unaudited)			(Unaudited)	(Unaudited)
GAAP net income	\$ 12,838	\$ 798	\$ 3,188	\$ 5,537	\$ 11,460	\$ 18,246	\$ 20,983
Add:							
Financial income and other	(5,662)	(7,325)	(6,554)	(6,815)	(3,899)	(27,706)	(24,593)
Taxes on income (tax benefit)	(13,054)	1,332	1,377	1,382	(1,658)	(6,358)	2,433
Depreciation and amortization	4,328	4,284	4,089	3,074	3,245	10,476	14,692
Share-based compensation	18,020	15,754	14,055	11,925	9,655	73,942	51,389
Impairment of intangible assets	-	-	-	2,400	-	-	2,400
Restructuring costs	-	-	-	3,567	(143)	-	3,424
Earn-out revaluation, acquisition related costs and other	4,240	4,599	5,294	3,111	7,854	5,631	20,858
Adjusted EBITDA	\$ 20,710	\$ 19,442	\$ 21,449	\$ 24,181	\$ 26,514	\$ 74,231	\$ 91,586
Adjusted EBITDA margin	20.0%	18.1%	19.7%	22.4%	24.7%	19.0%	21.3%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(In thousands)

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	FY 24	FY 25
			(Unaudited)			(Unaudited)	(Unaudited)
GAAP research and development	\$ 22,329	\$ 23,627	\$ 23,994	\$ 25,150	\$ 17,893	\$ 90,241	\$ 90,664
Less:							
Share-based compensation	5,563	4,730	4,129	3,229	2,333	23,569	14,421
Depreciation and amortization	247	265	313	309	301	831	1,188
Restructuring costs	-	-	-	2,258	(85)	-	2,173
Earn-out revaluation, acquisition related costs and other	(672)	65	62	(83)	137	28	181
Non-GAAP research and development	\$ 17,191	\$ 18,567	\$ 19,490	\$ 19,437	\$ 15,207	\$ 65,813	\$ 72,701
GAAP sales and marketing	\$ 45,232	\$ 47,390	\$ 44,844	\$ 40,669	\$ 43,772	\$ 171,678	\$ 176,675
Less:							
Share-based compensation	3,162	2,246	1,369	1,338	1,079	13,592	6,032
Depreciation and amortization	770	716	550	507	429	2,308	2,202
Impairment of intangible assets	-	-	-	-	2,400	-	2,400
Restructuring costs	-	-	-	829	(2)	-	827
Earn-out revaluation, acquisition related costs and other	1,811	1,197	1,147	805	1,263	1,878	4,412
Non-GAAP sales and marketing	\$ 39,489	\$ 43,231	\$ 41,778	\$ 37,190	\$ 38,603	\$ 153,900	\$ 160,802
GAAP general and administrative	\$ 21,782	\$ 20,966	\$ 21,415	\$ 22,214	\$ 20,736	\$ 74,814	\$ 85,331
Less:							
Share-based compensation	8,850	8,355	8,154	6,993	6,204	34,645	29,706
Depreciation and amortization	113	139	71	72	69	320	351
Impairment of intangible assets	-	-	-	2,400	(2,400)	-	-
Restructuring costs	-	-	-	242	(21)	-	221
Earn-out revaluation, acquisition related costs and other	3,084	3,293	4,085	2,432	6,448	3,697	16,258
Non-GAAP general and administrative	\$ 9,735	\$ 9,179	\$ 9,105	\$ 10,075	\$ 10,436	\$ 36,152	\$ 38,795

Reconciliation of net cash provided by operating activities to free cash flow

(In thousands)

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	FY 24	FY 25
			(Unaudited)			(Unaudited)	(Unaudited)
Net cash provided by operating activities	\$ 30,034	\$ 28,309	\$ 25,204	\$ 29,206	\$ 21,870	\$ 83,068	\$ 104,589
Purchase of property and equipment	(326)	(287)	(185)	(77)	(98)	(1,303)	(647)
Capitalization of internal-use software	(83)	(661)	-	-	-	(103)	(661)
Free cash flow	\$ 29,625	\$ 27,361	\$ 25,019	\$ 29,129	\$ 21,772	\$ 81,662	\$ 103,281

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 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 and other. 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 tROI or Time to Return On Investment as the number of months required to recover performance marketing investments during a particular period of time from the revenue generated by the new buyers acquired during that period. We use tROI to measure the efficiency of our buyer acquisition strategy. Performance marketing investments in new buyer acquisition is determined by aggregating online advertising spend across various channels, including search engine optimization, search engine marketing, video and social media used for buyer acquisition. Our performance marketing investments exclude certain fixed costs, including out of home advertising and fixed labor costs. Our performance marketing investment differs from sales and marketing expenses presented in accordance with GAAP and should not be considered as an alternative to sales and marketing expenses. Our performance marketing investment has limitations as an analytical tool, including that it does not reflect certain expenditures necessary to the operation of our business, and should not be considered in isolation. Certain fixed costs are excluded from performance marketing investments and related tROI calculations because performance marketing investments represent our direct variable costs related to buyer acquisition and its corresponding revenue generation. tROI measures the efficiency of such variable marketing investments and is an indicator actively used by management to make day-to-day operational decisions.

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 and Adjusted EBITDA margin guidance for the first third quarter of 2026 and the fiscal year ending December 31, 2026, 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. 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, 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 business plans and strategy, our multi-year plan and expected business transitions, the long term growth of our business, AI services and developments, future investments and investment strategy, our product portfolio, 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 recent reduction in force could adversely affect our business, results of operations and financial condition; AI developments may present challenges for our industry and reduce the demand for some of our service offerings, 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.