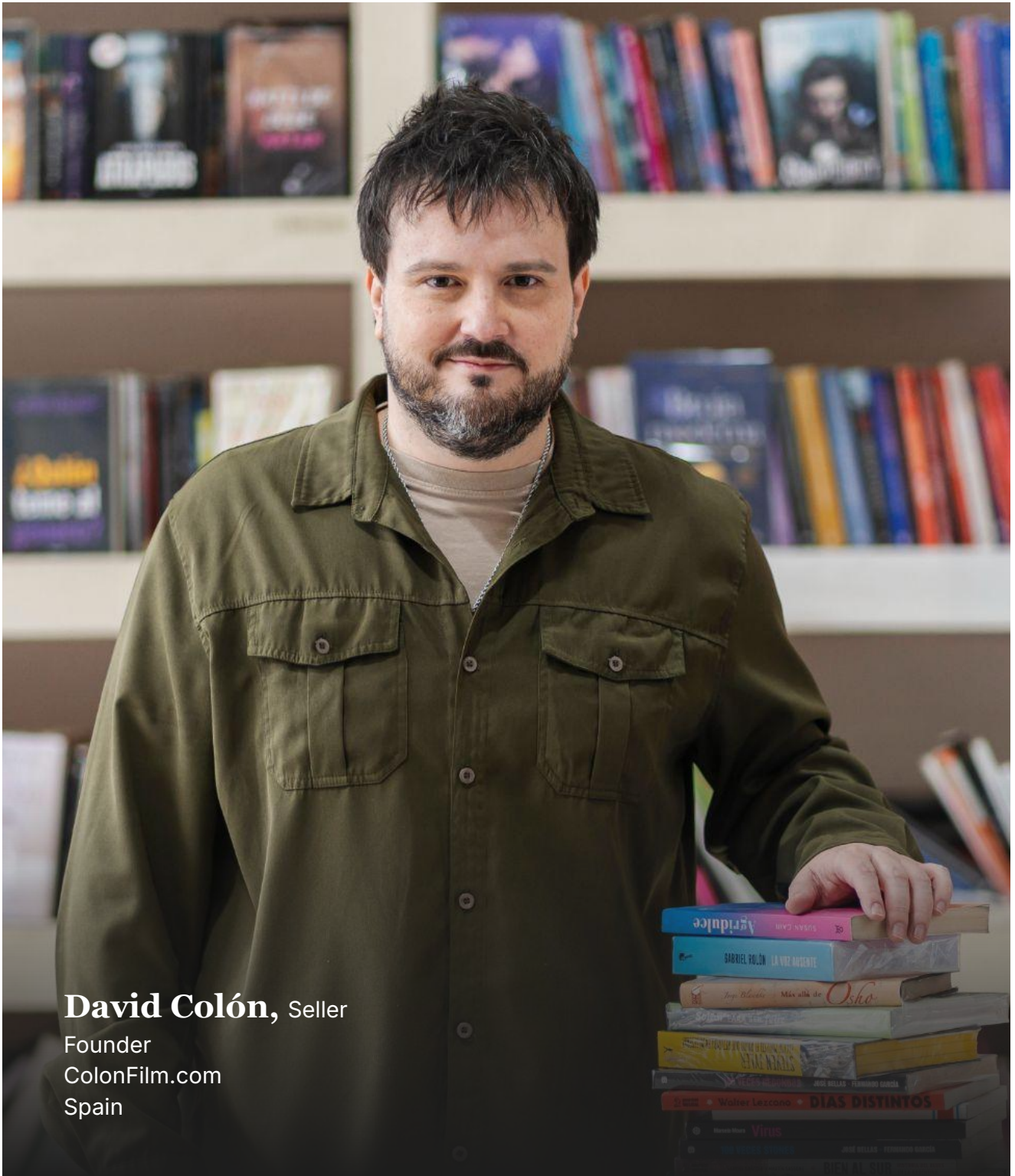


fiverr.

Q2 | 2025

Shareholder Letter

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



David Colón, Seller
Founder
ColonFilm.com
Spain



ON THE COVER:
David Colón, Seller
Founder
ColonFilm.com
Spain

David Colón is the Founder of ColonFilm.com, a creative agency that specializes in high-quality movie posters and book covers. His award-winning graphic designs and cinematography have allowed him to work with clients worldwide to tell captivating stories. David's work has been recognized internationally, winning accolades such as Best Film Poster at the International Film Festival in Rome and Best Web Design in Zaragoza, Spain.

David joined Fiverr in 2016, while studying video and image editing at a professional film academy. He started off offering a wider range of services with accessible prices, including logos and social media graphics, but over time realized his business was strongest in narrative design. Joining Fiverr Pro was his turning point, as he re-invested his earnings into improving his tools, organizing workflow, building a clear visual portfolio, and quickly made this his full-time job. His typical clients are indie authors, filmmakers and producers who work on larger projects. He handles most of the work solo, but also relies on a close circle of trusted collaborators for specific value add tasks. Some notable works include a book cover for one of Apple's founders and artwork for a documentary linked to high-profile film Platoon.

Since joining Fiverr, he has completed over 1,400 orders and helped more than 1,000 clients, with typical project size ranging from \$300 to \$2K. David is a Top Rated Seller and Fiverr is his main international channel, with about 80% of his projects coming through the platform.

“Fiverr allowed me to build a freelancing career, connect with people from different countries, and grow through creative projects. The global reach and built-in trust have been essential to scaling without having to chase work. As the platform developed new categories and attracted more diverse clients, it pushed me to raise the bar of my services and skills continuously.”

Summary

- **Strong Q2 results:** We delivered solid execution across Marketplace and Services segments, together with continued operational discipline. Marketplace revenue was led by strong growth across AI-related categories and continued momentum of Fiverr Pro's Managed Services, while the Services segment contributed to revenue upside, driven by cross-sell and upsell opportunities of value-added services.
- **Rapid AI category expansion:** AI-related services are booming, with surging demand especially around AI agents, workflow automation and vibe coding. Businesses of all sizes turn to freelancers on Fiverr to bridge the gap between AI technology and implementation.
- **Continued momentum for Managed Services:** Fiverr Pro's Managed Services is showing meaningful growth, driven by demand for high-value, larger transactions. Execution on full-scope projects with new high spenders and repeat clients remains solid, with more deals steadily coming in this quarter. Managed Services continues to be a key driver of upmarket expansion.
- **Reiterating full year guidance:** We are reiterating our revenue and Adjusted EBITDA guidance for 2025 as we continue to drive solid execution towards the goals and roadmap set at the beginning of the year, while operating with the highest level of discipline and efficiency.

Q2'25 Results

	Guidance	Actual	
REVENUE	\$105 - \$109 million +11-15% y/y	\$108.6 million +14.8% y/y	
ADJUSTED EBITDA ⁽¹⁾	\$20.0 - \$22.0 million	\$21.4 million	
MARKETPLACE	3.4 million Annual Active Buyers ⁽¹⁾	\$318 Annual Spend per Buyer ⁽¹⁾	27.6% Marketplace Take Rate ⁽¹⁾
SERVICES	\$34.0 million Services Revenue	+83.8% y/y Services Revenue Growth	31.2% of Total Revenue

Financial Outlook

	Q3 2025	FY 2025
REVENUE	\$105 - \$110 million +5%-10% y/y	\$425 - \$438 million +9%-12% y/y
ADJUSTED EBITDA	\$21.5 - \$23.5 million	\$84 - \$90 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

Halfway through 2025, I'm incredibly proud of what our team has accomplished. **We are closely tracking with the goals we set at the beginning of the year, delivering 15% y/y revenue growth and a 20% Adjusted EBITDA margin for the second quarter. We unlocked pockets of growth through catalog expansion, upmarket enablement and services upsell, despite the relatively slow hiring environment.** We continue to operate with discipline and efficiency. We understand the importance of a strong cash position and growing cash flow, and believe that discipline is not a constraint for growth, rather it empowers us to do what we love, which is building and innovating.

AI is fundamentally reshaping how work gets done, both on our marketplace and within Fiverr. Our 11th Annual Business Trends Index reveals surging demand for AI agents and workflow automation across industries. Amid a crowded AI tool landscape, Fiverr freelancers are increasingly essential in bridging the gap between technology and implementation, delivering customized, high-impact solutions for our customers. Whether it's embedding GenAI into branded content workflows, building marketing automation funnels, or debugging early-stage prototypes, our talent pool is empowering our customers to harness the real potential of AI. **Our investment in AI-related categories and deep bench of AI skilled freelancers have translated into growth momentum in verticals such as Programming & Tech, Video & Animation, and Digital Marketing.**

We're also making rapid progress on product innovation and infrastructure. Fiverr Go's Personal Assistant continues to gain traction, and we're expanding its capabilities beyond admin support to help sellers market their services and reach more buyers. We've significantly upgraded our Dynamic Matching engine to integrate advanced LLMs and enriched seller data, leading to continued improvement in the offer to order conversion. On the tech infrastructure side, we're building a new MCP layer internally to accelerate AI tool deployment, and we are already seeing impact in areas like marketplace intelligence and support ticket resolution.

As we look to the future, we see AI as a continued tailwind for our business, providing ample opportunity for us to expand our catalog, enhance the marketplace experience and deepen our product and operational excellence. **We continue to believe that real-world impact comes not from AI alone, but from the dynamic collaboration between human expertise and intelligent tools.** Fiverr is distinctly positioned to be the platform of choice for AI talent.

Recently, I had the privilege of celebrating with our Fiverr sellers who crossed the \$1 million earnings milestone. Listening to their journeys and success makes me feel insanely proud. **They are the reason we exist: to be a platform that empowers people to chase dreams, become independent, and deliver top-notch service to clients. It's what's driving us forward.** Thank you for your continued trust and support.

AI Categories and Managed Services Led Marketplace Growth

For Q2 2025, Marketplace revenue was \$74.7 million, driven by 3.4 million annual active buyers, \$318 annual spend per buyer, and a 27.6% marketplace take rate. We continued to execute amid a stable macro environment, and the success of our investments in AI and upmarket shines through. **While overall GMV growth remains muted, when we look at the underlying**

category dynamics, we saw verticals such as Programming & Tech, Video & Animation, and Digital Marketing experience accelerating y/y growth for the last few months. Similarly, we saw distinctive growth trends among larger and more complex projects on the marketplace. **In Q2'25, over 50% of our marketplace is driven by transactions over \$200, and more encouragingly, these transactions are growing double digit year over year in terms of total GMV.** These underlying dynamics demonstrate how our marketplace continues to evolve and strengthen towards upskills and upmarket clients which can drive long-term, durable growth. In the near-term, we expect Marketplace revenue for the second half of the year to remain stable, with flat to slightly negative y/y growth.

We continued to see rapid category expansion and growing demand for AI-related services. **Two areas are particularly popular: 1) Building AI agents to automate workflow and processes; and 2) app building using vibe coding platforms.** While workflow automation is not a novel concept, platforms such as Make.com, GoHighLevel and Airtable have substantially democratized the access to automation via a no-code and low-code environment. We are seeing many solopreneurs, marketers and small business owners utilize these platforms to automate tasks such as email marketing, social media management, content creation, or customer relationship management. That said, consumers with limited technical backgrounds often encounter various technical issues, such as debugging sign-up flows, or problems with connecting to databases or other applications. Similarly for vibe coding, we saw surging demand searching for experts on platforms such as Loveable and Bolt, as they seek help for things such as functionality extension, publishing and deployment, bug fixing, and backend integration. **As a result, we've seen demand for these services grow 5-10x in the last 6 months, as Fiverr became the go-to place to find AI talent to close the last-mile gaps between technology and implementation.**

We're also seeing rapid growth in Managed Services within Fiverr Pro, particularly with demand for high-value and full-scope projects, successfully unlocking larger deal sizes. In Q1, we signed several six-figure, multi-month contracts through Fiverr Pro, illustrating both first-time high spenders and repeat buyers expanding their footprint through our managed services offerings. In Q2, we saw solid execution across these large projects, with expected completion dates varying between July and October. In addition, we continued with a healthy cadence of new deals, including a preschool leveraging a top development agency seller on Fiverr to revamp their codebase, and a cybersecurity company utilizing Managed Services to build a cross-functional team for full-funnel marketing support. We believe Managed Services continues to be an important channel for us to drive upmarket penetration.

Services Cross-Sell Drives Additional Revenue Upside

In Q2'25, Services revenue was \$34.0 million, up 83.8%, continuing its strong growth momentum as we continue to expand value-added service offerings to our customers. During the quarter, we built a new **AI-powered Shopify Store Builder** tool by integrating with AutoDS, enabling users to create a Shopify store directly from Fiverr. We have also deepened the top of funnel exposure between Fiverr's marketplace and the e-commerce tools on AutoDS, streamlining cross-sell opportunities between the two platforms. In addition, we saw strong Seller Plus revenue growth, driven by both new sign-ups as well as upgrades, as the bundled offerings with

Fiverr Go created a tailwind for the Seller Plus Premium tier. All of those efforts have resulted in additional revenue upside in the Services revenue segment. Looking ahead, we believe Services revenue will continue to serve as a strong growth driver for both top and bottom lines, with overall revenue contribution over 30% for the full year 2025.

AI Drives Marketplace Transformation and Operational Efficiency

Since we launched Fiverr Go in February, we continue to see active engagement among sellers, with over 9,000 seller activations so far. As the density of sellers with Fiverr Go continues to increase, we are working to add filtering capability in the search funnel in order for buyers to reach these sellers more easily and in turn driving faster response and conversion. We are also exploring ways for Fiverr Go's personal assistant to go beyond helping sellers respond to inbox messages. This includes helping sellers to optimize their service listings by analyzing marketplace and sellers' performance trends, as well as helping sellers to market their services on and off the platform. We believe Fiverr Go can serve as a gateway for buyers and sellers to engage more effectively and ultimately translating to more efficient matching and conversion.

We are also investing heavily in implementing AI technology across our tech stack, this includes product-facing innovation, internal workflow automation and enterprise knowledge management. For example, we are incorporating the latest LLM capabilities into the Dynamic Matching algorithm in order to optimize the seller recommendations. It expands the existing algorithm so that it not only accounts for the category and quality data of the marketplace, but also the nuanced information embedded in the inbox messages in order to understand the match rate between each buyer and seller pair. **As a result, we continue to see conversion rate improvement for the Dynamic Matching product, translating to 25% q/q GMV growth from Dynamic Matching.**

In addition, there are multiple ongoing initiatives to deploy AI technology to drive operational efficiency across the organization. This includes leveraging agentic AI to enhance marketplace intelligence operations, developing enterprise search tools to streamline workflows for customer support teams, and building infrastructure and tools to automate and scale data analyst capacity. Technology is at the heart of everything we do at Fiverr, and as AI rapidly evolves with the potential to upend every industry, we strive to stay at the forefront of the curve and be the leading force in reimagining the future of marketplaces.

CONFERENCE CALL AND WEBCAST DETAILS

Fiverr's management will host a conference call to discuss its financial results on Wednesday, July 30, 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)

	June 30 2025	December 31 2024
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 313,520	\$ 133,472
Marketable securities	264,884	288,947
User funds	164,119	153,309
Bank deposits	146,000	144,843
Restricted deposit	1,315	1,315
Other receivables	40,392	34,198
Total current assets	930,230	756,084
Long-term assets:		
Marketable securities	23,770	122,009
Property and equipment, net	3,883	4,271
Operating lease right of use asset	3,829	5,122
Intangible assets, net	35,077	41,882
Goodwill	110,218	110,218
Other non-current assets	31,593	30,388
Total long-term assets	208,370	313,890
TOTAL ASSETS	\$ 1,138,600	\$ 1,069,974
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 6,922	\$ 5,533
User accounts	152,047	141,691
Deferred revenue	20,839	20,090
Other account payables and accrued expenses	64,930	57,167
Operating lease liabilities	2,827	2,608
Convertible notes, net	459,143	457,860
Total current liabilities	706,708	684,949
Long-term liabilities:		
Operating lease liabilities	1,547	2,747
Other non-current liabilities	25,481	19,628
Total long-term liabilities	27,028	22,375
TOTAL LIABILITIES	\$ 733,736	\$ 707,324
Shareholders' equity:		
Share capital and additional paid-in capital	760,995	727,176
Accumulated deficit	(362,207)	(366,193)
Accumulated other comprehensive income	6,076	1,667
Total shareholders' equity	404,864	362,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,138,600	\$ 1,069,974

P&L GAAP

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
Revenue	\$ 108,648	\$ 94,663	\$ 215,832	\$ 188,187
Cost of revenue	20,384	16,024	40,780	31,472
Gross profit	88,264	78,639	175,052	156,715
Operating expenses:				
Research and development	23,994	21,855	47,621	45,488
Sales and marketing	44,844	41,324	92,234	83,476
General and administrative	21,415	17,764	42,381	34,215
Total operating expenses	90,253	80,943	182,236	163,179
Operating loss	(1,989)	(2,304)	(7,184)	(6,464)
Financial income, net	6,554	8,502	13,879	15,163
Income before taxes on income	4,565	6,198	6,695	8,699
Taxes on income	(1,377)	(2,931)	(2,709)	(4,644)
Net income attributable to ordinary shareholders	\$ 3,188	\$ 3,267	\$ 3,986	\$ 4,055
Basic net income per share attributable to ordinary shareholders	\$ 0.09	\$ 0.09	\$ 0.11	\$ 0.11
Basic weighted average ordinary shares	36,585,998	38,089,060	36,523,934	38,422,605
Diluted net income per share attributable to ordinary shareholders	\$ 0.09	\$ 0.08	\$ 0.11	\$ 0.10
Diluted weighted average ordinary shares	37,499,304	38,755,863	37,617,438	39,180,421

Cash flow GAAP

(in thousands)

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net income	\$ 3,188	\$ 3,267	\$ 3,986	\$ 4,055
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,089	1,606	8,373	2,756
Amortization of premium and accretion of discount of marketable securities, net	(1,530)	(1,154)	(1,597)	(2,248)
Amortization of discount and issuance costs of convertible notes	642	638	1,283	1,275
Shared-based compensation	14,055	18,438	29,809	37,458
Exchange rate fluctuations and other items, net	(345)	55	(344)	166
Revaluation of Earn-out	4,067	-	7,329	-
Changes in assets and liabilities:				
User funds	2,930	6,928	(10,810)	(4,692)
Operating lease ROU assets and liabilities	385	(177)	312	(275)
Other receivables	(3,942)	(2,197)	(3,511)	(5,173)
Trade payables	58	248	1,362	(580)
Deferred revenue	(1,163)	(777)	749	1,118
User accounts	(2,579)	(6,632)	10,356	3,291
Other accounts payable and accrued expenses	5,264	(131)	6,287	4,134
Non-current liabilities	85	859	(71)	882
Net cash provided by operating activities	25,204	20,971	53,513	42,167
Investing Activities:				
Investment in marketable securities	-	-	(55,652)	(30,734)
Proceeds from maturities of marketable securities	97,102	68,512	180,271	108,597
Investment in short-term bank deposits	(500)	(9,000)	(2,000)	(36,238)
Proceeds from short-term bank deposits	-	2,974	843	6,351
Acquisition of business, net of cash acquired	-	(9,163)	-	(9,163)
Purchase of property and equipment	(185)	(309)	(472)	(687)
Capitalization of internal-use software	-	-	(661)	(20)
Net cash provided by investing activities	96,417	53,014	122,329	38,106
Financing Activities				
Repurchases of ordinary shares	-	(77,101)	-	(77,101)
Proceeds from exercise of share options	2,101	1,388	2,579	1,830
Proceeds from withholding tax related to employees' exercises of share options and RSUs	2,349	441	1,288	220
Net cash provided by (used in) financing activities	4,450	(75,272)	3,867	(75,051)
Effect of exchange rate fluctuations on cash and cash equivalents	345	(58)	339	(167)
Increase (decrease) in cash, cash equivalents	126,416	(1,345)	180,048	5,055
Cash, cash equivalents at the beginning of period	187,104	190,074	133,472	183,674
Cash and cash equivalents at the end of period	\$ 313,520	\$ 188,729	\$ 313,520	\$ 188,729

REVENUE BREAKDOWN

(in thousands¹)

	Three Months Ended June 30				Six Months Ended June 30			
	2025		2024		2025		2024	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Marketplace Revenue	\$	74,689	\$	76,191	\$	152,363	\$	154,502
Annual Active Buyers		3,425		3,846		3,425		3,846
Annual Spend per Buyer	\$	318	\$	290	\$	318	\$	290
Marketplace Take Rate		27.6%		27.6%		27.6%		27.6%
Services Revenue	\$	33,959	\$	18,472	\$	63,469	\$	33,685
Total Revenue	\$	108,648	\$	94,663	\$	215,832	\$	\$188,187

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Q2' 24	Q3' 24	Q4' 24	Q1' 25	Q2' 25	FY 2023	FY 2024							
			(Unaudited)			(Audited)	(Audited)							
GAAP gross profit	\$	78,639	\$	80,735	\$	83,465	\$	86,788	\$	88,264	\$	299,529	\$	320,915
Add:														
Share-based compensation		499		514		445		423		403		2,497		2,136
Depreciation and amortization		791		2,415		3,198		3,164		3,155		3,253		7,017
Earn-out revaluation, acquisition related costs and other		-		11		17		44		-		-		28
Non-GAAP gross profit	\$	79,929	\$	83,675	\$	87,125	\$	90,419	\$	91,822	\$	305,279	\$	330,096
Non-GAAP gross margin		84.4%		84.0%		84.0%		84.4%		84.5%		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)

	Q2' 24	Q3' 24	Q4' 24	Q1' 25	Q2' 25	FY 2023	FY 2024							
			(Unaudited)			(Audited)	(Audited)							
GAAP net income attributable to ordinary shareholders	\$	3,267	\$	1,353	\$	12,838	\$	798	\$	3,188	\$	3,681	\$	18,246
Add:														
Depreciation and amortization		1,606		3,392		4,328		4,284		4,089		5,987		10,476
Share-based compensation		18,438		18,464		18,020		15,754		14,055		68,698		73,942
Earn-out revaluation, acquisition related costs and other		109		1,273		4,240		4,599		5,294		(359)		5,631
Convertible notes amortization of discount and issuance costs		638		640		640		641		642		2,541		2,555
Taxes on income related to non-GAAP adjustments		(71)		(290)		(16,249)		(380)		(351)		-		(16,610)
Exchange rate (gain)/loss, net		(156)		(221)		1,108		(642)		531		(131)		859
Non-GAAP net income	\$	23,831	\$	24,611	\$	24,925	\$	25,054	\$	27,448	\$	80,417	\$	95,099
Weighted average number of ordinary shares - basic		38,089,060		35,435,532		35,658,287		36,019,143		36,585,998		38,066,203		36,984,757
Non-GAAP basic net income per share attributable to ordinary shareholders	\$	0.63	\$	0.69	\$	0.70	\$	0.70	\$	0.75	\$	2.11	\$	2.57
Weighted average number of ordinary shares - diluted		40,909,724		38,359,853		38,947,644		39,446,707		39,653,165		41,304,907		39,994,015
Non-GAAP diluted net income per share attributable to ordinary shareholders	\$	0.58	\$	0.64	\$	0.64	\$	0.64	\$	0.69	\$	1.95	\$	2.38

RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

(In thousands, except gross margin data)

	Q2' 24	Q3' 24	Q4' 24	Q1' 25	Q2' 25	FY 2023	FY 2024							
			(Unaudited)			(Audited)	(Audited)							
GAAP net income	\$	3,267	\$	1,353	\$	12,838	\$	798	\$	3,188	\$	3,681	\$	18,246
Add:														
Financial expenses (income), net		(8,502)		(6,881)		(5,662)		(7,325)		(6,554)		(20,163)		(27,706)
Taxes on income (tax benefit)		2,931		2,052		(13,054)		1,332		1,377		1,373		(6,358)
Depreciation and amortization		1,606		3,392		4,328		4,284		4,089		5,987		10,476
Share-based compensation		18,438		18,464		18,020		15,754		14,055		68,698		73,942
Earn-out revaluation, acquisition related costs and other		109		1,273		4,240		4,599		5,294		(359)		5,631
Adjusted EBITDA	\$	17,849	\$	19,653	\$	20,710	\$	19,442	\$	21,449	\$	59,217	\$	74,231
Adjusted EBITDA margin		18.9%		19.7%		20.0%		18.1%		19.7%		16.4%		19.0%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(In thousands)

	Q2' 24	Q3' 24	Q4' 24	Q1' 25	Q2' 25	FY 2023	FY 2024
			(Unaudited)			(Audited)	(Audited)
GAAP research and development	\$ 21,855	\$ 22,424	\$ 22,329	\$ 23,627	\$ 23,994	\$ 90,720	\$ 90,241
Less:							
Share-based compensation	5,897	5,273	5,563	4,730	4,129	24,310	23,569
Depreciation and amortization	193	190	247	265	313	799	831
Earn-out revaluation, acquisition related costs and other	-	700	(672)	65	62	-	28
Non-GAAP research and development	\$ 15,765	\$ 16,261	\$ 17,191	\$ 18,567	\$ 19,490	\$ 65,611	\$ 65,813
GAAP sales and marketing	\$ 41,324	\$ 42,970	\$ 45,232	\$ 47,390	\$ 44,844	\$ 161,208	\$ 171,678
Less:							
Share-based compensation	3,389	3,605	3,162	2,246	1,369	13,304	13,592
Depreciation and amortization	553	721	770	716	550	1,601	2,308
Earn-out revaluation, acquisition related costs and other	-	67	1,811	1,197	1,147	-	1,878
Non-GAAP sales and marketing	\$ 37,382	\$ 38,577	\$ 39,489	\$ 43,231	\$ 41,778	\$ 146,303	\$ 153,900
GAAP general and administrative	\$ 17,764	\$ 18,817	\$ 21,782	\$ 20,966	\$ 21,415	\$ 62,710	\$ 74,814
Less:							
Share-based compensation	8,653	9,072	8,850	8,355	8,154	28,587	34,645
Depreciation and amortization	69	66	113	139	71	334	320
Earn-out revaluation, acquisition related costs and other	109	495	3,084	3,293	4,085	(359)	3,697
Non-GAAP general and administrative	\$ 8,933	\$ 9,184	\$ 9,735	\$ 9,179	\$ 9,105	\$ 34,148	\$ 36,152

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

(In thousands)

	Q2' 24	Q3' 24	Q4' 24	Q1' 25	Q2' 25	FY 2023	FY 2024
			(Unaudited)			(Audited)	(Audited)
Net cash provided by operating activities	\$ 20,971	\$ 10,867	\$ 30,034	\$ 28,309	\$ 25,204	\$ 83,186	\$ 83,068
Purchase of property and equipment	(309)	(290)	(326)	(287)	(185)	(1,053)	(1,303)
Capitalization of internal-use software	-	-	(83)	(661)	-	(60)	(103)
Free cash flow	\$ 20,662	\$ 10,577	\$ 29,625	\$ 27,361	\$ 25,019	\$ 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.

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 third 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 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, our business plans and strategy, the growth of our business, AI services and developments, our product portfolio, our customer relationships and experiences, the expected completion of some of our projects 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 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.