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Fiverr International, Ltd. (NYSE: FVRR)

Prepared Remarks

Q3 2026 Earnings Call

Management Discussion

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Thank you, operator, and good morning, everyone.

Thank you for joining us on Fiverr's earnings conference call for the third quarter that ended September 30, 2026. Joining me on the call today are Micha Kaufman, Founder and CEO, and Esti Levy Dadon, CFO. Before we start, I would like to remind you that during this call we may make forward-looking statements and that these statements are based on our current expectations and assumptions as of today and Fiverr assumes no obligation to update or revise them.

A discussion of some of the important risk factors that could cause actual results to differ materially from any forward-looking statements can be found under the "Risk Factors" section in Fiverr's most recent Form 20-F and other filings with the SEC.

During this call, we'll be referring to some key performance metrics and non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow. Further explanation and a reconciliation of each of the non-GAAP financial measures to the most directly comparable GAAP measures is provided in the earnings release we issued today and our shareholder letter, each of which is available on our website at investors.fiverr.com.

And now, I will turn the call over to Micha.

Micha Kaufman

Founder & Chief Executive Officer – Fiverr International, Ltd.

Thank you, Emily. Good morning, everyone, and thank you for joining us.

Let me start with the headline: Q3 came in ahead of our guidance. We delivered revenue of \$90.9 million, above the top end of the \$80 to \$88 million range we gave you in July. Adjusted EBITDA was \$14.5 million, a 16% margin, also well above our range. The beat was led by our services business, where AutoDS and our e-commerce offering performed better than expected and the momentum is carrying into Q4, along with tight cost management across the company. Three months ago we told you we would run this business with discipline through a hard transition. This quarter, we did exactly that.

This quarter is also a good reminder of how we run Fiverr. We are one business with diversified lines of revenue and profit, and we manage it as one, to make the top line as large and fast-growing as possible, and as profitable as possible. Within that, we are working to turn around our marketplace, and that is exactly what the transformation I'm about to walk you through is for.

Esti will walk through the details, but I want to use my time on two things: what is changing in how work gets found, and how we plan to win in the new world.

What is changing, for 17 years, Fiverr built one of the best performance marketing engines on the internet, on top of search. That world is changing fast. More and more journeys now start and end inside an AI assistant. Organic clicks are falling across the web, and acquisition costs are rising for everyone who depends on them. We expect that pressure on marketplace traffic to continue into 2027.

But here is what has not changed: the work still needs people. AI is automating simple tasks, and the work that remains is more complex and more valuable. That work needs a human who owns the outcome. Our top talent community remains highly engaged. This year alone, we hosted 62 events with more than 3,500 freelancers, most of them our top talent.

Put simply: this is not a talent problem. It is a funnel problem. And funnels can be rebuilt.

So how are we going to do it? Our North Star is unchanged: to become the most trusted platform for high-value, high-trust work. Let me show you the progress across our four pillars.

First, our push upmarket. High-value work now represents 16% of completed projects' gross order amount on a trailing twelve-month basis, up from 15% last quarter. And we continue to see businesses bring us multi-phase, mission-critical work. For example:

- A London-based private investment firm that manages institutional real estate assets came to us to build an end-to-end digital operations system. They assembled a team of senior engineers through Fiverr and worked alongside them directly, start to finish.
- An outdoor recreation equipment manufacturer is building a real-time 3D design engine, so both consumers and commercial buyers can configure large play installations before they order them. It has to carry real-world compliance logic, safety zones, material libraries and parametric constraints, and our freelance team is optimizing close to three hundred 3D assets to render fast in a browser.
- And a European packaging and industrial manufacturer is replacing its legacy systems with a single enterprise e-commerce platform that ties together sales, real-time inventory and fulfillment. A Fiverr Pro team is working through continuous cycles with the client's own leadership.

These are not one-off gigs. They are exactly the engagements we are building Fiverr for.

Second, matching. In an agentic world, an AI agent does not want twenty options. It wants the right one. Our Knowledge Graph ranks talent on what they actually delivered, not on who got clicked. It performs 3.3 million skill extractions a month across roughly 70,000 distinct hard skills, and every order makes it sharper. The results are already showing: higher gross order value, more orders per buyer, fewer cancellations and fewer support tickets.

Third, the work platform. In Q3, we launched Mira, our AI headhunter. Mira turns a vague brief into a clear scope and a precise match. Early results are encouraging. A Mira introduction converts at the same rate as a normal conversation on Fiverr, and the median order value for the headhunter experience is five times larger. Among first-time matches, cancellations on Mira work run about a quarter lower. Every brief makes Mira and the Knowledge Graph smarter. In 2027, Mira is expected to run across the full journey, from the first conversation to order management, including mobile.

Fourth, our growth engines. This is where the new funnel is being built. We launched our first public APIs, CLIs and MCP integrations, with Fiverr now live inside Claude and ChatGPT. AI-sourced GMV for first-time buyers grew approximately 64% from last quarter. Where this goes is a full agentic experience: an agent finds the talent, scopes the work, places the order and pays for it, without ever leaving the assistant. Whether a business arrives through a browser or an AI agent, it should find one place to get serious work done.

One leadership update. As you know, Jinjin was planning to relocate to Israel, where our Chief Business Officer role is based. She decided moving her family isn't the right step for them right now, so she stepped down. We respect that decision and thank her for her contribution. The search for her successor is well advanced, and we expect to announce our new Chief Business Officer soon. In the meantime, Esti and I are running the business directly.

To take a step back, the search era built Fiverr. The AI era is where we intend to lead. We have the talent, the data, the balance sheet, and the focus to get there.

With that, I'll turn it over to Esti for the financial details.

Esti Levy Dadon

Chief Financial Officer – Fiverr International, Ltd.

Thank you, Micha.

Q3 was a stronger-than-expected quarter where our operational discipline and strategic execution shined. Both revenue and Adjusted EBITDA came in above the guidance range we gave in July, and we are raising our full-year guidance for both revenue and Adjusted EBITDA.

Today I will review our third quarter results, update you on our cost structure and balance sheet, and share our fourth quarter and full year 2026 guidance, along with some early color on 2027.

Third quarter revenue was \$90.9 million, down 15.8% year over year, reflecting the continued shift away from low-value transactional work and the search driven traffic pressure Micha described; this was partly offset by the increase in services revenue.

Adjusted EBITDA was \$14.5 million, a 16% margin. Two things drove that outperformance: a strong quarter in our e-commerce services, and the cost discipline we have built into how we run the company, including tight management of discretionary spend, internal AI efficiencies, and a balanced approach to marketing.

Q3 marketplace revenue was \$55.4 million, down 24.7% year-over-year, driven by 2.4 million active buyers, \$373 in average spend per buyer, and a 28.2% marketplace take rate. Spend per buyer rose 12.9% year-over-year, driven by an ongoing mix shift across the marketplace from low-value transactional projects to \$1K+ projects.

The 25.8% decline in active buyers on a TTM basis was mainly due to the ongoing compression in low-value transactional work, as well as the continued traffic and demand pressure from shifts in search that continued through Q3.

At the end of Q3, projects at or above \$1K represented 16% of completed projects' gross order amount on a TTM basis. Programming & Tech and Graphics & Design were the strongest verticals for completed \$1K+ projects, with both up mid-teens

year-over-year. Growth rates in these verticals slowed in Q3 due to top-of-funnel issues related to SEO disruption.

Services revenue was \$35.5 million, up 3.4% year-over-year, and accounted for 39% of total revenue. The upside was led by AutoDS, where a major e-commerce campaign launched in late August. The campaign is performing extremely well and is expected to continue through the rest of the year. This is a good example of why we manage Fiverr as a whole, not as separate segments of revenue and profit.

Non-GAAP operating expenses were \$62.2 million, down from \$66.7 million a year ago and from \$65.3 million last quarter, with the largest savings in R&D and sales & marketing. We will continue to run a lean organization through Q4 and into 2027, and we expect operating expenses to be lower year-over-year in 2027.

We ended the quarter with \$316.2 million in cash and investments and generated \$9.4 million in free cash flow.

Our capital allocation priorities are straightforward. First, funding the transformation that positions our marketplace for how work is found in the AI era. Second, keeping strategic and financial flexibility in a fast moving environment. A strong balance sheet is a real advantage right now, and we intend to keep it that way.

Now for guidance. For the full year 2026, we are raising our revenue guidance to \$374 to \$380 million, up from \$356 to \$372 million last quarter. We are also raising our Adjusted EBITDA guidance to \$61 to \$65 million, a 16.7% margin at the midpoint, and up from \$52 to \$62 million last quarter.

For the fourth quarter, we expect revenue of \$80 to \$86 million and Adjusted EBITDA of \$6 to \$10 million. That outlook includes continued strength from our e-commerce business, offset by the continued decline in marketplace traffic we have discussed.

We are two quarters into the transformation. We expect the shift from search to AI-driven discovery to drive a steeper decline in marketplace traffic through 2027. We will meet that with lower operating expenses and continued discipline. That said, while we anticipate lower year-over-year operating expenses in 2027, the reduction is

expected to be offset by the ongoing traffic and demand headwinds, resulting in downward pressure on 2027 Adjusted EBITDA margin. We will provide full 2027 guidance on our fourth quarter call.

To wrap up: we beat on revenue and profit, we raised the year on both, and we did it while lowering our cost base. We are running a lean, disciplined company, and moving through this transformation with a strong balance sheet and a clear plan.

With that, we will turn the call over to the operator for questions.