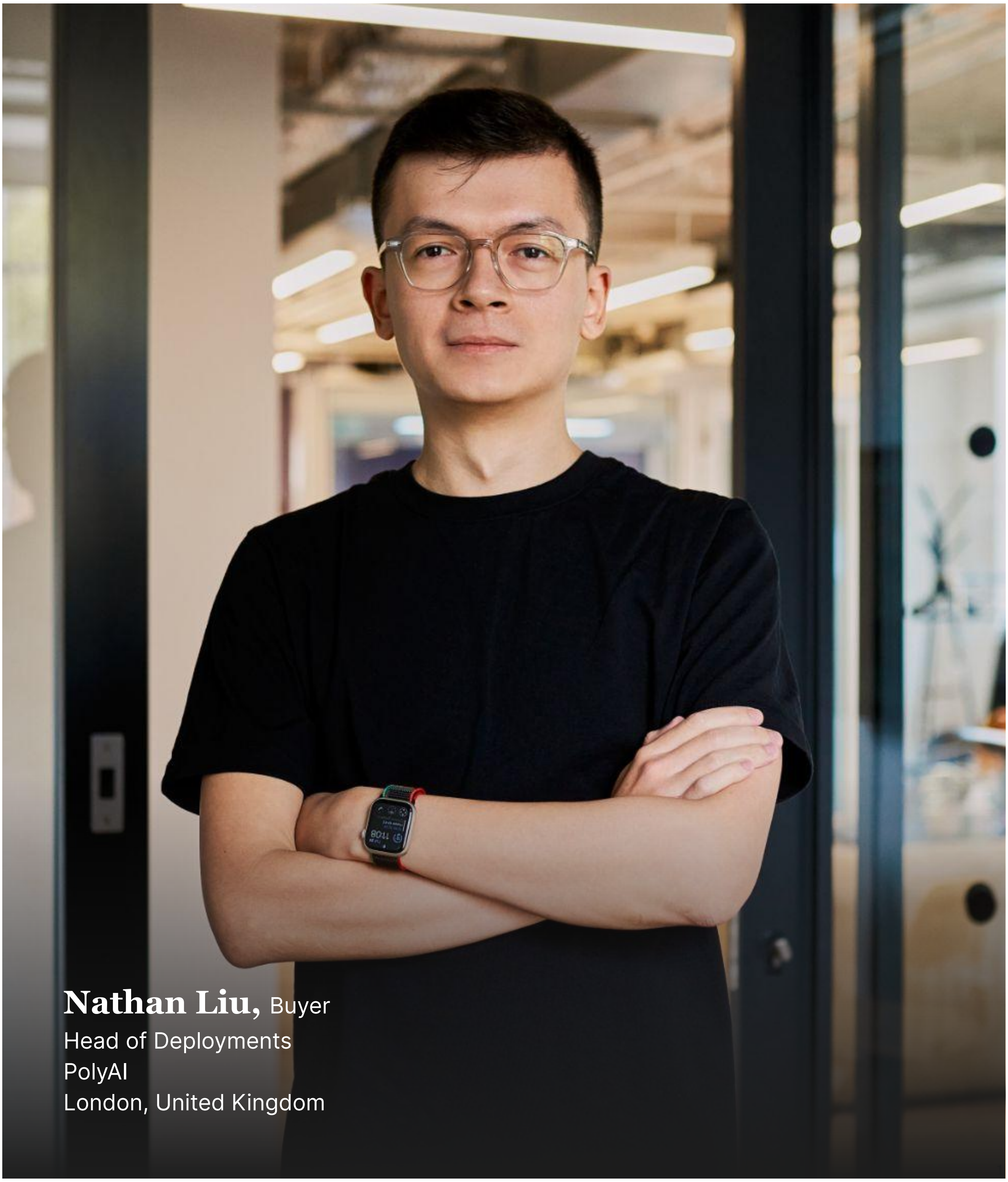
Q3 | 2023

Shareholder letter

FIVERR.COM



Nathan Liu, Buyer
Head of Deployments
PolyAI
London, United Kingdom

ON THE COVER:

Nathan Liu, Buyer

Head of Deployments

PolyAI

London, United Kingdom

Nathan Liu is Head of Deployments at PolyAI, which builds customer-led voice assistants for enterprises. The company has over 130 employees and has offices in London and New York.

Nathan leads PolyAI's client delivery and dialogue design teams to find the right voice talent to enhance clients' brand experiences. After not finding the quality and value they wanted working with other agencies, his team started using Fiverr three years ago to source voice actors and the platform very quickly grew to become a key part of PolyAI's workflows. They eventually upgraded to Fiverr Pro and now have over 25 members on their team account.

Fiverr freelancers are integral to giving natural and engaging voices to PolyAI's assistants, which now represent the customer services of huge global firms such as FedEx, Metro Bank, Carnival Cruises, and other global brands in over 20 countries. These voice assistants also help vulnerable people in the US book transport for medical appointments, restaurant bookings in the UK, and delivery updates for kidney dialysis machines in Europe.

Nathan and his team have spent over $200,000 on over 1,500 orders for voice work, audio editing, and translation.

"Fiverr Pro is integral to making PolyAI voice assistants as engaging and lifelike as they are. Our customer-led conversational assistants are like nothing our customers have ever heard, and the sheer quantity and quality of talent on Fiverr has taken so much friction in our processes away."

"Our world and business is evolving with innovations in Generative AI, and we've seen great support from Fiverr freelancers who are helping to make our vision a reality. We're really excited to see how Fiverr's most forward-thinking talent can lend their likeness to a PolyAI generative offering that delivers even more powerful voice assistants within hours, instead of weeks."

Third Quarter 2023 and Recent Highlights

- **Delivered strong results for Q3'23.** Our focus and execution across our core marketplace and Fiverr Business Solutions allowed us to deliver revenue and Adjusted EBITDA at the high end of our guidance.
- **Improving Adjusted EBITDA margins for 2023.** We are raising our FY'23 Adjusted EBITDA guidance range to $58.0 - $60.0 million, representing Adjusted EBITDA margin of 16.3% at the midpoint, as we continue to operate with focus and discipline.
- **Continued upmarket progress driving strong SPB expansion.** We continue to move upmarket, with better quality and more complex projects in our core marketplace, continued migration of users towards Fiverr Pro, and the expansion of several new partners on Fiverr Certified. As a result, SPB increased $6 sequentially to $271 this quarter.
- **Growth in Promoted Gigs and Seller Plus contributing to take rate expansion.** Both programs continue to expand - we recently added Promoted Gigs to our Fiverr Pro marketplace, and Seller Plus subscribers have now reached 25,000. These initiatives contributed to the incremental increase of our take rate to 31.3% this quarter.
- **Expanding the leadership team.** We are pleased to announce Matti Yahav as our new CMO as of November 1st. Mr. Yahav brings with him many years of marketing experience and has worked at some of the most recognizable brands. We also welcomed Dr. Yael Garten to our board of directors. She has 20 years of extensive experience in data science, machine learning, and converting data into actionable products and business strategies.

Third Quarter 2023 Key Results

REVENUE	**$92.5 million** 12% y/y growth	**GROSS MARGIN**	**83.7%** GAAP / **85.2%** NON-GAAP[1]
ACTIVE BUYERS [1]	**4.2 million** (2%) y/y growth	**GAAP NET INCOME**	**$3.0 million**
SPEND PER BUYER [1]	**$271** 4% y/y growth	**ADJUSTED EBITDA[1]**	**$16.5 million**
TAKE RATE [1]	**31.3%** 130 bps y/y improvement	**ADJUSTED EBITDA MARGIN[1]**	**17.9%**

Financial Outlook

	Q4 2023	FY 2023	FY 2023 PRIOR GUIDANCE
REVENUE	**$88.1 - $95.1 million** 6-14% y/y growth	**$358.0 - $365.0 million** 6-8% y/y growth	$358.0 - $365.0 million 6-8% y/y growth
ADJUSTED EBITDA[1]	**$14.9 - $16.9 million**	**$58.0 - $60.0 million**	$56.0 - $60.0 million

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

To Our Shareholders,

We had another strong quarter, with Q3'23 revenue of $92.5 million and Adjusted EBITDA of $16.5 million, both meeting the high end of our guidance. We see cohorts continuing to stabilize from the COVID growth spikes. Our continued push upmarket, across core marketplace and Fiverr Business Solutions, allows us to grow spend per buyer at a healthy normalized pace while our buyer base continues to evolve towards higher quality, higher budget demographics.

The unexpected and appalling atrocities that happened in Israel on October 7 and the ongoing war triggered by the event have unavoidably impacted the region and the world. As a company, we are doing everything we can to help our employees, their families and the Fiverr community to safety and to support those who have been impacted by the attack and the war. We continue to operate at the highest level of focus and discipline given the hybrid operation that's already in place.

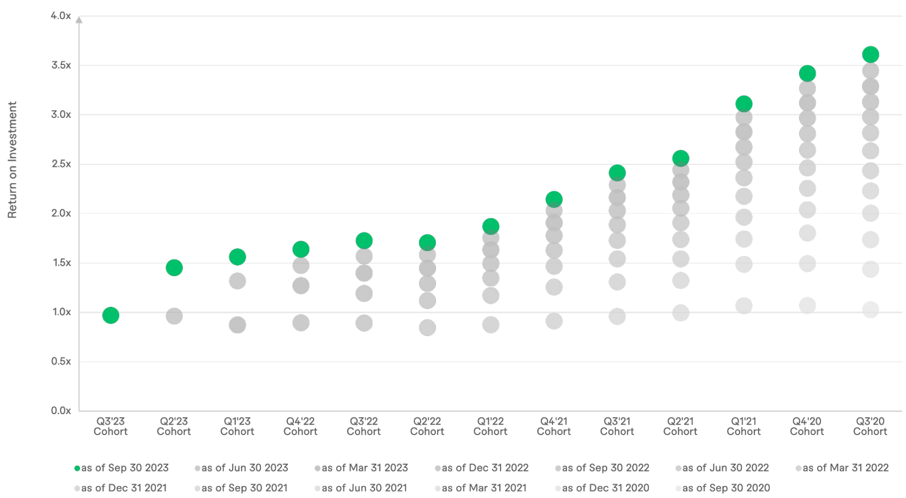
During the third quarter, we continued to build Fiverr Neo™, our AI-powered talent matching service, deploying the latest technology in AI. In just over a month, we are already seeing thousands of customers utilizing Neo™ to make better purchase decisions. We are also making steady progress across all Fiverr Business Solutions products. Fiverr Pro continues to expand its buyer base both through existing customer migration as well as top of the funnel acquisition. Fiverr Certified added a number of new partnerships and we are hearing positive feedback from those partners. Fiverr Enterprise also enjoyed several customer wins, providing them with an end-to-end solution to manage talent, budget and payment, as well as a place to source and access a global pool of freelancers.

I'm truly excited about all of these developments and we look forward to taking Fiverr to the next level of growth.

Growth Strategies and Recent Progress

#1 Bring new buyers onto the platform

In the twelve months ended September 30, 2023, active buyers were 4.2 million. We see cohorts continuing to stabilize, while our buyer base evolves towards a higher quality, higher lifetime mix. The percentage of core marketplace revenue coming from repeat buyers remained steady at 65% for the last twelve months ending September 30, 2023. We also continue to be efficient with our performance marketing investments. Our time to return on investments or tROI, which represents the payback period of our performance marketing spend, remained at a little over three months. Overall, our GAAP S&M expense as a percentage of revenue was 43.8% in Q3'23, improving from 50.8% in Q3'22. Non-GAAP S&M expense as a percentage of revenue was 39.8% in Q3'23, improving from 44.9% in Q3'22.



INCREASING ROI FOR PERFORMANCE MARKETING INVESTMENT AS COHORTS SEASON OVER TIME

As of September 30, 2023, revenue from the Q3'20 cohort reached 3.6x of the initial performance marketing investment in Q3'20, representing an attractive 3-year LTV/CAC.

We continue to strengthen our brand awareness and leadership in the freelance industry. We recently launched our newest US brand campaign: "Power of Humanity". The campaign includes a 60-second video ad that ran across digital and TV as well as Out of Home (OOH) ads in New York City featuring AI freelancers from the Fiverr community. The campaign emphasized that only through the combination of AI and human talent can we truly achieve our creative potential. We celebrated our second **International Freelancer Day** on October 19th. We hosted 18 community events across 13 countries and 5 continents within a 24-hour time span. We also launched Fiverr's Freelance Community Impact Grant, and will be donating to nonprofits and community-based organizations that directly support freelancing.

2ND ANNUAL INTERNATIONAL FREELANCER DAY - PARIS

Freelancers in Paris gathered to celebrate International Freelancer Day on Oct 19th. Attendees engaged in a roundtable discussion with a panel of AI engineering and design experts to learn how freelancers can accelerate their business using AI.

Last but not least, we recently published our third annual **ESG Report**, which highlighted a range of efforts that we achieved across the four core pillars of our ESG strategy. Building a long-term sustainable business that delivers positive impact across our people, community and planet is at the heart of what we do. We invite all of our shareholders to join us on our journey and open dialogues with us.

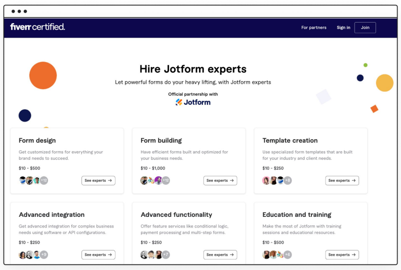
ESG REPORT 2022

We recently published our third annual ESG report which details the efforts that we have achieved across the four core pillars of our ESG strategy last year.

2. Go upmarket

In the twelve months ended September 30, 2023, spend per buyer on our platform increased 4% y/y to $271. The recent launch of our Fiverr Business Solutions has allowed us to provide a differentiated product experience for businesses with larger spend capacity and more complex project needs. This includes our premium marketplace, Fiverr Pro, which provides customers access to fully vetted professional experts as well as additional tools and capabilities that are catered for larger businesses. As a result of these additional services, we have seen buyers on Fiverr Pro significantly increase their spend compared to their spending on our marketplace.

We also saw continued expansion in our new partner solution, **Fiverr Certified.** We now have over a dozen private marketplaces for brands such as monday.com, WooCommerce, Paperform and have continued to welcome new partnerships this quarter with companies like JotForm, Wishpond, Close, and AdCreative.AI. Certified marketplaces provide SMB customers with the support they need to take full advantage of their software products by working with top-notch vetted experts. For example, a Canadian digital marketing agency spent over $3,000 on Fiverr Certified seeking support with workflow implementation for monday.com. The Certified expert was able to help the team develop customized dashboards and automated workflows that helped significantly improve their project management and productivity on their monday.com platform.



FIVERR CERTIFIED - JOTFORM

We recently launched a dedicated Certified marketplace for Jotform, which allows customers to address their top needs in building online forms. These services are fulfilled by a pool of professional freelancers and agencies certified with standards created jointly by Fiverr and Jotform.

We continue to improve the Certified product and recently added several new features including external reviews, which allows our experts to request reviews from past clients and help with buyer conversion. We also integrated Amazon Ads' pre-moderation API to help our Certified experts quickly determine if the ads they design meet Amazon guidelines, resulting in faster and higher quality delivery. We are excited by the progress that we have made and look forward to broadening our partnerships and services on Certified.

3. Expand our service catalog

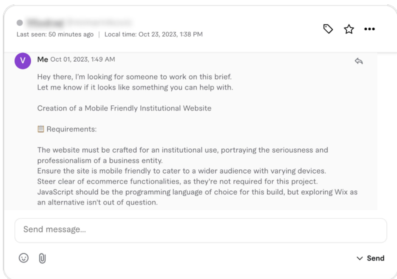
We continue to grow our expansive digital service catalog for our marketplace, which drives growth opportunities that increase retention and engagement for our buyers, and allows us to be ahead of the curve in terms of emerging trends. In Q3'23, we added 50 new categories, with the total number of categories now exceeding 700. Some of the new services include: Video Art, which leverages non-traditional video creative services such as AI technology to design new visual content; Custom Writing Prompts, which allows buyers to purchase prompts that can be used to generate high-quality textual content easily via AI platforms; and Product Management, which enables buyers to work with freelance experts at every stage of their products' lifecycle.

We've seen momentum in several new business development categories, including e-commerce marketing, website building, mobile app development, architecture & interior design, and video editing. One of our largest transactions in Q3'23 was a $50,000+ order on Fiverr Pro where a global social media company needed help with digital marketing and publishing SEO-led articles across domains in nearly 30 countries.

4. Innovate technology and services

Our ability to innovate our products is a key differentiating factor in how we enable the future of work and add value to our customer experience. We saw strong growth in both Promoted Gigs and Seller Plus in the third quarter, which has contributed to expanding our take rate to over 31%. We continue to expand coverage of Promoted Gigs on the marketplace, and recently introduced the program to Fiverr Pro for the first time. Seller Plus has also seen strong adoption trends among a wider group of sellers thanks to the launch of two-tier pricing. The program celebrated its 25,000 subscriber milestone this quarter. We continue to add highly sought after features in the Seller Plus program, such as the ability for sellers to create limited time promotions for new buyers on the platform. We believe the program not only provides monetization for Fiverr, but more importantly, strengthens the loyalty and sophistication of our sellers, and in turn benefits our buyers with higher quality and more professional services from our platform.

Excitement around our cutting edge AI matching tool, **Fiverr Neo™**, has also been extremely high and we have already expanded our rollout beyond our initial waitlist to allow more users the chance to experience an entirely new way to express their needs and be matched with the right talent. For example, we had a transport supplier who made their first purchase on our platform thanks to the help they received from Neo™.



FIVERR NEO™ - A BRAND NEW MATCHING EXPERIENCE

Instead of a typical search and browse catalog experience, a buyer looking to build a website was able to create a brief that better expressed his needs based on his conversation with Fiverr Neo™. Neo™ also provided the buyer with a recommended freelancer that best matched his requirements, who the buyer immediately contacted.

The buyer was able to express their specific needs, such as budget, programming language, and desired functionality, for developing an institutional, mobile-friendly website. The buyer then worked with the first seller that Neo™ recommended to perform the service. We are thrilled by these early results, which demonstrate a completely new search-to-find e-commerce experience on our platform. Our team continues to refine the neural networks technologies powering Neo™ and have dramatically improved processing speed of our matching algorithm to serve more users.

5. Expand our geographic footprint

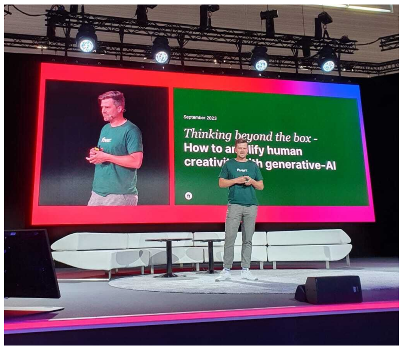
We are efficiently expanding our global platform into our key international markets, focusing on building brand awareness, localized experiences, and trust. We see encouraging signs from our investments in Germany, France, and the Netherlands among non-English speaking countries, as well as in the United Kingdom. As a result, these markets continue to grow faster than our overall marketplace.

Fiverr has always sought to empower people of all backgrounds and help bridge the gap between great ideas and what it takes to bring them to life. In the UK, we created **Ideatorr** in collaboration with football star Bukayo Saka and Youth Beyond Borders. This business incubator program equips young and motivated entrepreneurs with the necessary skills, resources, mentorship and guidance to see their visions through. We also partnered with Virgin StartUp to launch the Female Founder Competition, which helps female founders across the UK build their businesses. We received almost 700 applications in under 3 weeks for the competition, and the winner will be announced in November at an in-person event in central London.

As part of our international marketing efforts, we also recently exhibited and spoke at **DMEXCO 2023**, one of the most important digital marketing conferences in Europe with over 30,000 attendees across two days. At the conference in Cologne, we gave two presentations on how GenAI can propel human imagination in the freelance market and met with local buyers and sellers in the Fiverr community. We launched new dedicated marketing campaigns in Germany with scaled investments across TV and digital and continue to drive traffic to our local German website.

IDEATORR

Over the course of 8 weeks, the Ideatorr program, in collaboration with Bukayo Saka and Youth Beyond Borders, will equip 12 motivated individuals between the ages of 18 and 25 in the UK with the skills, resources, and guidance needed to bring their community-driven business ideas to life.



DMEXCO 2023 - COLOGNE

Fiverr exhibited at one of the largest digital marketing conferences in Europe. Our team gave presentations about how to amplify human creativity with generative AI.

Financial Discussion

In Q3'23 revenue increased 12.1% y/y to $92.5 million. GAAP net income (loss) was $3.0 million, compared to ($11.4) million in Q3’22. Adjusted EBITDA[(1)] was $16.5 million or 17.9% in Adjusted EBITDA margin[(1)]. Unless otherwise noted, all comparisons are on a year-over-year basis.

Revenue

Revenue for Q3'23 was $92.5 million, up 12.1% from $82.5 million in Q3'22, driven mainly by growth in spend per buyer[(1)], or SPB. The year-over-year growth rate also benefited from the increase of our take rate[(1)], which grew to 31.3% for the twelve months ended September 30, 2023 from 30.0% for the twelve months ended September 30, 2022. Revenue during the third quarter continued to be highly diversified, with no buyer contributing more than 1% of revenue, and no single category accounting for more than 10% of total revenue on the core marketplace.

Active Buyers

In the twelve months ended September 30, 2023, our active buyers[(1)] were 4.2 million, a decrease of 2% y/y. We accelerated the pace of our upmarket efforts and shifted our acquisition budget towards higher value buyers while reducing investments in channels that mostly attracted low-value customers. We continue to focus on higher lifetime value by targeting buyers with larger budgets benefiting SPB more than active buyers.

Spend Per Buyer

The SPB is an important driver of our revenue growth. In the twelve months ended September 30, 2023, SPB grew to $271, up 4% y/y from $262. SPB is an indicator of our buyers’ purchasing patterns and is impacted by the number of active buyers, buyers purchasing from multiple categories, average price per purchase, and our ability to acquire buyers with larger budgets.

Take Rate

For the twelve months ended September 30, 2023, our take rate was 31.3%, an increase of 130 bps y/y. We believe our industry-leading take rate reflects the value our platform delivers to both buyers and sellers. The increase in our take rate was driven by the numerous value-added services that our buyers and sellers utilize on our platform, as we saw healthy growth in Promoted Gigs and Seller Plus.

Gross Profit and Margin

Gross profit on a GAAP basis for Q3'23 was $77.5 million, up 15.8% from $66.9 million in Q3'22. Gross margin was 83.7% in Q3'23, an increase of 260 basis points from 81.1%. Non-GAAP gross margin[(1)] was 85.2% in Q3'23, an increase of 240 basis points from 82.8% in Q3'22.

Operating Expenses

Total operating expenses on a GAAP basis for Q3'23 were $79.8 million, compared to $79.4 million in Q3'22. Non-GAAP operating expenses[1] for Q3'23 were $62.3 million, or 67.3% of revenue, compared to $61.8 million, or 74.8% of revenue in Q3'22.

Research and Development (R&D)

Research and development expenses on a GAAP basis were $23.5 million, or 25.4% of revenue in Q3'23. Non-GAAP research and development expenses[1] were $17.1 million, or 18.4% of revenue, compared to 20.5% in the prior year period. We continue to invest and innovate in our core marketplace and Fiverr Business Solutions this year.

Sales and Marketing (S&M)

Sales and marketing expenses on a GAAP basis were $40.5 million, or 43.8% of revenue in Q3'23. Non-GAAP sales and marketing expenses[1] were $36.8 million, or 39.8% of revenue in Q3'23, compared to 44.9% in the prior year period. We invest in our marketing efforts with discipline and aim to maintain our marketing efficiency and improve marketing leverage over time. We continue to invest in brand marketing and are long-term believers in building brand awareness and trust.

General and Administrative (G&A)

General and administrative expenses on a GAAP basis were $15.8 million, or 17.1% of revenue in Q3'23. Non-GAAP general and administrative expenses[1] were $8.4 million, or 9.1% of revenue in Q3'23, compared to 9.4% in the prior year period.

Net Income (Loss) and Adjusted EBITDA

Net income (loss) on a GAAP basis in Q3'23 was $3.0 million, compared to ($11.4) million in Q3'22. Adjusted EBITDA was $16.5 million, or 17.9% of revenue in Q3'23, compared to $6.6 million or 7.9% in Q3'22.

Financial Outlook

Our Q4'23 outlook and updated full year 2023 guidance reflects the volatility we experienced in our marketplace following the onset of the war in our region and the potential for increased volatility through the remainder of the year. We are maintaining our FY 2023 revenue guidance range while raising the bottom end of our Adjusted EBITDA guidance range.

	Q4 2023	FY 2023
REVENUE	$88.1 - $95.1 million	$358.0 - $365.0 million
y/y growth	6% - 14% y/y growth	6% - 8% y/y growth
ADJUSTED EBITDA[1]	$14.9 - $16.9 million	$58.0 - $60.0 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

Conference Call Details

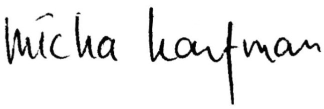
Fiverr's management will host a conference call to discuss its financial results on Thursday, November 9, 2023 at 8:30 a.m. Eastern Time. A live webcast of the call can be accessed from Fiverr's **Investor Relations website**. An archived version will be available on the website after the call. To participate in the Conference Call, please register at the link **here**.

Investor Relations

investors@fiverr.com

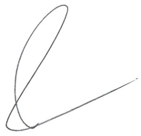
Press

press@fiverr.com



Micha Kaufman

Founder and Chief Executive Officer



Ofer Katz

President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 129,885	$ 86,752
Restricted cash	-	1,137
Marketable securities	151,731	241,293
User funds	160,482	143,020
Bank deposits	117,138	134,000
Restricted deposit	1,284	-
Other receivables	25,735	19,019
Total current assets	586,255	625,221
Marketable securities	311,656	189,839
Property and equipment, net	4,992	5,660
Operating lease right of use asset, net	7,525	9,077
Intangible assets, net	11,566	14,770
Goodwill	77,270	77,270
Other non-current assets	1,337	1,965
Total assets	$ 1,000,601	$ 923,802
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	$ 3,308	$ 8,630
User accounts	149,343	133,032
Deferred revenue	13,036	11,353
Other account payables and accrued expenses	48,015	41,328
Operating lease liabilities, net	2,453	2,755
Total current liabilities	216,155	197,098
Long-term liabilities:		
Convertible notes	454,668	452,764
Operating lease liabilities	4,836	6,649
Other non-current liabilities	2,411	1,559
Total long-term liabilities	461,915	460,972
Total liabilities	$ 678,070	$ 658,070
Shareholders' equity:		
Share capital and additional paid-in capital	621,881	565,834
Accumulated deficit	(289,059)	(288,039)
Accumulated other comprehensive income (loss)	(10,291)	(12,063)
Total shareholders' equity	322,531	265,732
Total liabilities and shareholders' equity	$ 1,000,601	$ 923,802

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Revenue	$ 92,532	$ 82,541	$ 269,873	$ 254,236
Cost of revenue	15,075	15,631	46,373	50,134
Gross profit	77,457	66,910	223,500	204,102
Operating expenses:				
Research and development	23,490	22,938	68,666	71,235
Sales and marketing	40,521	41,959	121,441	134,151
General and administrative	15,791	14,489	46,894	43,399
Impairment of intangible assets	-	-	-	27,629
Total operating expenses	79,802	79,386	237,001	276,414
Operating loss	(2,345)	(12,476)	(13,501)	(72,312)
Financial income (expenses), net	5,678	1,162	13,249	2,233
Income (loss) before income taxes	3,333	(11,314)	(252)	(70,079)
Income taxes	(308)	(36)	(768)	(109)
Net income (loss) attributable to ordinary shareholders	$ 3,025	$ (11,350)	$ (1,020)	$ (70,188)
Basic net income (loss) per share attributable to ordinary shareholders	$ 0.08	$ (0.31)	$ (0.03)	$ (1.91)
Basic weighted average ordinary shares	38,164,996	37,205,489	37,668,006	36,843,383
Diluted net income (loss) per share attributable to ordinary shareholders	$ 0.07	$ (0.31)	$ (0.03)	$ (1.91)
Diluted weighted average ordinary shares	41,389,621	37,205,489	37,668,006	36,843,383

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Operating Activities				
Net income (loss)	$ 3,025	$ (11,350)	$ (1,020)	$ (70,188)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	1,321	1,938	4,700	8,190
Gain (loss) from disposal of property and equipment	5	(9)	36	(21)
Amortization of premium and discount of marketable securities, net	(123)	1,368	1,111	5,052
Amortization of discount and issuance costs of convertible notes	635	632	1,904	1,894
Shared-based compensation	17,557	17,612	51,906	54,729
Net loss (gain) from exchange rate fluctuations	286	12	249	183
Impairment of intangible assets	-	-	-	27,629
Changes in assets and liabilities:				
User funds	(3,506)	(2,722)	(17,462)	(17,584)
Operating lease ROU assets and liabilities, net	(151)	(117)	(563)	(1,547)
Other receivables	(3,509)	(2,402)	(6,256)	(4,837)
Trade payables	1,060	1,873	(5,294)	(2,884)
Deferred revenue	852	(675)	1,683	(529)
User accounts	2,956	2,523	16,311	16,349
Account payable, accrued expenses and other	2,781	(1,994)	7,480	9,184
Revaluation of contingent consideration	-	(945)	-	(4,787)
Payment of contingent consideration	-	-	-	(504)
Non-current liabilities	210	(38)	852	178
Net cash provided by operating activities	23,399	5,706	55,637	20,507
Investing Activities				
Investment in marketable securities	(81,753)	-	(262,761)	(90,007)
Proceeds from sale of marketable securities	69,485	34,175	232,406	117,521
Bank and restricted deposits	(43,138)	15,000	15,613	37,863
Acquisition of intangible asset	-	-	-	(175)
Purchase of property and equipment	(223)	(280)	(918)	(1,111)
Capitalization of internal-use software and other	(44)	(116)	(57)	(1,019)
Other non-current assets	-	(100)	-	(1,178)
Net cash provided by (used in) investing activities	(55,673)	48,679	(15,717)	61,894
Financing Activities				
Payment of contingent consideration	-	-	-	(1,105)
Proceeds from exercise of share options	218	597	2,401	2,308
Tax withholding in connection with employees' options exercises and vested RSUs	(20)	(156)	(76)	(2,286)
Repayment of long-term loan	-	-	-	(2,269)
Net cash provided by (used in) financing activities	198	441	2,325	(3,352)
Effect of exchange rate fluctuations on cash and cash equivalents	(286)	(12)	(249)	(183)
Increase (decrease) in cash, cash equivalents and restricted cash	(32,362)	54,814	41,996	78,866
Cash, cash equivalents and restricted cash at the beginning of period	162,247	98,122	87,889	74,070
Cash and cash equivalents at the end of period	$ 129,885	$ 152,936	$ 129,885	$ 152,936

KEY PERFORMANCE METRICS

	Twelve Months Ended September 30, 2023	2022
	(Unaudited)	
Annual active buyers (in thousands)	4,164	4,249
Annual spend per buyer ($)	$ 271	262

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Three Months Ended September 30, 2023	2022	Nine Months Ended September 30, 2023	2022
	(Unaudited)		(Unaudited)	
GAAP gross profit	$ 77,457	$ 66,910	$ 223,500	$ 204,102
Add:				
Share-based compensation and other	632	477	1,864	1,955
Depreciation and amortization	731	922	2,544	4,895
Non-GAAP gross profit	$ 78,820	$ 68,309	$ 227,908	$ 210,952
Non-GAAP gross margin	85.2%	82.8%	84.5%	83.0%

RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME AND NET INCOME PER SHARE

(in thousands, except share and per share data)

	Three Months Ended September 30, 2023	2022	Nine Months Ended September 30, 2023	2022
	(Unaudited)		(Unaudited)	
GAAP net income (loss) attributable to ordinary shareholders	$ 3,025	$ (11,350)	$ (1,020)	$ (70,188)
Add:				
Depreciation and amortization	1,321	1,938	4,700	8,190
Share-based compensation	17,557	17,612	51,906	54,729
Impairment of intangible assets	-	-	-	27,629
Contingent consideration revaluation, acquisition related costs and other	-	(520)	-	(3,210)
Convertible notes amortization of discount and issuance costs	635	632	1,905	1,894
Exchange rate (gain)/loss, net	98	316	(174)	(932)
Non-GAAP net income	$ 22,636	$ 8,628	$ 57,317	$ 18,112
Weighted average number of ordinary shares - basic	38,164,996	37,205,489	37,668,006	36,843,383
Non-GAAP basic net income per share attributable to ordinary shareholders	$ 0.59	$ 0.23	$ 1.52	$ 0.49
Weighted average number of ordinary shares - diluted	41,389,621	40,731,833	41,006,387	40,708,818
Non-GAAP diluted net income per share attributable to ordinary shareholders	$ 0.55	$ 0.21	$ 1.40	$ 0.44

RECONCILIATION OF GAAP NET INCOME (LOSS) TO ADJUSTED EBITDA

(in thousands, except Adjusted EBITDA margin data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	(Unaudited)				(Unaudited)			
GAAP net income (loss)	$	3,025	$	(11,350)	$	(1,020)	$	(70,188)
Add:								
Financial (income) expenses, net		(5,678)		(1,162)		(13,249)		(2,233)
Income taxes		308		36		768		109
Depreciation and amortization		1,321		1,938		4,700		8,190
Share-based compensation		17,557		17,612		51,906		54,729
Impairment of intangible assets		-		-		-		27,629
Contingent consideration revaluation, acquisition related costs and other		-		(520)		-		(3,210)
Adjusted EBITDA	$	16,533	$	6,554	$	43,105	$	15,026
Adjusted EBITDA margin		17.9%		7.9%		16.0%		5.9%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(in thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	(Unaudited)				(Unaudited)			
GAAP research and development	$	23,490	$	22,938	$	68,666	$	71,235
Less:								
Share-based compensation		6,227		5,811		18,474		18,537
Depreciation and amortization		196		200		608		603
Non-GAAP research and development	$	17,067	$	16,927	$	49,584	$	52,095
GAAP sales and marketing	$	40,521	$	41,959	$	121,441	$	134,151
Less:								
Share-based compensation		3,392		4,151		10,138		13,156
Depreciation and amortization		314		713		1,292		2,394
Non-GAAP sales and marketing	$	36,815	$	37,095	$	110,011	$	118,601
GAAP general and administrative	$	15,791	$	14,489	$	46,894	$	43,399
Less:								
Share-based compensation		7,306		7,173		21,430		21,081
Depreciation and amortization		80		103		256		298
Contingent consideration revaluation, acquisition related costs and other		-		(520)		-		3,210
Non-GAAP general and administrative	$	8,405	$	7,733	$	25,208	$	25,230

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) and non-GAAP net income (loss) per share as well as operating metrics, including GMV, active buyers, spend per buyer, take rate and tROI. 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. 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 define GMV or Gross Merchandise Value as the total value of transactions ordered through our platform, excluding value added tax, goods and services tax, service chargebacks and refunds. Active buyers on any given date is defined as buyers who have ordered a Gig or other services on our platform within the last 12-month period, irrespective of cancellations. Spend per buyer on any given date is calculated by dividing our GMV within the last 12-month period by the number of active buyers as of such date. Take rate is revenue for any such period divided by GMV for the same period.

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 these 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.

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, active buyers, spend per buyer, take rate and tROI should not be considered in isolation, as an alternative to, or superior to net 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 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 fourth quarter of 2023 and the fiscal year ending December 31, 2023, 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, 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 for the fourth quarter of 2023, the fiscal year ending December 31, 2023, our long term Adjusted EBITDA margin goals, our expected future Adjusted EBITDA margin, our business plan and strategy, our expectations regarding AI services and developments, 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: political, economic and military instability in Israel, including related to the war in Israel; our ability to successfully implement our business plan within adverse economic conditions that may impact 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 achieve profitability; 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; 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; 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 March 30, 2023 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.