



February 19, 2025

**Fiverr International, Ltd. (NYSE: FVRR)**

Prepared Remarks

Q4 2024 Earnings Call

## Management Discussion

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### **Jinjin Qian**

*Executive Vice President, Strategic Finance – Fiverr International, Ltd.*

Thank you, operator, and good morning everyone. Thank you for joining us on Fiverr's earnings conference call for the fourth quarter that ended December 31, 2024. Joining me on the call today are Micha Kaufman, Founder and CEO, and Ofer Katz, President and 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](https://investors.fiverr.com).

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

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**Micha Kaufman**

*Founder & Chief Executive Officer – Fiverr International, Ltd.*

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

As we close another year, I've honestly never been more excited by what we've achieved and how it's positioning us for 2025. We delivered incredible execution throughout 2024, capped off by an outstanding Q4 with 13% revenue growth and a 20% Adjusted EBITDA margin. This puts us firmly in the elite group of companies hitting the Rule of 30 - no small feat, especially at a time when our entire industry is facing macro headwinds. We executed with discipline, just as we said we would, and made steady progress toward our three-year targets. We maintained a high velocity of innovation and continue to solidify our position as a leader in the freelance economy.

Our strategy is straightforward. On the one hand, pursuing quality of revenue and upmarket opportunities in the Marketplace segment. On the other hand, expanding our offerings and diversifying revenue in the Services segment. This has clearly paid off, allowing us to drive double-digit growth under macro headwinds. All of this momentum provides us with a very strong setup for 2025, where we believe we can continue to deliver Rule of 30.

At the center of our success is our freelancer community. For the past 15 years, Fiverr has always stayed true to our mission of empowering talent around the world to grow and succeed. We grow only when they grow, and we succeed only if they succeed. We pride ourselves on being the most talent-focused freelancing platform with the biggest and most robust global community. To give you some idea of the scale of things - in 2024 alone, we hosted about a hundred community events in every corner of the world with an aggregate of over 100K registrations into these events. Our public forum actively facilitates over ten thousand discussions with nearly 1 million interactions among our community members. Hundreds of thousands of freelancers see Fiverr as the go-to platform to build and grow their careers.

It is through this scale and intimacy with our community that we know it hasn't been the easiest time for freelancers and creators. The high interest rates and inflation are putting pressure on their day-to-day life, and the rapid advancement of artificial intelligence feels like barbarians at the gate, threatening to exploit their creative assets and creative rights. It is under those premises that we announced two ground-breaking initiatives to demonstrate our continued commitment to our talent community.

First is the launch of Fiverr Go. Fiverr Go is an open platform for personalized AI tools that include the Personalized AI Assistant and the AI Creation Model. Different from other AI platforms that often exploit human creativity without proper attribution or compensation, Fiverr Go is uniquely designed to reshape this power dynamic by giving creators full control over their creative process and rights. It also enables freelancers to build personalized AI models without the need to collect training datasets or understand AI engineering, thanks to Fiverr's unparalleled foundation of over 6.5 billion interactions and nearly 150 million transactions on the marketplace. And most importantly, it allows freelancers to become a one-person production house, making more money while focusing on the things that matter - creating.

By giving freelancers control over configuration, pricing, and creative rights and leveling the playing field of implementing AI technology, Fiverr Go ensures that creators remain at the center of the creative economy. It decisively turns the power dynamic between humans and AI towards the human side. It's a refreshing and unique approach to GenAI, just like how our Service-as-a-Product model provides a unique mechanism that fundamentally changed the dynamics of freelancing 15 years ago.

For customers, Fiverr Go is also fundamentally different from other AI platforms - it is GenAI with human accountability. AI results often feel unreliable, generic, and very hard to edit. What is good enough for a simple question and answer on ChatGPT does not cut it for business mission-critical tasks. In fact, many customers come to Fiverr today with AI generated content because they miss the confidence that comes from another human eye and talent helping them perfect the result for their needs. Fiverr Go eliminates all this friction and frustration. Every delivery on Fiverr Go is backed by the full faith of the creator behind it, with an included revision as the freelancer defines. This

means that the quality and service you get from Fiverr Go is no different from a direct order from the freelancers themselves, except for a faster, easier, and more delightful experience.

The Personalized AI Assistant on Fiverr Go can communicate with potential clients when the freelancer is away or busy, handle routine tasks, and provide actionable business insights, effectively becoming the creator's business partner. It often feels smarter than an average human assistant because it's equipped with all the history of how the freelancer works, as well as the knowledge of trends and best practices on the Fiverr marketplace.

And we didn't stop there. To take the future of work to the next level, we've also announced an open developer platform on Fiverr Go to allow AI specialists and model developers to build generative AI applications across any discipline. We provide them with an ecosystem to collaborate with domain experts on Fiverr and the ability to leverage Fiverr's massive data assets, so that these applications can solve real-world problems. And most important of all, Fiverr provides them an avenue to generate revenue for those applications through our marketplace. We are envisioning a very exciting future of work here, as Fiverr Go can turn any individual into a powerhouse and supercharge their earnings potential.

The second initiative we announced along with Fiverr Go is a brand new Freelancer Equity Program, an industry-first initiative designed to give top-performing freelancers equity shares of Fiverr. We have been wanting to do this for a while, and we are extremely happy to finally make it happen. Just as Fiverr Go empowers freelancers to scale like never before, the Freelancer Equity Program ensures that our freelancer community does not just help us shape the future of work—they own a piece of it.

I'm very excited about these bold moves. As freelancers increasingly become the backbone of our economy, and as AI technology promises transformative shifts to the way people work, I firmly believe that Fiverr is uniquely positioned to lead the innovation and drive the industry forward. With the depth and breadth of data we have, the expansive scale of categories, buyers and sellers we cover, and the deep technological expertise we have built over the years, we can empower a robust ecosystem of humans

and AI that deliver beautiful results for customers while supercharging freelancers' earning power.

Finally, I would like to take this opportunity to thank our incredible team for building what very few teams in the world can build with passion, velocity, and determination. All of this could not have happened without this world-class team.

With that, I'll turn the call over to Ofer.

**Ofer Katz**

*President & Chief Financial Officer – Fiverr International, Ltd.*

Thank you, Micha, and good morning everyone.

I'm pleased to report an exceptional quarter, with both top and bottom lines exceeding expectations. Revenue for the fourth quarter was \$103.7 million, up 13% year-over-year, representing an acceleration from 8% year-over-year growth in Q3. Adjusted EBITDA for Q4 was \$20.7 million, representing an Adjusted EBITDA margin of 20.0%, an improvement of 240 basis points from a year earlier. While we have yet to see meaningful improvements on the macro front in terms of SMB sentiment or freelancer hiring demand, we are able to deliver growth catalysts through strong execution and expansion of value-added products. At the same time, we continue to optimize the quality of revenue for the marketplace, expanding our penetration into larger buyers and more complex projects with Fiverr Pro and Dynamic Matching. All in all, I'm very happy with how we delivered strong results in Q4 and throughout 2024, and I believe we are kicking off 2025 with a solid financial position and strong business momentum.

In order to give more clarity on different parts of our business, starting this quarter, we will provide you with a quarterly and annual revenue breakdown between Marketplace revenue and Services revenue. Marketplace revenue represents the transaction commissions paid by buyers and sellers based on orders completed on our marketplace. We generate Services revenue from subscription products such as Seller Plus and AutoDS, advertising services primarily via Fiverr Ads, and other services such as financial or learning tools, all of which are optional value-added services to our customers.

For the full year 2024, Marketplace revenue was \$303.1 million, driven by 3.6 million annual active buyers, \$302 annual spend per buyer, and a 27.6% Marketplace take rate. While the overall active buyers are not growing due to macro headwinds, it is worth noting that buyers with annual spend of over \$10,000 continued to show resilient growth. We are also seeing larger and more complex projects show robust growth, with GMV from projects of over \$500 growing 8% y/y in 2024 compared to 2023. Going into

2025, given that Marketplace revenue is largely tied with GMV volume and we have yet to see signs of macro improvement, we expect that the growth of this revenue segment will continue to be muted. That said, we believe macro serves as a growth catalyst for this revenue segment down the road. Given that a macro rebound is a matter of when, not if, when it does rebound, we expect our marketplace will be one of the first areas to experience the uplift.

Services revenue was \$88.4 million, representing y/y growth of 62%, driven by continued strength in Fiverr Ads, Seller Plus, and AutoDS. Services revenue represents 23% of our total revenue in 2024, up from 15% in 2023. As we continue to expand the adoption of these services and as we launch new monetization products such as Fiverr Go, Fiverr Pro Subscriptions, and Seller Team Accounts, we believe there is a lot of growth runway for Services revenue ahead of us. For 2025, we expect Services revenue to continue growing at a healthy double-digit rate, with contribution to total revenue reaching over 30%.

Now, onto guidance. For the full year 2025, we expect revenue to be in the range of \$422 - \$438 million, representing year-over-year growth of 8%-12%. Adjusted EBITDA is expected to be in the range of \$82 - \$90 million, representing an Adjusted EBITDA margin of 20% at the midpoint. For the first quarter of 2025, revenue is expected to be \$103.5 - \$108.5 million, representing year-over-year growth of 11%-16%. Adjusted EBITDA is expected to be \$18 - \$20 million, representing an Adjusted EBITDA margin of 18% at the midpoint. We believe revenue growth will be higher in the first half of the year compared to the second half due to the lapping of Fiverr Ads expansion, the launch of the Kickstart Program, and the inclusion of AutoDS in the second half of last year. We believe Adjusted EBITDA margin and margin improvement will be lower in the first half of 2025 compared to the second half as we accelerate the investment and development pace of Fiverr Go. Overall, I believe we are firmly on track to achieve the three-year targets we set last year for both Adjusted EBITDA margin and Free Cash Flow. To close, I'm very excited to kick off 2025. I believe it's going to be another strong year of growth and innovation.

With that, we'll now turn the call over to the operator for questions.