

fiverr.

Q4 | 2021

Shareholder letter

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



Michael Chagala, Seller
Digital Marketing Expert
San Diego, CA



Photograph by Melissa Montoya

On the cover:

MICHAEL CHAGALA, Seller
Digital Marketing Expert
San Diego, CA

Michael Chagala is a digital marketing expert on Fiverr specializing in Google SEO. Prior to joining Fiverr, Michael was a marketing executive at one of the largest renewable energy companies in California and spent over 15 years in the corporate world.

Michael first joined Fiverr in December 2019 as a side-hustle, but quickly realized it provided a path forward to the lifestyle he always dreamed of, where he would get to spend more time with his family while working closely with people. He instantly recognized how easy it was to operate on Fiverr, creating his first Gig within 20 minutes of joining the platform and connecting him to people who sought out his unique skill set.

In order to grow his business on Fiverr, Michael utilizes Promoted Gigs and Seller Plus most often. The Analytics tab on Seller Plus allows him to make informed decisions and provide high quality service as well as excellent communication daily. He also has found the Fiverr Learn courses to be exceptionally useful, as he has successfully completed every course in his category. In 2021, Michael averaged more than \$50,000 per month from Fiverr's marketplace. To date, he has made over \$700,000 on Fiverr with an average order price of \$865.

“When I walked away from a successful career in the corporate world, many people thought I was crazy. Today I work from home, increased my income and spend more time with my family than ever. Joining Fiverr was the best career move I ever made.”

Fourth Quarter 2021 and Recent Highlights

- **Strong finish to 2021:** We concluded another year of robust growth with revenue increasing 57% y/y, or 178% over two years
- **Strong retention trends:** For a second year in a row, all older cohorts, those who joined on or before 2018, retained over 110% of revenue from previous year. Newer cohorts also experienced stronger retention trends compared to a historical cohort at a similar life stage
- **Launch of Fiverr Inspire:** We launched a brand new personalized browsing experience for buyers to find freelancers through their past projects and deliveries
- **Provided both Q1'22 and FY22 guidance:** We continue to provide both quarterly and annual guidance on a consistent basis, underscoring the visibility of our business and the confidence of our execution capabilities

Fourth Quarter and Full-Year 2021 Key Results

	Q4 2021		FY 2021		
REVENUE	\$79.8 million 43% y/y growth		\$297.7 million 57% y/y growth		ACTIVE BUYERS⁽¹⁾ 4.2M 23% y/y growth
GROSS MARGIN	80.9% GAAP	83.4% NON-GAAP	82.6% GAAP	84.1% NON-GAAP	SPEND PER BUYER⁽¹⁾ \$242 18% y/y growth
GAAP NET LOSS	(\$19.5) million		(\$65.0) million		TAKE RATE⁽¹⁾ 29.2% 210 bps y/y improvement
ADJUSTED EBITDA⁽¹⁾	\$8.9 million		\$22.9 million		
ADJUSTED EBITDA MARGIN⁽¹⁾	11.1% 280 bps y/y improvement		7.7% 290 bps y/y improvement		

Financial Outlook

	Q1 2022	FY 2022
REVENUE	\$85.0 - \$87.0 million 24 - 27% y/y growth	\$373.0 - \$379.0 million 25 - 27% y/y growth
ADJUSTED EBITDA⁽¹⁾	\$1.5 - \$3.5 million	\$27.0 - \$33.0 million

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

2021 year in review

After a record year of growth in 2020, 2021 represented a year of continued growth momentum. Our mission of changing how the world works together has never been more relevant. The awareness and accelerated adoption of remote work and freelancing cloud services has never been stronger.

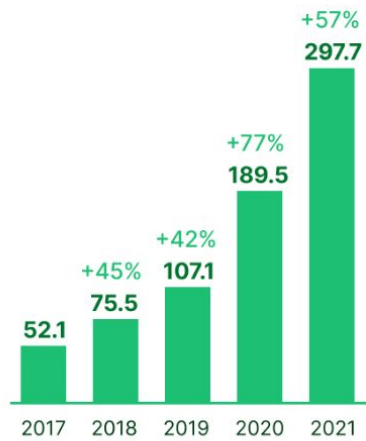
\$1B

Annual GMV
achieved first time in history

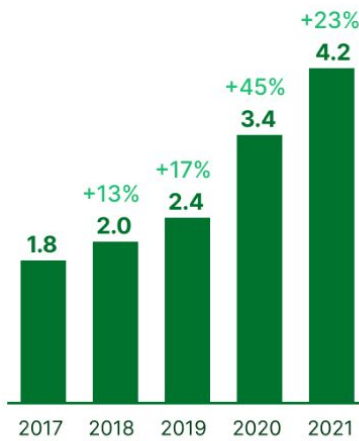
\$2B

Payout to freelancers
cumulatively since inception

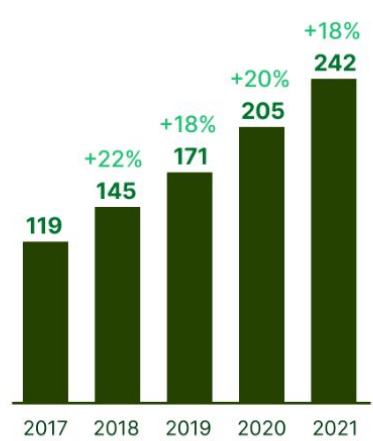
Revenue



Active Buyers



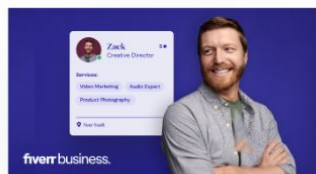
Spend per Buyer



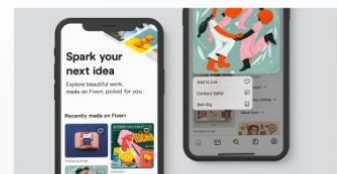
2021 Key Achievements



Super Bowl Commercial



Fiverr Business



Fiverr Inspire

Staying Connected with Our Community

As a marketplace, we succeed only when our buyers and sellers succeed. We stepped up in our effort to support our communities during the pandemic and increased the channels for our communities to stay connected, including virtual community events, upgraded community forum, 1:1 interactions with our community and customer success manager teams and so on.

219

Virtual community events and webinars

59K

Community members participated in events & webinars

6,030

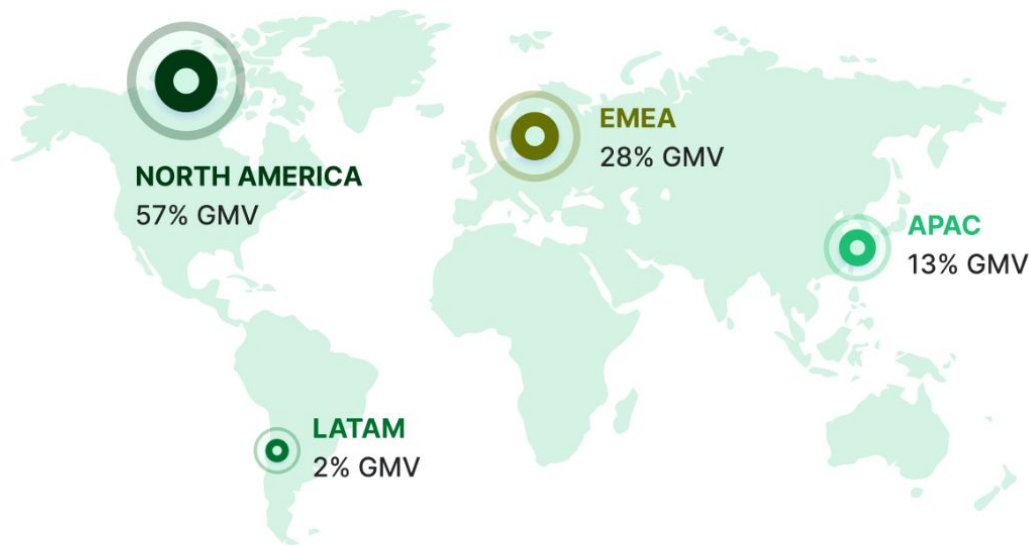
1:1 interactions via interviews & customer success managers

287K

Community forum conversations

Our global platform

In the last two years, we have made significant progress on international expansion, including building a multi-language infrastructure, improving the performance of search in local languages, building local communities, and growing local brand awareness. As a result, 43% of our GMV in 2021 came from buyers outside of North America.



*Note: All data based on core platform GMV in 2021.

Building a responsible company



Published our first
[ESG report](#)



Committing to carbon neutrality
by 2030

To Our Shareholders,

We finished 2021 with a strong fourth quarter, as revenue grew 43% y/y, active buyers went up 23% y/y and spend per buyer increased 18% y/y. For the full year 2021, our revenue grew 57% y/y and 178% on a two-year basis. We also generated almost as much adjusted EBITDA in Q4'21 as in the entire year of 2020, which speaks to the discipline of our financial operation and the scalability of our business model.

With volatility everywhere - COVID, markets, governments, news - we value the strength and resilience of our business. People might be going back to the office, or getting locked down again, but the desire to have more control and flexibility over how they work persists. My father's generation used to count their job tenure in decades, but in today's day and age, on average, data shows a Silicon Valley software engineer stays in their first job for 2.75 years and 6 months less in their second; 52% of global creative talent is already freelancing today. We believe these trends will continue regardless of how COVID-19 evolves or the volatility of S&P 500, and we are laser-focused on executing our strategy to capitalize on those trends.

Fiverr turns 12 years old today. What started as a small listing website with eight categories of services now provides end-to-end transaction capabilities in more than 550 categories of digital services. It's exciting to see the revolution we started 12 years ago turn into a global phenomenon.

We believe businesses need to adapt quickly to the new generation of talent and we are taking a holistic approach to building a 360 degree Talent Cloud solution for businesses of all sizes. The value proposition of a talent cloud solution very much resembles that of a cloud computing solution - anywhere and anytime access, cutting edge tech, affordable, quick deployment, scalability and minimum internal operation overhead. And just like the cloud computing industry, we believe the natural adoption curve begins with the smaller sized companies and ends with becoming an essential part of every business including enterprises.

We have a clear path to take share in the massive addressable market ahead of us. We have the vision, conviction, capital and leaders to do it. We will continue to act decisively and strategically, make smart choices and resist any short-term thinking, and by doing so I believe we will build an even greater company together.

Growth Strategies and Recent Progress

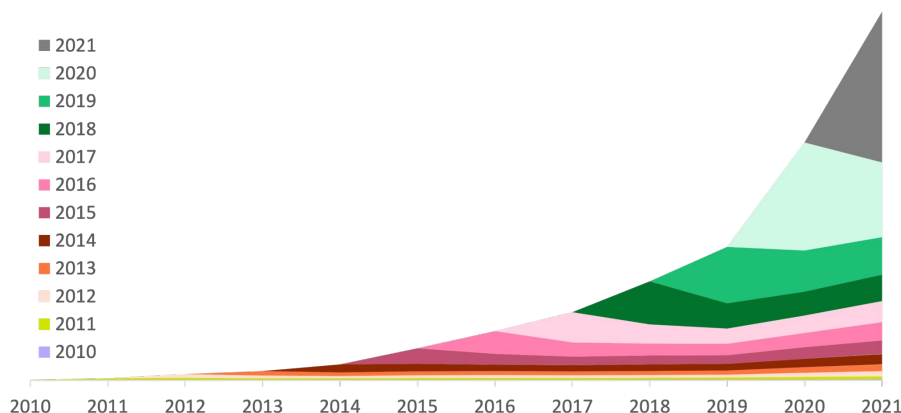
Recent updates regarding our key growth drivers and progress made in each area as we continue to grow and capture market share are as follows:

1. Bring new buyers onto the platform

In the twelve months ended December 31, 2021, active buyers grew 23% y/y to 4.2 million. Both acquisition and retention continued to stay significantly elevated compared to pre-COVID levels. Q4 seasonality largely followed our previous expectations, with stable trends throughout October, November and the first half of December, followed by the last two weeks of holidays with less activity.

In terms of cohort behavior, we were very happy to see the elevated retention levels in 2020 continue into 2021. We define an annual buyer cohort based on the year when the buyer's first purchase on our platform was made. In 2020, all older cohorts, those who joined on or before 2018, on average retained 115% of revenue from 2019. In 2021, these cohorts on average retained 119% of revenue from 2020, with the biggest jump coming from the 2018 cohort, which flipped from stabilization to expansion in spending in the third year of its lifecycle. In fact, all of these older cohorts experienced a revenue retention of over 110% in 2021, which is a huge testament to the amount of work we've done on retention, quality, catalog expansion and product innovation. The retention for 2019 and 2020 cohorts also exceeds historical cohorts at similar stages of lifecycle. Overall, in 2021, repeat buyers contributed 59% of total revenue on our core marketplace, up from 55% in 2020.

REVENUE COMPOSITION BY ANNUAL COHORT 2010-2021

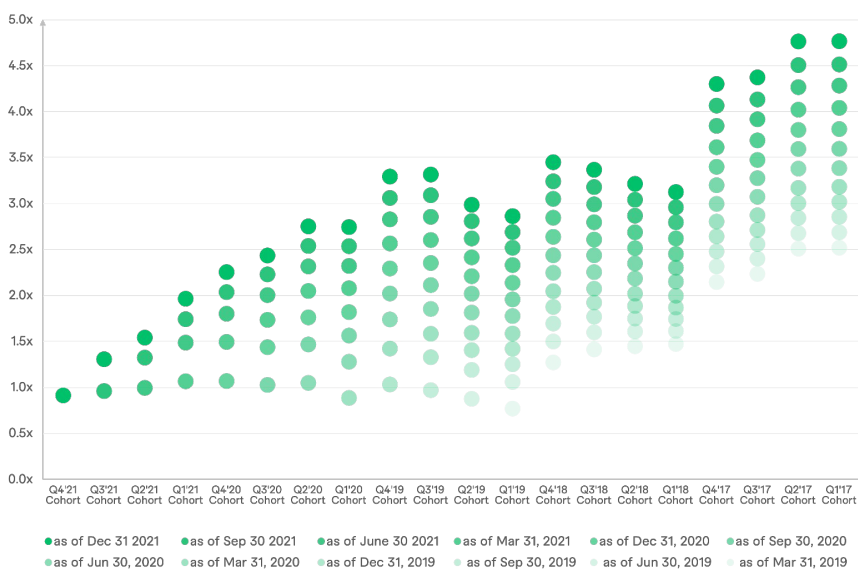


ELEVATED COHORT RETENTION CONTINUED IN 2021

Older cohorts, 2018 or older, enjoyed over 110% revenue retention. Newer cohorts also performed better than a typical cohort at similar stage of lifecycle before the pandemic.

We continue to be highly efficient in terms of buyer acquisition. For Q4'21, our time to return on performance marketing, or tROI, was approximately four months. During the quarter, we implemented hundreds of technical improvements, doubled down on content quality in our listing pages, continued to improve our marketing automation and invest in localization, all of which helped to increase the organic traffic to our website. On the paid side, the continued channel diversification, especially in emerging ad platforms and the optimization of landing experience and conversion rates, helped us stay competitive and efficient.

CUMULATIVE REVENUE TO PERFORMANCE MARKETING INVESTMENT RATIOS



INCREASING ROI FOR PERFORMANCE MARKETING INVESTMENTS AS COHORTS SEASON OVER TIME

As of December 31, 2021, revenue from the Q4'21 cohort amounted to 0.9x of our performance marketing investments in the same period. The cumulative revenue from the Q1'17 cohort has reached 4.8x of our performance marketing investments for the first quarter of 2017, representing highly attractive 5-year LTV/CAC.

On brand marketing, we are re-accelerating investments in channels such as **out-of-home** campaigns as economies re-open. We are also investing in strategic partnerships and integrating with relevant vendors to acquire more targeted and industry specific audiences. Overall, we expect sales and marketing expenses as a percentage of revenue to continue to improve on a year over year basis.

2. Go upmarket

In the twelve months ended December 31, 2021, spend per buyer on our platform increased 18% y/y to \$242 as we continued to expand wallet share among our buyers. High-value buyers, those with annual spend per buyer of over \$500, continued to grow from the previous quarter and now represent 63% of core marketplace

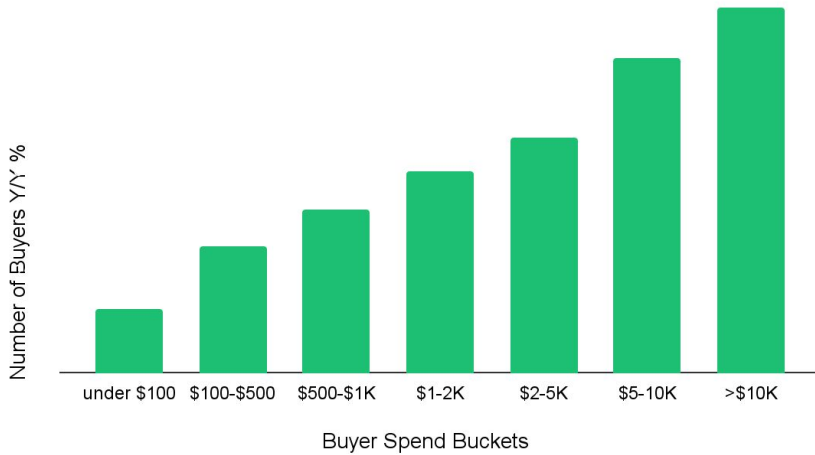


OUT-OF-HOME CAMPAIGN IN NYC

After almost two years of COVID restrictions, we restarted our out-of-home campaign in January.

revenues, up from 62% in Q3'21. In fact, as we look into more granular **buyer spending** buckets, we find that the higher the spending bucket is, the faster growth we see. In other words, our buyer growth is significantly skewed towards higher lifetime value buyers.

BUYER GROWTH RATE vs. BUYER SPEND BUCKETS

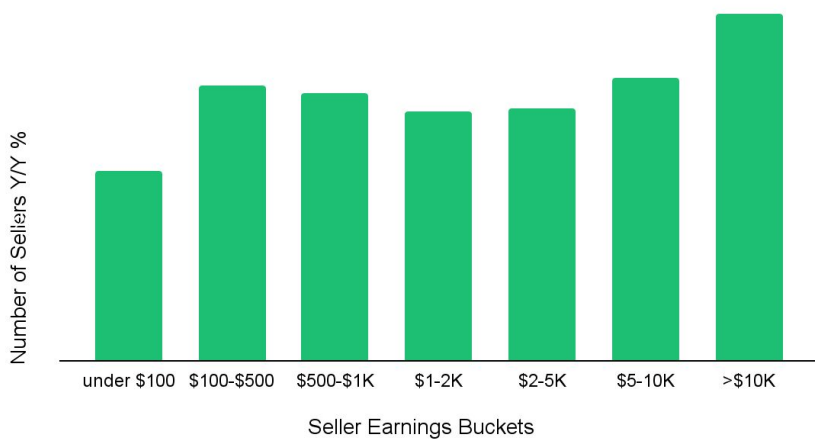


BIG SPENDERS ARE THE FASTEST GROWING BUYER SEGMENT

Buyer growth on our marketplace skewed towards higher lifetime value buyers.

We see similar trends in terms of **sellers earnings** bucket vs. sellers growth, although in a less dramatic fashion. The continued work we are doing around improving quality and marketplace integrity, the introduction of Promoted Gigs and Seller Plus, as well as products such as milestones and subscriptions, all contributed to helping high quality, motivated sellers become more successful on the marketplace.

SELLER GROWTH RATE vs. SELLER EARNINGS BUCKETS



BIG EARNERS ARE THE FASTEST GROWING SELLER SEGMENT

Seller growth on our marketplace also skewed towards higher earners, in a less dramatic curve.

Here are some of the key strategic priorities for 2022 in the area of going upmarket. For Fiverr Business, we expect to focus on curating the best talent and accelerating product innovation to showcase these top talents in order to build trust and credibility with business buyers. We are also expanding the way contracts

can be structured and delivered on the marketplace. Historically, a Gig delivery that takes 2 to 3 days of work is most common. Now as we enable more complex projects and bigger budget buyers onto our platform, we need more sophisticated contracts to enable these types of work. **Subscriptions** and milestones are examples of the expansion we have already launched and continue to iterate and improve upon. We are also working on providing tools to accommodate buyers who come to our marketplace without a precise project scope or budget, as well as widening the capabilities of custom offers.

3. Expand our Gig catalog

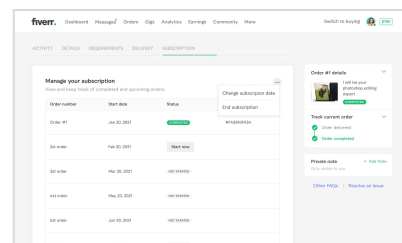
When you think about the key reasons for engaging with a freelancer, capacity constraint and skill gap come to the top of mind. Indeed, with the ever changing digital landscape and the urgent need for every business to be a digital business, there is a constant demand for adopting new technologies, implementing new strategies, stepping up in digital marketing and so on. Our marketplace has become a destination for businesses to solve these pain points, and we see first hand how the demand for different types of services constantly evolves.

For Q4'21 particularly, we saw strong trends in anything 3D related - from 3D character animation, to 3D game art and 3D character modeling. We are also seeing strong trends in NFT art. The explosive growth in crypto and NFT, coupled with the success of Roblox and the emerging concept of metaverse, all manifest themselves in the trends we see on our marketplace. Other categories such as e-commerce and dropshipping, illustration, architecture & interior design, continued their momentum from previous quarters.

We also continued to improve the quality of our marketplace with expansion of the **Fiverr Choice** program. One of the key metrics we track internally is the same buyer same seller repeat rate. We find that buyers who made a purchase from Fiverr Choice sellers are 20% more likely to make a purchase again with the same seller compared to those who made a purchase from a non-Choice seller. The Fiverr Choice program will continue to evolve as we cover more categories, vet more high quality sellers to include in the program, as well as increase buyer exposure to these high quality Gigs.

4. Innovate technology and services

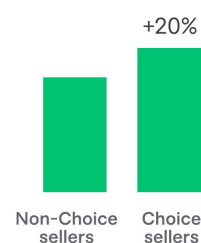
During Q4'21, we launched Fiverr Inspire, a new personalized browsing experience that enables buyers to discover sellers through real projects and deliveries they have completed on the platform. This beautiful and inspiring experience is enabled by the



SUBSCRIPTION EXPERIENCE ON FIVERR

The ability to place recurring orders on Fiverr elevates the buyer/seller relationship to the next level and strengthens our overall network.

REPEAT PURCHASE RATE



BETTER EXPERIENCE WITH FIVERR CHOICE

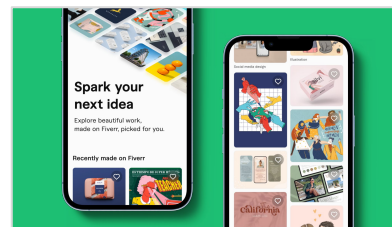
Buyers who bought from Fiverr Choice sellers are 20% more likely to make a purchase again with the same seller.

tremendous amount of talent on our marketplace. It is also possible because 100% of the workflows between buyers and sellers, including the final deliveries, happen on our marketplace. This is core to our service-as-a-product model and underlines our philosophy that freelancers on our marketplace compete based on the quality of their work.

We are also seeing increased engagement from our buyer community through **Fiverr Inspire**, as they spend time in our app even when they don't have an immediate project on hand. Content for the Inspire feed is carefully curated based on customers' recent searches and purchases on the platform in order to create a highly personalized experience.

5. Expand our geographic footprint

We continue to grow as a global platform, with non-English speaking countries representing 32% of our business in Q4'21, up from 31% in Q3'21. We saw progress we made around localized search and the added feature of "I speak" had meaningful impact in buyer conversion. More than half of new buyers in Germany today come from the localized German site, a testament to the continuously improving German experience on de.fiverr.com. We are also expanding our partnerships with local affiliate networks to grow international markets. And we continue to push local community efforts to grow local supply and demand.



FIVERR INSPIRE

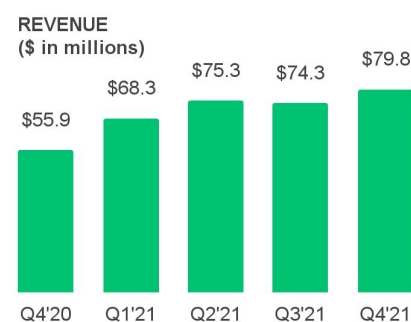
The mobile-first browsing experience provides personalized content that improves engagement and path to purchase.

Financial Discussion

We delivered exceptional financial results in Q4'21 with revenue increasing 43% y/y to \$79.8 million. Adjusted EBITDA was \$8.9 million or 11.1% in Adjusted EBITDA margin. Unless otherwise noted, all comparisons are on a year-over-year basis.

Revenue

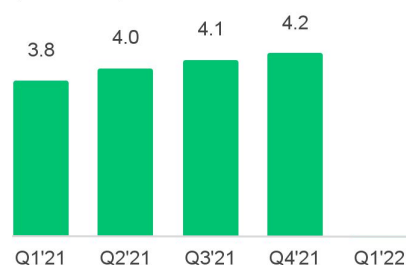
Revenue for Q4'21 was \$79.8 million, up 43% from \$55.9 million, driven by continued growth in both active buyers and spend per buyer. The year-over-year growth rate also benefits from the increase of our take rate, which grew to 29.2% in 2021 from 27.1% in 2020. Revenue during the quarter continued to be highly diversified, with no buyer contributing more than 1% of revenue, and no single category accounting for more than 15% of total revenue on the core marketplace.



Active Buyers

Our active buyer base has consistently grown over time, and Q4 was no different. In 2021, our active buyers reached 4.2 million, representing 23% y/y growth. Our robust active buyer growth was driven by consistent cohort behavior and efficient marketing investments. We also continue to focus on higher lifetime value by targeting buyers with larger budgets.

ACTIVE BUYERS
(in millions)



Spend Per Buyer

The second driver of our revenue growth is the annual spend per buyer, or SPB. In 2021, SPB grew to \$242, up 18% y/y from \$205. 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 a higher lifetime value.

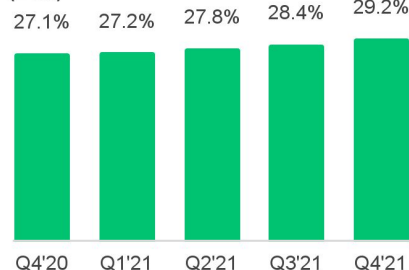
SPEND PER BUYER
(\$)



Take Rate

For the full year 2021, our take rate was 29.2%, an increase of 210 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 50 bps increase in service fee during 2021, continued growth of back-office software subscriptions, e-learning courses, content marketing subscriptions and creative talent platform.

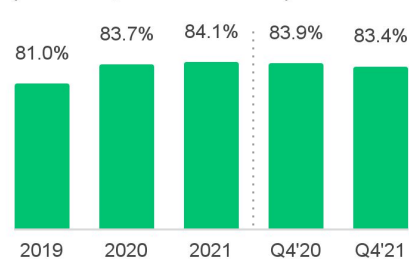
TAKE RATE
(LTM)



Gross Profit and Margin

Gross profit on a GAAP basis for Q4'21 was \$64.5 million, up 40% from \$46.2 million. Gross margin was 80.9%, a decrease from 82.6%. Non-GAAP gross margin was 83.4% in Q4'21, a decrease of 50 basis points from 83.9%. The decrease of gross margin was primarily driven by catch-up hiring for customer support teams.

GROSS MARGIN
(Non-GAAP, as a % of revenue)

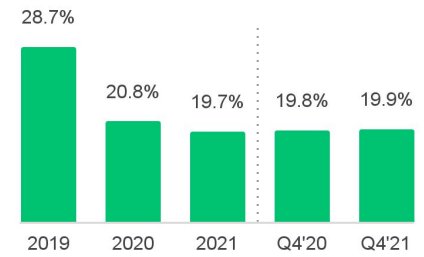


Operating Expenses

Total operating expenses on a GAAP basis for Q4'21 were \$78.4 million, compared to \$50.0 million. Non-GAAP operating expenses for Q4'21 were \$57.7 million, or 72.3% of revenue, compared to \$42.2 million, or 75.6% of revenue. The improvement in operating leverage represents greater efficiency as a result of increasing scale and disciplined financial strategy, which led to us improving Adjusted EBITDA margin.

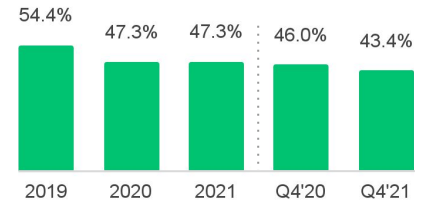
Research and development (R&D) expenses on a GAAP basis were \$21.8 million, or 27.4% of revenue in Q4'21. Non-GAAP research and development expenses were \$15.9 million, or 19.9% of revenue, compared to 19.8%. We continue to invest in improving user experience with initiatives such as Fiverr Business, International expansion, Seller Plus, mobile web and mobile app, category expansion and development of new features in recent acquisitions.

RESEARCH AND DEVELOPMENT
(Non-GAAP, as % of revenue)



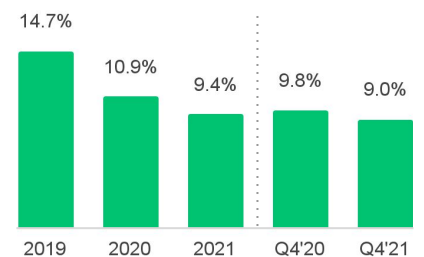
Sales and marketing (S&M) expenses on a GAAP basis were \$40.2 million, or 50.5% of revenue in Q4'21. Non-GAAP sales and marketing expenses were \$34.6 million, or 43.4% of revenue in Q4'21, compared to 46.0%. We continued to gain significant sales and marketing leverage during the quarter driven by scale expansion, channel diversification and strong execution, which demonstrates our ability to drive marketing efficiency towards our long-term target model.

SALES AND MARKETING
(Non-GAAP, as % of revenue)



General and administrative (G&A) expenses on a GAAP basis were \$16.3 million, or 20.5% of revenue in Q4'21. Non-GAAP general and administrative expenses were \$7.2 million, or 9.0% of revenue in Q4'21, compared to 9.8%. The improved G&A leverage was primarily driven by increased revenue scale.

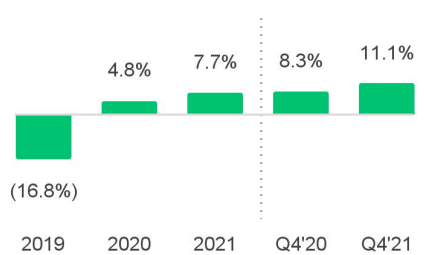
GENERAL AND ADMINISTRATIVE
(Non-GAAP, as % of revenue)



Net Loss and Adjusted EBITDA

Net loss on a GAAP basis in Q4'21 was (\$19.5) million, compared to (\$8.1) million in Q4'20, driven by increase in discount-related finance expenses, issuance costs, and amortization of the convertible notes. Adjusted EBITDA was \$8.9 million, or 11.1% of revenue in Q4'21, compared to \$4.6 million or 8.3%. The improved EBITDA margin was driven by increased revenue scale and improved leverage in operating expenses.

ADJUSTED EBITDA MARGIN



Financial Outlook

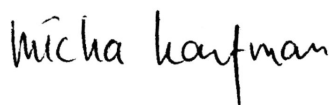
We are introducing Q1'22 and full-year 2022 guidance as follows:

	Q1 2022	FY 2022
REVENUE	\$85.0 - \$87.0 million	\$373.0 - \$379.0 million
y/y growth	24% - 27% y/y growth	25% - 27% y/y growth
ADJUSTED EBITDA	\$1.5 - \$3.5 million	\$27.0 - \$33.0 million

While the development of COVID-19 and its impact on the global economy continues to be highly uncertain, we are confident about our business model and continue to provide both quarterly and annual guidance in a consistent manner. We will provide investors with updated business trends as macro conditions evolve.

Given the unusual growth spikes we experienced during the COVID quarters, we want to provide additional color on the cadence of our business outlook implied in our 2022 guidance. We expect tough comps in early part of 2021 would weigh on the growth rates of H1'22, and growth to accelerate in H2'22. We expect active buyers to grow in high single digits and spend per buyer to grow in teens in terms of y/y growth rates for FY 2022. Take rate is expected to be steady with modest upside.

On the expense side, we expect some catch-up hiring for both customer support as well as product and engineering teams. We expect to continue improving sales and marketing as a percentage of revenue. Overall, we expect to continue making progress towards our long-term Adjusted EBITDA margin target of 25% while prioritizing growth and expanding our market share.



Micha Kaufman

Founder and Chief
Executive Officer



Ofer Katz

President and Chief
Financial Officer

Conference Call Details

Fiverr's management will host a conference call to discuss its financial results on Thursday, February 17, 2022 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. Investors and analysts can participate in the conference call by dialing +1 (844) 200-6205, or +1 (929) 526-1599 for callers outside the United States, and enter access code 293563. A telephonic replay of the conference call will be available until Thursday, February 24, 2022, beginning one hour after the end of the conference call. To listen to the replay please dial (866) 813-9403, or +44 (204) 525-0658 for callers outside the United States, and enter replay code 022673.

Investor Relations

investors@fiverr.com

Press

press@fiverr.com

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,151	\$ 268,030
Restricted cash	2,919	-
Marketable securities	118,150	129,372
User funds	127,713	97,984
Bank deposits	134,000	90,000
Restricted deposit	35	346
Other receivables	14,250	5,418
Total current assets	468,218	591,150
Marketable securities	317,524	228,048
Property and equipment, net	6,555	6,265
Operating lease right of use asset, net	11,727	15,611
Intangible assets, net	49,221	5,884
Goodwill	77,270	11,240
Restricted deposit	15	2,589
Other non-current assets	1,040	415
Total assets	\$ 931,570	\$ 861,202
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 8,699	\$ 3,622
User accounts	118,616	92,027
Deferred revenue	12,145	5,957
Other account payables and accrued expenses	44,260	40,396
Operating lease liabilities	3,055	3,307
Current maturities of long-term loan	2,269	560
Total current liabilities	189,044	145,869
Long-term liabilities:		
Convertible notes	372,076	352,034
Operating lease liabilities	10,483	13,861
Long-term loan and other non-current liabilities	13,099	4,035
Total long-term liabilities	395,658	369,930
Total liabilities	\$ 584,702	\$ 515,799
Shareholders' equity:		
Share capital and additional paid-in capital	585,548	517,444
Accumulated deficit	(237,585)	(172,573)
Accumulated other comprehensive income	(1,095)	532
Total shareholders' equity	346,868	345,403
Total liabilities and shareholders' equity	\$ 931,570	\$ 861,202

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 79,755	\$ 55,885	\$ 297,662	\$ 189,510
Cost of revenue	15,213	9,703	51,723	33,188
Gross profit	64,542	46,182	245,939	156,322
Operating expenses:				
Research and development	21,829	13,570	79,298	45,719
Sales and marketing	40,244	27,403	159,365	94,379
General and administrative	16,345	8,983	52,616	28,034
Total operating expenses	78,418	49,956	291,279	168,132
Operating loss	(13,876)	(3,774)	(45,340)	(11,810)
Financial expenses, net	(5,636)	(4,192)	(19,513)	(2,800)
Loss before income taxes	(19,512)	(7,966)	(64,853)	(14,610)
Income taxes	(8)	(111)	(159)	(200)
Net loss attributable to ordinary shareholders	\$ (19,520)	\$ (8,077)	\$ (65,012)	\$ (14,810)
Basic and diluted net loss per share attributable to ordinary shareholders	\$ (0.53)	\$ (0.23)	\$ (1.81)	\$ (0.46)
Basic and diluted weighted average ordinary shares	36,666,637	35,643,919	35,955,014	32,323,636

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Operating Activities				
Net loss	\$ (19,520)	\$ (8,077)	\$ (65,012)	\$ (14,810)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	2,772	1,227	6,876	4,338
Loss from disposal of property plant and equipment, net	19	-	(13)	-
Amortization of discount of marketable securities	2,287	933	7,903	1,091
Amortization of discount and issuance costs of convertible notes	5,112	4,036	20,029	4,036
Shared-based compensation	16,646	6,235	55,407	15,815
Net loss (gain) from exchange rate fluctuations	(86)	(987)	242	(1,076)
Changes in assets and liabilities:				
User funds	(967)	(4,831)	(29,729)	(42,039)
Operating lease ROU assets and liabilities, net	424	1,068	253	1,068
Other receivables	(3,909)	(1,446)	(6,240)	(1,777)
Trade payables	4,052	(2,404)	4,667	(127)
Deferred revenue	990	120	4,123	2,680
User accounts	445	4,653	26,589	39,014
Account payables, accrued expenses and other	(20)	4,251	13,449	10,882
Payment of contingent consideration	-	-	(507)	(1,960)
Net cash provided by operating activities	8,245	4,778	38,037	17,135
Investing Activities				
Investment in marketable securities	(46,512)	(235,229)	(282,450)	(431,176)
Proceeds from sale of marketable securities	49,437	25,800	193,757	183,190
Bank and restricted deposits	2,885	(49,443)	(41,115)	(74,443)
Acquisition of business, net of cash acquired	(87,796)	-	(97,084)	-
Acquisition of intangible asset	-	-	-	(1,230)
Purchase of property and equipment	(330)	(1,041)	(1,684)	(2,094)
Capitalization of internal-use software	(322)	(64)	(894)	(711)
Other receivables and non-current assets	-	39	-	107
Net cash used in investing activities	(82,638)	(259,938)	(229,470)	(326,357)
Financing Activities				
Proceeds from follow on offering, net	-	(40)	-	129,853
Deferred issuance cost	381	-	-	-
Proceeds from issuance of convertible notes, net	-	447,264	(34)	447,264
Payment of convertible notes deferred issuance costs	-	(43,240)	-	(43,240)
Payment of contingent consideration	-	-	(1,105)	(2,040)
Proceeds from exercise of share options	1,028	2,696	8,294	9,189
Tax withholding in connection with employees' options exercises and vested RSUs	1,374	9,528	(8,987)	11,311
Repayment of long-term loan	(149)	(152)	(565)	(524)
Net cash provided by (used in) financing activities	2,634	416,056	(2,397)	551,813
Effect of exchange rate fluctuations on cash and cash equivalents	188	1,170	(130)	1,268
Increase (decrease) in cash, cash equivalents and restricted cash	(71,571)	162,066	(193,960)	243,859
Cash and cash equivalents at the beginning of period	145,641	105,964	268,030	24,171
Cash, cash equivalents and restricted cash at the end of period	\$ 74,070	\$ 268,030	74,070	\$ 268,030

KEY PERFORMANCE METRICS

	Twelve Months Ended December 31,	
	2021	2020
Annual active buyers (in thousands)	4,217	3,418
Annual spend per buyer (\$)	\$ 242	\$ 205

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
GAAP gross profit	\$ 64,542	\$ 46,182	\$ 245,939	\$ 156,322
Add:				
Share-based compensation	447	172	1,436	384
Depreciation and amortization	1,548	506	2,879	1,962
Non-GAAP gross profit	\$ 66,537	\$ 46,860	\$ 250,254	\$ 158,668
Non-GAAP gross margin	83.4%	83.9%	84.1%	83.7%

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

(in thousands, except share and per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
GAAP net loss attributable to ordinary shareholders	\$ (19,520)	\$ (8,077)	\$ (65,012)	\$ (14,810)
Add:				
Depreciation and amortization	2,772	1,227	6,876	4,338
Share-based compensation	16,646	6,235	55,407	15,815
Contingent consideration revaluation, acquisition related costs and other	3,338	932	5,914	768
Convertible notes amortization of discount and issuance costs	5,112	4,036	20,029	4,036
Exchange rate loss, net	896	416	1,273	262
Non-GAAP net income	\$ 9,244	\$ 4,769	\$ 24,487	\$ 10,409
Weighted average number of ordinary shares - basic	36,666,637	35,643,919	35,955,014	32,323,636
Non-GAAP basic net income per share attributable to ordinary shareholders	\$ 0.25	\$ 0.13	\$ 0.68	\$ 0.32
Weighted average number of ordinary shares - diluted	41,231,973	41,176,573	40,883,007	35,607,317
Non-GAAP diluted net income per share attributable to ordinary shareholders	\$ 0.22	\$ 0.12	\$ 0.60	\$ 0.29

RECONCILIATION OF GAAP NET LOSS TO ADJUSTED EBITDA

(in thousands, except adjusted EBITDA margin data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
GAAP net loss	\$ (19,520)	\$ (8,077)	\$ (65,012)	\$ (14,810)
Add:				
Financial expense, net	5,636	4,192	19,513	2,800
Income taxes	8	111	159	200
Depreciation and amortization	2,772	1,227	6,876	4,338
Share-based compensation	16,646	6,235	55,407	15,815
Contingent consideration revaluation, acquisition related costs and other	3,338	932	5,914	768
Adjusted EBITDA	\$ 8,880	\$ 4,620	\$ 22,857	\$ 9,111
Adjusted EBITDA margin	11.1%	8.3%	7.7%	4.8%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
GAAP research and development	\$ 21,829	\$ 13,570	\$ 79,298	\$ 45,719
Less:				
Share-based compensation	5,750	2,331	20,008	5,842
Depreciation and amortization	204	156	786	551
Non-GAAP research and development	\$ 15,875	\$ 11,083	\$ 58,504	\$ 39,326
GAAP sales and marketing	\$ 40,244	\$ 27,403	\$ 159,365	\$ 94,379
Less:				
Share-based compensation	4,296	1,196	14,106	3,084
Depreciation and amortization	957	513	2,977	1,625
Acquisition related costs	402	-	1,499	121
Non-GAAP sales and marketing	\$ 34,589	\$ 25,694	\$ 140,783	\$ 89,549
GAAP general and administrative	\$ 16,345	\$ 8,983	\$ 52,616	\$ 28,034
Less:				
Share-based compensation	6,153	2,536	19,857	6,505
Depreciation and amortization	63	52	234	200
Contingent consideration revaluation, acquisition related costs and other	2,936	932	4,415	647
Non-GAAP general and administrative	\$ 7,193	\$ 5,463	\$ 28,110	\$ 20,682

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 loss and Non-GAAP net loss per share as well as operating metrics, including GMV, active buyers, spend per buyer, take rate and tROI.

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 to evaluate our capacity to and capital expenditures and expand our business.

Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP gross profit, Non-GAAP gross margin, Non-GAAP operating expenses, Non-GAAP net loss and Non-GAAP net 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.

We are not able to provide a reconciliation of Adjusted EBITDA guidance for the first quarter of 2022 or the fiscal year ending December 31, 2022 to net loss, the comparable GAAP measure, because certain items that are excluded from Adjusted EBITDA 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 and gain 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, net loss in the future.

See the tables above regarding reconciliations of these non-GAAP measures to the most directly comparable GAAP measures.

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 first quarter of 2022, and the fiscal year ending December 31, 2022, our expected future Adjusted EBITDA profitability, 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 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 ability to maintain user engagement on our website and to maintain and improve the quality of our platform; our dependence on the interoperability of our platform with mobile operating systems that we do not control; our ability to successfully implement our business plan during a global economic downturn caused by the COVID-19 pandemic that may impact the demand for our services or have a material adverse impact on our and our business partners’ financial condition and results of operations; 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 consumer data privacy and data protection; 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; our ability to achieve desired operating margins; our compliance with a wide variety of U.S. and international laws and regulations; our ability to protect our intellectual property rights and to successfully halt the operations of copycat websites or misappropriation of data; 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; our dependence on our senior management and our ability to attract new talent; 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 17, 2022 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 its 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 release 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 release relate only to events or information as of the date on which the statements are made in this release. 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.