



July 29, 2026

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

Prepared Remarks

Q2 2026 Earnings Call

## Management Discussion

---

### **Emily Greenstein**

*Senior Investor Relations Manager – Fiverr International, Ltd.*

Thank you, operator, and good morning, everyone.

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

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

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

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

---

**Micha Kaufman**

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

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

Q2 was a transitional quarter, reflecting an ongoing compression in high-volume, low-value, transactional work driven by accelerating AI adoption.

As LLMs continue to evolve rapidly, we're seeing our customers accelerate their adoption of AI and workflow automation. Today, high-value work represents 15% of our completed projects' gross order value and is expected to continue growing, while the transactional base that makes up the remainder continues to compress. That mix is why the strength of the high-value business is not yet visible in our headline numbers and why every investment we are making is aimed at shifting it. So, based on this, there are two reasons we are excited about the upmarket shift: the ability to attract untapped demand, and the opportunity associated with projects between our current spend per buyer and high-end projects.

Over the last few weeks, we've seen clear deceleration in overall marketplace traffic and demand, a trend that has carried over into Q3. We believe that recent model updates across various LLMs are a contributing factor behind this softness and are confronting these headwinds head-on. We are not competing for that work; instead, we are aggressively executing our push upmarket, toward the higher-value work where demand is growing.

Navigating this structural shift requires intense financial discipline and thoughtful capital allocation, which Esti will unpack shortly. We have both the team and balance sheet to execute through this transition, and our focus is to deploy our resources where they generate the highest long-term return.

Fiverr's multi-year transformation is fundamentally about moving from a transaction-oriented marketplace to a trusted, end-to-end work platform for high-end, high-value projects. Put simply: AI is automating simple tasks, and Fiverr is moving toward larger, longer-duration projects where AI deployment meets human judgment,

strategic partnership, and accountability. This is a profound evolution in how the work on our platform is matched, delivered, and managed.

Transformations of this magnitude require patience; we expect the financial impact to build over several quarters. But our north star remains unchanged: positioning Fiverr as the ultimate destination for high-end, high-trust work. And while the financials will take time to catch up, I believe that the underlying operational metrics are proving our strategy. Let me illustrate that across the four strategic pillars we outlined in our shareholder letter.

First, our push upmarket continues to validate our strategy. Clients completing projects valued at over \$1,000 continued to grow this quarter at 13% year-over-year on a trailing twelve-month basis. While the macro environment is volatile for smaller buyers, we see areas of strength in our high-value buyers, particularly around Programming & Tech and Graphics & Design. Clients completing projects over \$1,000 in Programming & Tech grew 34% year-over-year, while Graphics & Design grew 25% year-over-year on a gross order amount and TTM basis.

From an AI services vertical perspective, we're seeing a clear evolution in how clients deploy AI with us.

- In commercial video and content generation, clients are using AI to scale their performance marketing. Demand for AI User Generated Content video ads surged 265%, while AI video ads rose 63%. Businesses aren't just experimenting; they are actively using freelancers to produce commercial-grade media at a fraction of traditional agency costs.
- In technical integration and agentic workflows, buyers are moving past basic chatbots toward complex production setups. Search volume for AI voice agents jumped 49%, AI mobile app development rose 92%, and AI website development grew 39%. The biggest opportunity here is the shift from generic AI to what I call personal AI, AI built into the specific workflows of a specific business. Businesses, both tech and traditional, understand that automating their businesses is not a nice-to-have decision, but a do-or-die decision to stay competitive.

These are demand signals from our own marketplace, and as foundational AI models get more powerful, the execution gap widens. Businesses need skilled talent to orchestrate these tools into functional, revenue-generating outcomes.

This quarter, we also continued to see businesses come to us for those multi-phase, mission-critical projects. For example:

- One, a growing distributor that recently used a multi-disciplinary freelance team on our platform to architect their entire B2B wholesale, inventory, and logistics ecosystem. This isn't just custom code; it's deep operational software running their day-to-day supply chain, ultimately setting up for a phase two rollout of a retail POS.
- Two, a manufacturer replacing a decade-old legacy system with a ground-up rebuild of their custom 3D design software. By tapping into top-tier engineering talent on Fiverr, they're integrating their new ERP system and driving a complete digital transformation.
- Lastly, an entrepreneur building a stadium access platform complete with secure ticketing and automated post-event photo monetization. By coordinating multiple APIs and webhooks across payments, storage, and analytics, our freelance talent is delivering complex, integration-heavy consumer platforms at scale.

This is where the market is headed, and our target remains this segment of long-duration, high-value engagements.

Our second pillar focuses on systematically upgrading our matching infrastructure to make trust and quality native to the user experience. We are leveraging our proprietary Knowledge Graph to capture incredibly nuanced client intent across four vectors: the client, the talent, the scope, and the order itself.

We recently began development of live talent skill-extraction capabilities, and based on early testing results of over 450 mismatch events, we were able to structurally resolve as high as 58% of conversation skill mismatches, directly tackling a major pain point for high-value order cancellations. Additionally, our newly developed Graph Neural Network

model, which helps improve matching capabilities, showed a 7% decrease in cancellation rates for Dynamic Matching compared to our current model in initial tests.

Our third pillar is about moving Fiverr beyond passive matching into an active, comprehensive work platform. We are building a standardized fulfillment layer engineered to dynamically safeguard project success.

Phase one of this framework is now live in production. It is currently evaluating transactional quality, reaching as high as a verified 91% precision rate across over 84% of completed projects in our initial testing. This architecture is designed to give us real-time telemetry and sentiment signals. It allows us to track project health, mitigate friction points before order completion, and create the exact infrastructure needed to seamlessly integrate our marketplace with advanced, agentic business workflows.

Our fourth pillar centers on expanding our growth engines to attract the right kind of demand. We have moved our advanced semantic onboarding models and corporate KYC initiatives into production. These systems capture deep corporate profile data the moment a business joins and route that demand directly to our highest-performing talent. Our development test results drove an 8% lift in new-customer conversion.

We are also opening up new, highly targeted acquisition channels. In June, we launched a dedicated discovery campaign targeting e-commerce merchants looking to scale their TikTok shops. Our goal is to capture higher-value merchants, including Amazon FBA and Shopify merchants, and funnel them into repeatable, long-term service journeys on Fiverr.

To close, we are repositioning Fiverr deliberately to where the value is: higher-end, high-trust work where human expertise, project orchestration, and accountability are irreplaceable. The operational signals across our strategic pillars tell us we are on the right track, and our job now is to translate those signals into durable financial performance. Backed by our balance sheet and focused execution, we are building the foundation for our next chapter while remaining disciplined in how we allocate capital.

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

---

**Esti Levy Dadon**

*Chief Financial Officer – Fiverr International, Ltd.*

Thank you, Micha.

Today I will review our second quarter financial performance and provide additional visibility into the ongoing marketplace transition, an update on capital allocation, as well as third quarter and full year 2026 financial guidance.

Starting with the results. Second quarter revenue was \$97.8 million, down 10.0% year-over-year, due to a decline in low-value, transactional work.

Adjusted EBITDA was \$17.5 million, down 18.3% year-over-year, and representing an Adjusted EBITDA margin of 17.9%, as margins declined 180 basis points from a year earlier. Margin pressure was limited by the proactive steps the team has taken to maintain a lean organization, including our continued efforts in discretionary spend management, internal AI efficiencies, and balanced marketing.

Turning to our revenue segments.

Q2 marketplace revenue was \$63.1 million, declining 15.5% year-over-year, driven by 2.7 million active buyers, \$368 in spend per buyer, and a 28.0% marketplace take rate.

The 22% year-over-year decline in active buyers was mainly due to the ongoing compression in low-value, transactional work. Low-value, transactional work currently represents the majority of our marketplace and is decelerating at a faster and stronger rate than the growth associated with our high-value work.

Additionally, as Micha noted, in recent weeks, we observed a noticeable deceleration in marketplace traffic and demand, which has carried into Q3 and is expected to continue for the foreseeable future. These traffic and demand trends impact the entire marketplace.

This pressure was broad-based across simple categories in all verticals. Transaction volume was down 10% or more year-over-year across the majority of projects under \$1K on a TTM basis. Writing & Translation saw the steepest decline at more than 24%.

Spend per buyer increased 15.6% year-over-year, driven by the ongoing mix shift across the marketplace from low-value, transactional projects to \$1K+ projects.

At the end of Q2, projects at or above \$1K represented 15% of completed projects' gross order amount on a TTM basis.

Programming & Tech and Graphics & Design represented the fastest-growing verticals of completed \$1K+ projects, with both increasing over 25% year-over-year on a TTM basis.

On the other end, Services revenue in Q2 was \$34.6 million, up 2.0% year-over-year, and accounted for 35% of total revenue. Services revenue continued to grow, but at a lower rate compared to last quarter. The deceleration is expected to continue into H2 and exit the year with a double-digit decline. The drivers of the deceleration include softening demand from influencer campaigns and dropshipping, as well as weakness in Fiverr Ads and Seller Plus. Services revenue is also negatively impacted by the lower expectations around marketplace growth given the traffic and demand issues we have discussed.

Now on to capital allocation.

Our capital allocation priorities are guided by a disciplined and balanced framework:

- First, funding the organic transformation investments required to reposition toward high-value work;
- Second, maintaining strategic and financial flexibility in the dynamic AI automation environment; and
- Third, evaluating opportunities to generate value for shareholders, including further repurchases.

In the current environment, maintaining a strong balance sheet represents the most responsible path forward. Our healthy financial position provides valuable flexibility as we continue to run a lean organization focused on cost discipline and maintaining profitability. At the same time, we recognize that capital allocation is a critical component of value creation.

We finished the quarter with a total cash and investments balance of \$308.5 million and generated \$13.6 million in free cash flow. Given the uncertainty, full-year free cash flow is expected to be lower than the previous two years. We are operating in a dynamic environment and will constantly evaluate where we deploy our capital for the highest return. That also applies to how we invest in our transformation and related growth opportunities. A primary focus will be on executing appropriate cost discipline so we can continue to generate profit and free cash flow.

Now moving to financial guidance.

Our revised guidance for the third quarter and full year 2026 reflects the AI-related demand and traffic headwinds observed in recent weeks, which have continued into Q3, impacting our entire marketplace; ongoing weakness in categories most exposed to AI automation; and declining services revenue. We now expect that meaningful financial impacts from our transformation will require at least six quarters to materialize.

For the third quarter of 2026, revenue is expected to be between \$80-\$88 million, representing year-over-year growth of (26)% to (18)%, and Adjusted EBITDA between \$8-\$12 million, representing an Adjusted EBITDA margin of 11.9% at the midpoint.

For the full year 2026, we expect revenue to be in the range of \$356-\$372 million, representing year-over-year growth of (17)% to (14)%, and Adjusted EBITDA in the range of \$52-\$62 million, representing an Adjusted EBITDA margin of 15.7% at the midpoint.

While our updated outlook reflects our view of the current operating reality and the extended timeline for our transformation, we are leaning into this moment with discipline: stabilizing the core marketplace, shifting toward high-value work at a faster pace, preserving flexibility, and allocating capital with a focus on long-term value creation.

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