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Fiverr International, Ltd. (NYSE: FVRR)

Prepared Remarks

Q3 2025 Earnings Call

Management Discussion

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 third quarter that ended September 30, 2025. Joining me on the call today are Micha Kaufman, Founder and CEO, and Esti Levy Dadon, EVP Finance. Before we start, I would like to remind you that during this call we may make forward-looking statements and that these statements are based on our current expectations and assumptions as of today and Fiverr assumes no obligation to update or revise them.

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

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

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

Micha Kaufman

Founder & Chief Executive Officer – Fiverr International, Ltd.

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

We delivered another strong quarter, with solid performance across the business. In Q3 2025, revenue grew 8% year over year, and we achieved a record-high Adjusted EBITDA margin of 22%. This is a clear reflection of our disciplined execution and the inherent leverage in our marketplace model.

Over the past several years, we've consistently prioritized moving upmarket and investing in product innovation to support more complex use cases and larger customers. Q3 results clearly demonstrate our success on both fronts. Spend per buyer increased 12% year over year, our strongest growth rate since the COVID era, and off a much higher base. Not only are we seeing wallet share expansion across the broader buyer base, but more importantly, thanks to the adoption of Dynamic Matching and Managed Services, we are witnessing strong growth among projects that are significantly larger than the average marketplace transaction.

In Q3, GMV for Dynamic Matching grew 22% year over year, with 15% of job briefs having a budget of over \$1,000 and an average order value of \$2,200. Managed Services is capturing even larger and more sophisticated engagements, with a minimum budget of \$3,000. In Q3, Managed Services GMV grew 65% year over year, with average project size reaching \$17,000. The success of these offerings marks a meaningful evolution in Fiverr's value proposition. We're no longer just the platform for fast, lightweight freelance tasks. We are increasingly becoming a trusted partner for businesses executing highly specialized, multi-stage projects that often require depth of talent and orchestration.

Another area where we are seeing tremendous growth is AI-related services. As AI is increasingly reshaping how work is delivered and being implemented across industries, demand continues to surge in areas such as AI agents, workflow automation, and vibe coding. Fiverr freelancers have become the essential partners for SMBs looking to turn

AI from potential into performance. This demand is directly reflected in the Programming & Tech vertical, which grew 14% year over year in Q3. We believe that this AI transformation cycle mirrors the early stages of the digital transformation and could provide a multi-year tailwind for broader tech investment. To lean into this secular tailwind, we are doubling down on our investments in AI-related categories, from growing specialized talent communities and launching tailored AI solutions to expanding our go-to-market channels through strategic partnerships. Our ambition is to position Fiverr as the go-to destination for finding top-tier AI talent and deploying applied AI solutions.

Despite a macro environment that remains uneven, we're seeing positive signals and gaining market share. Labor markets continue to show mixed trends, and broader hiring recovery remains elusive. However, our growth strategy, which centers around upmarket expansion and AI enablement, is built on long-term, macro-agnostic trends. We believe these are the right bets to get us back on track for GMV acceleration, regardless of the macroeconomic scenarios.

In that context, we announced a strategic restructuring in September to streamline our organization, sharpen our product focus, and accelerate our evolution into an AI-first company. This means accelerating investments in building an AI-native team, upgrading our tech infrastructure to drive faster AI integration and operational efficiency, and reimagining our marketplace with an AI-integrated experience. From a product perspective, this transformation is anchored on four key pillars:

- 1) Strengthening our go-to-market execution: We're expanding our Generative Engine Optimization (GEO) capabilities, integrating our catalog into native AI channels, and building AI-powered catalog management systems. We're also investing in partnerships that drive growth across AI-related verticals.
- 2) Building the next-gen AI-powered buyer experience: This includes expanding LLM-powered workflows across the buyer journey, advancing our Know Your Customer (KYC) capabilities through data and product innovation, and investing in customer success to deepen trust.

- 3) Evolving our matching technology: As we serve more upmarket clients and more complex projects, we're transitioning from traditional search to agentic matching, delivering a recruiting-like experience that surpasses human performance through deeper data, richer context, and advanced reasoning.
- 4) Investing in talent and the talent community: Talent is at the heart of the entire marketplace experience. In a world where AI is rapidly transforming how work is done, our priority is to build a high-quality, trusted talent ecosystem. This means supporting human-in-the-loop workflows, creating pathways for professional growth, and deepening our commitment to long-term community engagement.

I'm truly excited about the opportunities ahead and the strength of the roadmap we have built. As we enter the final stretch of the year, we remain laser-focused on execution. Our momentum in AI and upmarket expansion gives me confidence in the foundation we've built. I look forward to sharing more about our 2026 roadmap on our next call.

With that, I'll turn it over to Esti.

Esti Levy Dadon

Executive Vice President, Finance – Fiverr International, Ltd.

Thank you, Micha, and good morning, everyone.

We delivered a strong third quarter, with both top and bottom lines exceeding the midpoint of our guidance. Revenue for the third quarter was \$107.9 million, up 8% year-over-year. We also achieved record Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA for Q3 was \$24.2 million, representing an Adjusted EBITDA margin of 22%, an improvement of 260 basis points from a year earlier. We continue to generate strong cash flow, with free cash flow totaling \$29.1 million in Q3. The strategic restructuring, combined with our continued discipline in expense management, contributed to strong profitability and robust cash flow generation. As always, we remain focused on balancing between growth and profitability, while maintaining discipline in capital allocation.

Q3 saw solid performance across both our Marketplace and Services segments. Marketplace revenue was \$73.6 million, driven by 3.3 million active buyers, \$330 in spend per buyer, and a 27.6% marketplace take rate. Within the Marketplace segment, we saw strong momentum driven by the tailwinds in AI-related categories and the success of our expanded Managed Services and Dynamic Matching. These channels continue to fuel higher-value, complex projects, which in turn result in higher average transaction values and increased share of customer spending. We continue to believe the structural tailwinds within the Marketplace segment, particularly around AI and upmarket adoption, will help offset broader economic headwinds and serve as a sustained growth driver.

Services revenue was \$34.3 million, representing a y/y growth of 40% and accounting for 32% of our total revenue in Q3. The upside was driven by Fiverr Go increasing adoption of Seller Plus, which saw 20% year-over-year growth. Fiverr Ads maintained double-digit growth as a result of ad load expansion, and AutoDS benefited from enhanced synergies with Fiverr and continued success with the Shopify partnership. Looking ahead, we expect Services revenue growth to moderate as we lap the one-year

anniversary of the acquisition, but to maintain healthy double-digit revenue growth. We continue to expect Services revenue to represent a little over 30% of total revenue for the full year 2025.

Now, onto guidance. For the full year 2025, we expect revenue to be in the range of \$428-\$436 million, representing year-over-year growth of 9%-11%. We are raising our full-year Adjusted EBITDA guidance and now expect it to be in the range of \$88-\$93 million, representing an Adjusted EBITDA margin of 21% at the midpoint. For the fourth quarter of 2025, revenue is expected to be between \$104.3-\$112.3 million, representing year-over-year growth of 1%-8%. The wider-than-normal revenue guidance for the fourth quarter reflects the elevated uncertainties in the macro environment with mixed signals. Adjusted EBITDA is expected to be \$23.9-\$27.9 million, representing an Adjusted EBITDA margin of 24% at the midpoint. During Q3, we announced a strategic restructuring plan, which resulted in a streamlined headcount and enhanced operational efficiency. These efforts contributed to the increased Adjusted EBITDA guidance in Q4. While the pace of EBITDA improvement in Q4 shouldn't be viewed as a steady-state cadence, profitability, margin expansion, and cash flow will remain key priorities for us, even as we redeploy some of our cost base savings into selective, high-impact investments in AI and upmarket initiatives in 2026. We remain committed to our accelerated schedule to reach the long-term Adjusted EBITDA margin of 25% in 2026.

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