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Fiverr International, Ltd. (NYSE: FVRR)

Prepared Remarks

Q4 2025 Earnings Call

Management Discussion

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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, 2025. 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.

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.

Let me start simply: 2025 was an execution year, and we delivered. Revenue grew 10%, accelerating from 8% in 2024. Adjusted EBITDA reached \$92 million, up 23% year-over-year, with a 21% margin. We met the revenue and profitability targets we set at the beginning of the year while continuing to generate strong cash flow. Importantly, we achieved this while repositioning the business for where the market is headed.

Products like Dynamic Matching and Managed Services are enabling us to expand into larger, more complex projects and drive sustained wallet-share growth. Spend per buyer increased 13% year-over-year, accelerating from 9% in 2024. Buyers spending over \$10,000 annually grew 7%, and GMV from projects over \$1,000 increased 23%.

These are not just product milestones. They reflect a broader shift in how businesses engage with talent.

As many of you saw in the shareholder letter we published this morning, following the restructuring we undertook a few months ago, we have since developed and begun executing a comprehensive, multi-year plan to transform Fiverr from a transaction-oriented marketplace into a trusted work platform. One that enables businesses, AI models, and agents to collaborate with talent on complex, high-value outcomes through intelligent matching, integrated workflows, end-to-end orchestration and fulfillment, and durable trust.

Before I go deeper into that transformation, it's important to step back and understand the broader environment that led us here, and why we believe this is the moment to act decisively.

There is a prevailing narrative that AI eliminates labor. That framing is incomplete. What AI actually does to work is:

- 1) It compresses task duration - what took weeks now takes days.

- 2) It expands project ambition - when execution becomes cheaper, scope grows, and the number of projects grows exponentially.
- 3) It democratizes capability - individuals can operate with domain expertise beyond their original knowledge base.

The result is not less work, it is more ambitious work. Human talent remains essential. What changes is where value resides: in context, judgment, orchestration, trust, and ownership of outcomes. There will be displacement in lower-value, transactional work. We are already seeing that dynamic. At the same time, demand for higher-value, specialized work is accelerating at a healthy double-digit rate. As work becomes more nuanced and complex, matching talent becomes harder, not easier. That makes Fiverr's core mission of connecting businesses with the right human talent more relevant than ever.

Looking ahead, much of the workflow will become human-in-the-loop. Hiring decisions will increasingly be influenced, and in some cases initiated, by AI agents. In that environment, traditional resume-driven hiring models become inefficient and unreliable. Precision matching, contextual data, and outcome history become critical.

So what does this mean for Fiverr?

First, we see a significant opportunity.

Today, projects over \$1,000 represent less than 15% of marketplace GMV, yet they are growing 23% year over year. With focused execution, we believe this segment will become a materially larger contributor to our business.

We are prioritizing two categories of high-value work.

The first is complex, orchestrated engagements requiring collaboration between businesses, talent, and Fiverr. For example, through Managed Services, we support a Georgia-based automotive technology company with ongoing multilingual UGC production for the Canadian market, coordinating multiple creators each month. This reflects growing demand for scalable, always-on creative production powered by global talent.

The second is AI-native work building the AI-enabled economy.

For example, we are partnering with AI model safety companies to provide domain experts who help identify vulnerabilities in foundation models. In another partnership, we are enabling enterprises to build AI workflow automation through white-labeled solutions that allow them to deploy AI agents quickly and cost-effectively. In one case, we streamlined a historical case discovery workflow across Salesforce and Jira, reducing knowledge gaps and improving support efficiency. What would have required two weeks of internal implementation was delivered in 1.5 days at a cost of \$6,000, reducing deployment time by roughly 90%.

These examples illustrate where the market is moving and where Fiverr is leaning in.

Fiverr has a strong **right to win** in this AI-enabled talent economy.

First, the future of work is human-in-the-loop. Scarcity lies in high-quality human expertise, not AI agents. Fiverr operates one of the largest global talent networks and has deep experience managing liquidity, quality, and engagement at scale.

Second, our end-to-end transaction model is built around outcomes. That structure integrates naturally into AI-enabled workflows and eliminates much of the friction inherent in traditional hiring systems.

Third, our data is a durable advantage. Over 16 years, we have captured not only millions of transactions, but the contextual relationships between buyers and sellers, what was delivered, in what context, and with what results. That depth of data enables precision matching in increasingly complex environments.

Capturing this opportunity is why we are making foundational investments across data infrastructure, backend systems, and product experience, accelerating Fiverr's evolution into a fully AI-native talent platform. While we have made steady progress over the years, the velocity of AI innovation requires us to move faster and more decisively.

A few months ago, we initiated a company-wide restructuring to accelerate this shift. We have since developed a multi-year execution plan built around four pillars:

The 1st is Matching — Building advanced semantic and reasoning layers powered by proprietary data to enable AI-native talent matching.

The 2nd is Product — Transforming the experience across matching, fulfillment, collaboration, and talent management.

The 3rd is Go-to-Market — Expanding into enterprise and AI-native distribution channels with scalable growth engines.

The 4th is Operational Excellence — Becoming an AI-native organization across engineering, product, and operations.

We expect tangible impact within four to six quarters, including a stronger high-value work flywheel and proven AI-native growth loops. These milestones will position us for meaningful revenue expansion in the years ahead.

Let me be clear: this is the moment to lean in.

AI is not shrinking the market for human talent. It is reshaping access and expanding ambition. Platforms that own the intelligent matching layer between business demand and human capability will capture significant value.

Fiverr has the assets, infrastructure, and strategic clarity to lead in that environment. 2026 will be a transformational year, positioning us for accelerated growth in 2027 and beyond.

Before I turn it over to Ofer, I want to acknowledge that today marks his final earnings call as CFO. Ofer will continue as President, focusing on strategic investments and M&A as we execute this next chapter.

Esti, after 10 years at Fiverr and four years as EVP Finance, will assume the CFO role. Her deep institutional knowledge and disciplined financial leadership provide important continuity as we execute through this transformation.

Jinjin, after seven years leading IR and Strategy, will step into the newly created Chief Business Officer role, overseeing revenue, talent, fulfillment, and business operations.

As part of this transition, she will be relocating with her husband and two young children from San Francisco to Tel Aviv to take on this expanded responsibility.

I'm excited about our expanded leadership team that will strengthen our ability to execute with focus and velocity as we move forward.

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

Ofer Katz

President & Chief Financial Officer – Fiverr International, Ltd.

Thank you, Micha, and good morning, everyone.

I'm excited about the transformation we are undertaking and very happy to welcome Esti and Jinjin into their expanded leadership roles. The work ahead is ambitious, but across the management team and the broader organization, there is strong alignment, clarity, and conviction on the direction we are taking. Most importantly, there is a shared sense of purpose that ties us back to Fiverr's founding 16 years ago. That shared sense of purpose brings tremendous focus, energy, and confidence as we enter 2026.

With that, let's turn to financial highlights.

As we wrap up 2025, we delivered fourth-quarter revenue of \$107.2 million, up 3% year-over-year, while achieving record Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA for Q4 was \$26.5 million, representing an Adjusted EBITDA margin of 25%, an improvement of 470 basis points from a year earlier. We continue to generate healthy cash flow, with \$21.8 million of free cash flow in Q4'25. We had a convertible note with a principal amount of \$460 million, which was fully repaid during Q4'25. We continue to execute a disciplined, thoughtful capital allocation strategy, and our strong balance sheet allows us to invest in growth, return capital to shareholders, and remain opportunistic on the M&A front.

Diving into our Q4 results. In Q4, Marketplace revenue was \$71.5 million, driven by 3.1 million active buyers, \$342 in spend per buyer, and a 27.7% marketplace take rate. Growth in this segment continues to be influenced by broader softness in SMB sentiment and muted freelance hiring demand. More importantly, we continue to see diverse trends on the marketplace between low-end transactions and high-value work. GMV from transactions over \$1000 grew 22.8% y/y in Q4 and continues to accelerate.

Looking ahead, we expect elevated volatility in Marketplace revenue this year compared to last year, as the transformational work we are doing intentionally deprioritizes efforts to optimize low-end transactions, which today represent the majority of the marketplace.

As we make progress towards strengthening our flywheel for high-value and AI-native work, we expect these focus areas to become a larger portion of our overall business, which will lead to re-acceleration of this segment.

Services revenue in Q4 was \$35.6 million, representing year-over-year growth of 18% and accounting for 33% of our total revenue in Q4. The upside was driven by the continued strength in Fiverr Ads, subscriptions, and e-commerce solutions. For 2026, we expect more moderate growth in Services revenue, as the impact from the AutoDS acquisition normalizes and the pace of expansion for Fiverr Ads and Seller Plus moderates compared to 2025.

As Micha mentioned, 2026 will be a transformational year, with critical foundational investments across data infrastructure, matching technology and product experiences to strengthen our high-end talent flywheel. It is important to note that we are committed to executing this plan with strong financial discipline. The structural profitability of our core marketplace remains strong and is expected to stay north of 20%, as we retain significant control to maintain the health and profitability of the business.

At the same time, we will use a portion of the cash generated to fund the transformation work ahead. We expect that to impact Adjusted EBITDA by approximately 200 basis points in 2026. On capital allocation, we maintain a disciplined approach and expect to continue executing our buyback program in a balanced manner. As of December 31, 2025, we have \$67.5 million left on the current authorization.

Now, onto guidance. For the full year 2026, we expect revenue to be in the range of \$380-\$420 million, representing year-over-year growth of (12)%-(3)%. Adjusted EBITDA is expected to be in the range of \$60-\$80 million, representing an Adjusted EBITDA margin of 18% at the midpoint. For the first quarter of 2026, revenue is expected to be between \$100-\$108 million, representing year-over-year growth of (7)%-1%. Adjusted EBITDA is expected to be \$19-\$23 million, representing an Adjusted EBITDA margin of 20% at the midpoint. The wider-than-normal revenue guidance for the full year and the first quarter reflects the elevated uncertainty as we execute our transformational plan focused on high-value work, alongside evolving market conditions. On the Adjusted EBITDA side, the updated guidance for this year reflects the revenue trends we see, as

well as the impact from investments into foundational work. That said, we do not expect structural changes to the core business unit economics, and we expect our ability to drive intrinsic leverage for the marketplace business model remains intact.

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